



Directors' Report & Financial Statements

For the year ended 31 March 2012

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”.

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

Keyfund is dedicated to making a lasting positive change to the lives of young people, enabling them to believe in themselves, overcome obstacles, fulfil their potential and live sustainable and independent lives.

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

Welcome from the Chair and Chief Executive

Welcome to Keyfund's Annual Report and Audited Accounts for 2011/12

We predicted this would be a challenging and turbulent year for young people, youth facilitators, Keyfund and indeed for the voluntary sector as a whole. We weren't wrong, but we're delighted to say that we met every single one of our social impact targets. We worked with as many young people as possible to help them build the skills, self-belief and confidence needed to respond to issues like child poverty, growing youth unemployment and a shrinking support sector. We had some wonderful stories showing real impact, and showcasing young people's creativity, passions, resilience and humour. Some of our favourite groups names this year were 'Release the meercats', 'Ginger and his ninjas', 'PC Bobareila Marley' and 'Parrots of the Caribbean'.

The strategic objectives we set for the year provided an excellent focus for the team and enabled us to prioritise our activities effectively. In particular, the investments we made in the IT infrastructure and core operating systems have had a fundamental impact. This will continue to pay dividends for us in years to come and has helped us to build strong foundations on which to grow. This included really ramping up our support from the private sector, to help with both core and pot income.

We discovered much more about the impact we have on young people and discovered methodologies which both prove and improve the effectiveness of our work. We embedded new training products into our core offer (like the Blast) and once again managed to reactivate more of our 'current' facilitators, increasing the number and activity of our overall membership base. We retained 83% of our existing licensees and secured a new one. Licensees raised a record amount of pot funds locally and attracted supporters from a range of sectors. Pleasingly, we ended the year in an even stronger financial position than when we started.

So what were our highlights?

Winning the top accolade of 'Outstanding Organisation' at VONNE's North East Voluntary Sector Awards was a great start to the year. It was a huge privilege to be voted the winners from among a shortlist of many fantastic North East Charities.

Shortly afterwards, we held an exciting event at Lumley Castle called 'From this day forward', where we celebrated the news of having being selected by the (now) Duke and Duchess of Cambridge to be one of only 26 charities worldwide to benefit from their Royal Wedding Charitable Gift Fund. Over 80 past, current and potential partners attended to hear from Keyfund and its partners about the 'bigger picture' and how to work out what their piece of the jigsaw might look like.

In June we became the sixth charity ever to successfully graduate from the Impetus Trust investment portfolio. Following five years of partnership, our graduation took place at their popular annual donor event in London and we even came away with an impressive trophy.

This year we delivered 10 Keyfund Blasts, all sponsored by new partners such as Benfield Motor Group, O₂ Think Big and Go North East. Through Blasts we managed to offer free training places to facilitators, kick start activity in different areas and see more young people feeling buoyant from their quick success and moving on to Stage 2. The Blasts also helped contribute to the higher completion rate we achieved in 2011/12 for young people who registered their project ideas.

Once again, we would like to thank all of our staff, facilitators, community panel members, licensees, board members and supporters, and look forward to delivering more great outcomes for young people in 2012/13.



Hellen Bowey
Chair



Hannah Underwood
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
Peter Clegg
Paul Lilley
Austin McNamara
Michael Owen (Retired 25th November)
Julian Thomas
Ivan Winttingham

Company Secretary & Chief Executive Officer
Hannah Underwood (nee 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 year ended 31 March 2012. 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 2011/12. One member retired at the AGM on 25th November. 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 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
- I A G 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 8 staff under the guidance of our CEO. The delivery of Keyfund projects are coordinated by individuals from our own network of volunteer facilitators and via networks run by our licensee partners. In 2011/12 we had almost 800 facilitators covering the North East, Cumbria, North Yorkshire and London. They all pay a small annual membership fee to Keyfund. Their work is quality assured and their impact measured.

Our facilitator networks are 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 new youth workers in that area are aligned to the ethos and values of youth-led learning from the offset. Our networks also contain hundreds of local people who volunteer to become Keyfund Community Panel Members.

Related party relationships

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.

Each organisation is supported in their day to day activity either by Keyfund directly or through their local licensee. In 2011/12 Keyfund worked in partnership with 7 organisations who held a social license. They delivered Keyfund in a focused way to meet the needs of their organisations and their beneficiaries. These Licensees included, Young Cumbria, North Yorkshire County Council, London Youth, Gateshead Youth Council, Excelsior Enterprise Academy, Northumberland Clubs for Young People and the Regional Youth Work Unit North East.





Through this partnership and replication model, Keyfund can increase the number of young people engaged and the quality of the services they receive, whilst reducing the cost of each successful Keyfund project delivered

Keyfund continued their effective working partnerships with Northumberland County Council, Durham County Council, and Darlington Borough Council in order to deliver good quality outcomes for their young people in an efficient and effective way. 2011/12 saw the start of a refreshed partnership with Newcastle City Council. A very welcome development, which has kickstarted the delivery of Keyfund in Newcastle once again.

Grant making trusts and foundations have again provided well needed support with core funds by investing in building the capacity of the staff team and the longer term viability of the organisations. Such investors included, the Northern Rock Foundation, Esmée Fairbairn, John Paul Getty, the Rank Foundation, and Clore Duffield.

Keyfund is working with a growing number of private sector partners and their foundations too. They have invested in growing our technology infrastructure and in the delivery of new products such as the Keyfund Blasts. Companies include Asda, O2, Accenture, Benfield Motor Group, Vocalink, Muckle LLP and Go North East.

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 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

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 12 month cash-flow forecast, a 'Guaranteed Income and Potential Income' (GIPI) report showing our pipeline and confirmed income streams. 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 outsourced management accountant on a monthly basis.

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 £69,860. This amount is in line with 3 months fixed cost commitments.

How we do it

The Keyfund Model

Keyfund invests in the personal development of 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 2011/12: Put on a hypnotist night to raise funds, set up an internet based t-shirt company, renovated a cottage to be used by community groups and individuals in need of respite, organised a car wash, coffee morning and sold homemade jams and crafts in order to raise the money to travel to Romania to help develop buildings.

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, budgeting, delivering and reviewing 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, but less grumpy). 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, starting at stage 1

Our plans for 2011/12

Our key organisational objectives for 2011/12 as stated in our Directors' Report were,

- 1 Overhaul of the IT 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 for 2011/12 reflected the investment required in order to achieve aims 2, 3 and 4. Specific restricted grant funding bids were submitted to planned timescales to provide the additional resources needed to achieve aims 1 and 5.

We planned for resources to be focussed upon upskilling and further supporting the existing facilitator and licensee network. We aimed to recruit and train new facilitators through our licensees and to introduce new initiatives such as Keyfund Blasts, online applications, data management and impact reporting.

Keyfund made the following plan for 2011/12

Social Impact

Indicator	Prior year 10/11	Plan 11/12	% Variance
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%



Financial performance

Indicator	Prior Year 10/11	Plan 11/12	% Variance
Trading 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%

What we did

Organisational Achievements and Performance

2011/12 was a difficult year to forecast, due to the huge uncertainties in the financial and political climate and the large number of influencing factors outside of our control. In particular, Local Authority responses to the cuts and the release of youth work as a statutory requirement, were hugely diverse. This paved the way for some new and enhanced partnerships in some areas, where our impactful and cost effective model came into its own. Unfortunately, it also led to the end of some partnerships where local authority budgets were just too tight and had to be focussed on providing targeted support and delivering statutory responsibilities.

We saw some interesting trends in the use of Keyfund by youth organisations and as expected, a large amount of churn in our membership. The demand from young people continued to increase, and we needed to find ways to support the facilitators to help them meet this demand as they operated in increasingly complex circumstances. Often unsure how long they would be employed, having training budgets slashed and picking up workloads from colleagues.

Remarkably, we managed to achieve all of our social impact targets across the board. This was a huge achievement and one we've taken many lessons from. We fell slightly short of some of our financial targets and we used a small amount of our reserves (£14k) to invest in our new IT systems, but all the trends went in the direction we intended. Our diverse income streams and resulting financial resilience have once again helped us to quickly adapt to our environment and not only survive, but to thrive in these difficult conditions.

Progress against strategic objectives

As always our Board and CEO like a challenge. This year's strategic objectives reflected that. Although not all of them were achieved, the focus they provided steered the organisation very well and developed aspects of the organisation which were of most benefit to our stakeholders.

- 1 Overhaul of the IT Infrastructure / database / website - related processes and systems improvements and efficiency savings

Progress: Implementing the project plan for this objective has had a game changing impact upon the organisation. Our previous IT infrastructure was no longer capable of supporting the business as it grew and developed. We identified the need for a web based database system and web interface giving greater accessibility to Keyfund, our License Holders, Facilitators and Young People.

With investment from the Asda Foundation, Accenture, Business Link and Keyfund reserves, we have transformed the core operating structures of our organisation and positioned ourselves for future growth

We've been able to improve the efficiency and effectiveness of the organisation, our products and services. Whilst decreasing administrative costs and improving stakeholder engagement

- 2 National / Regional partnerships established to support the roll out of the licensing model and provide matched pot funding resources

Progress We have built exciting new national partnerships with O2 Think Big and the Asda Foundation to provide matched pot funding resources for licensees. We were also successful in securing a new 2 year grant from the Northern Rock Foundation for the same purpose in the North East and Cumbria. In the year we met our matched funding requirements for all licensees and have created a proven blueprint for new partnerships moving forward

- 3 First phase of the Impact Analysis Strategy delivered

Progress Thanks to funding from the Rank Foundation, our progress against the implementation of our Impact Measurement Strategy has given us real confidence. So far we have been able to prove that in its current form, Keyfund is the impactful and cost effective model of youth engagement and development we believed to be. By working with impact expert, Philip Angier, we gained external verification that Keyfund is already achieving and setting benchmarks in 'measuring distance travelled'. Keyfund is data rich, is collecting much of the right data and has a lot of the right systems and processes in place.

This work identified numerous ways to further improve the current data collection and reporting methodology. Some will be straightforward to implement, others less so, but all achievable. Some specific hypotheses were raised and require investigation, in particular around the 12 skills and 4 stages. This will need resources to implement and will likely lead to the development of new partnerships and new KPI's.

As this strategy has progressed, it's been vital that staff and stakeholders have been involved in order to create buy in and to facilitate the transfer of skills and understanding. Keyfund must use these findings, results and new objectives to drive future organisational strategy and the development of the business model. In particular, it must run hand in hand with the IT infrastructure development.

- 4 Recruitment of the remaining 4 North East licensees

Progress Recruiting new licensees in this climate proved very complex. A willing pipeline and a compelling proposition, just wasn't enough to combat the perceived risks of making this kind of commitment in such uncertain times. We brought one new licensee on board and worked tirelessly with our existing portfolio to support them in not only their income generation and delivery of Keyfund, but in other areas of organisational capacity building too. Both Keyfund and our partners invest a great deal in making it work.

Our Social Licensing model was not created as an income generation stream, rather it's a new route to market enabling us to engage more young people with Keyfund than we could achieve alone and in a more cost effective way. In order for it to work long term, this dynamic must always hold true. To achieve this, we need scale.

Consequently, we've listened to varied feedback, analysed our data and use of internal resources, reviewed the market place and engaged in targeted horizon scanning for the youth sector. As a result, a strategic objective for 2012/13 will focus on redefining the licensing proposition, the terms of the agreement and the specific sort of support services we'll provide to accompany it.

- 5 Incentive model for facilitators and young people to be developed and the first phase implemented

Progress We did not find the time or resources to focus on this fifth objective. It is still however a theme of work we would like to pursue in the future.

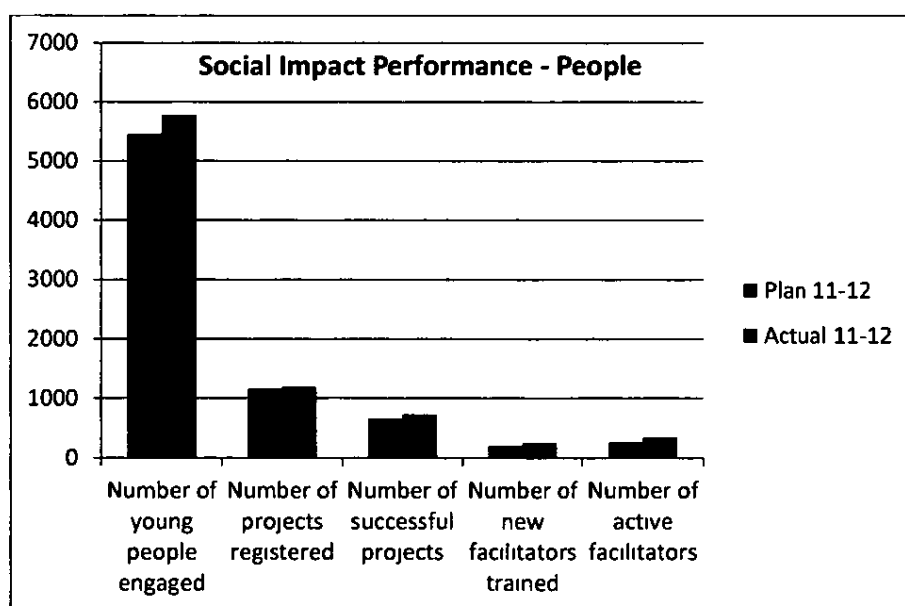
Value added achievements

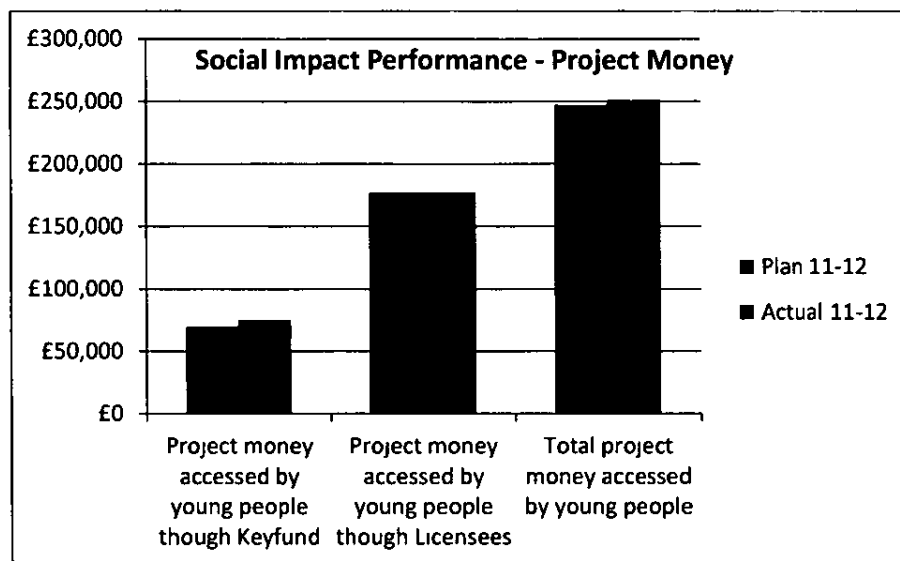
- 1 Our focussed income generation support to help Licensee's generate their own pot money, meant an increase of 12% in licensee pot funds raised. This created the tipping point we were aiming for, where the pot income generated by licensees was greater than that raised by Keyfund centrally.

- 2 Our continued effort to reduce number of new facilitators trained, whilst increasing the number of 'active' facilitators was successful for the third year running - thus maximising our resource base. At 44%, the percentage of our facilitator network (793) who were active (350) reached the highest in Keyfund's recorded history.
- 3 The 'Keyfund Blast' (a new initiative piloted in 2010/11) took off in 2011/12 with vigour. Ten were delivered within the year, each funded by a corporate sponsor. Blasts provided a real solution to the slashed training budgets and short term future planning many of our facilitators faced.
- 4 In May 2011, Keyfund won the top accolade of 'Outstanding Organisation' at the VONNE North East Voluntary Sector Awards.
- 5 In June 2011, Keyfund were the sixth charity to successfully graduate from the Impetus Trust investment portfolio. Following five years of partnership, our graduation took place at their popular annual donors event in London.
- 6 Marie Mumby our Chief Operating Officer was selected as one of only 17 individuals across the UK to be offered a fellowship on the Clore Social Leadership Programme. Well done Marie, we're very proud of you!

Social Impact

Here at Keyfund we measure our success by our outcomes and the impact of our activities on young people. In 2011/12 we exceeded every single target we had set. On the whole, the assumptions we used and predictions we'd made, held true.

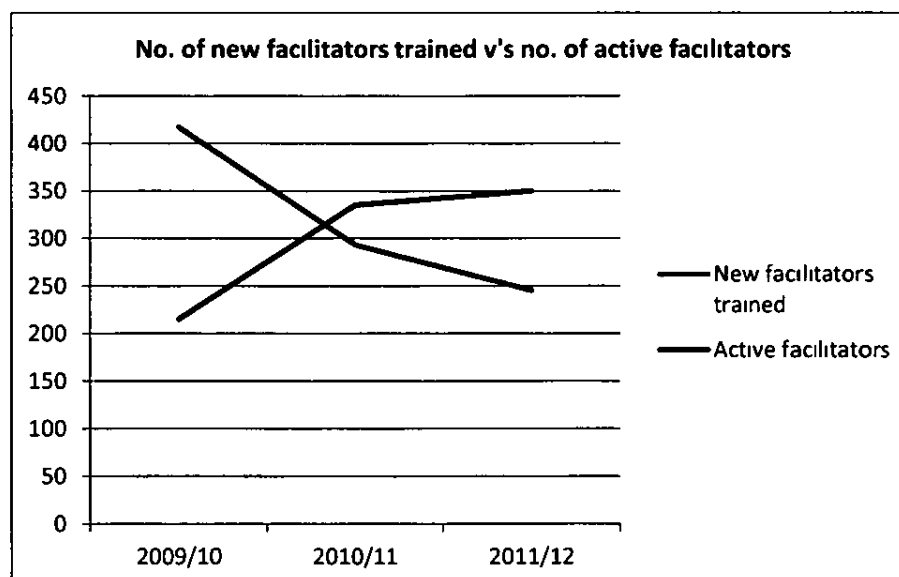




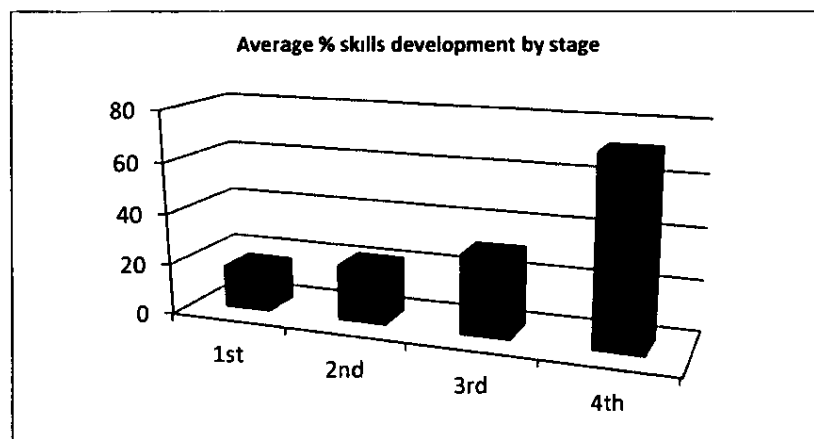
The table below shows our social impact performance over the past six years

Year	06_07	07_08	08_09	09_10	10_11	11_12
Number of young people engaged	4885	6331	5748	5228	6018	5770
Number of successful projects	786	921	975	606	844	730
Project money accessed by young people through Keyfund	£110k	£242k	£272k	£149k	£198k	£75k
Project money accessed by young people through licensees			£56k	£67k	£100k	£177k
Total project money accessed by young people	£110	£242	£328	£216	£298	£251

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 4.5%. The graph below shows that we trained 16% less new facilitators, and instead reactivated and reengaged existing ones. This was a more effective use of our resource base.



We were able to demonstrate that as the young people progressed through our four stages, the average percentage of their development against the 12 Keyfund skills increased incrementally



With the exception of London, the average percentage of registrants with a noted disability exceeded the percentage of 16-24 year olds claiming disability living allowance in each area

Keyfund is reaching or exceeding a representative percentage of young people of ethnic origin when compared to the percent of ethnic minority persons living in that area

45% of young people completing projects have been described by their facilitators as being disadvantaged or hard to reach

We identified a number of variables affecting young people's level of skill development and the types of skills they developed at each of the four Keyfund stages. Examples of such variables are, group size, age, gender, disadvantage and number of groups' their facilitator is working with. We intend to investigate these variables further to identify best practice, knowledge gaps, develop training modules, create educational resources and learning opportunities that will both drive up impact and can be packaged and replicated alongside the social licensing model.

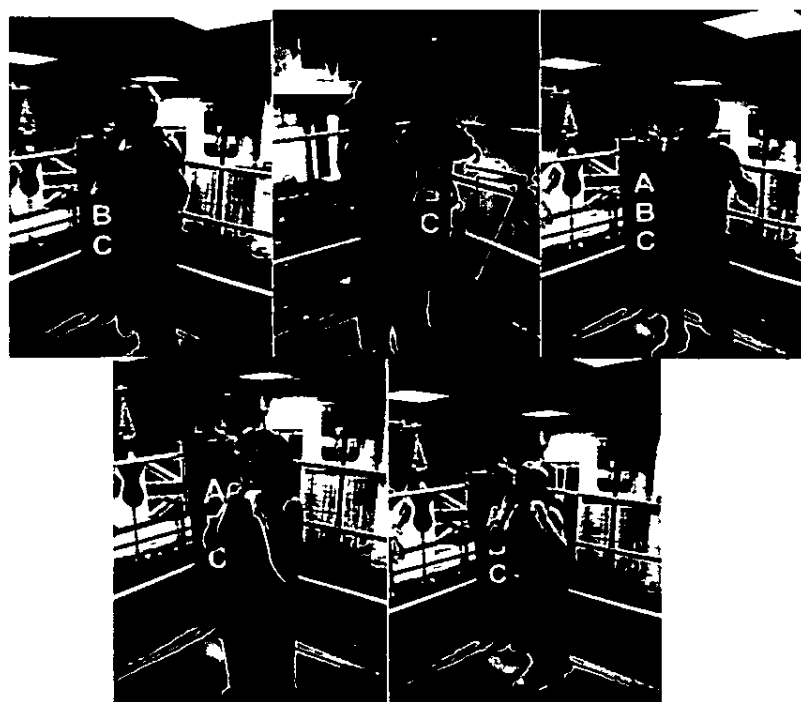
Case studies

Although the impact Keyfund creates, resides in young people's development of the 12 Keyfund skills as opposed to 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, Put on a hypnotist night to raise funds, set up an internet based T-Shirt company, renovated a cottage to be used by community groups and individuals in need of respite, did a car wash, a coffee morning and sold homemade jams and crafts in order to travel to Romania to help develop buildings. Created wacky fancy dress outfits to compete in the race for life. Made a horror action movie and organised a premier. Developed a 'Give your shoe a second chance' campaign to send football boots over to Kenya. Organised an Alice in Wonderland themed community event. Young people in wheelchairs planned a trip on a barge where they cooked a meal on the water and one group organised a huge zumbathon.

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 and evaluate themselves.

Case study 1 – Boxing Buddies



Gareth, Chris, Jamie, Lucas and Savannah – the “Boxing Buddies” met a couple of years ago at Mickey’s boxing club in Selby. Despite having a keen common interest in boxing, these young people were facing a number of issues and so Mickey, the owner of the boxing club, put them in touch with Keyfund Facilitators, Charlee Bewsher and Michelle Hutchinson.

Whilst North Yorkshire is often seen as a prosperous area, Selby Town has been identified in the lowest 9% in the Index of Multiple Deprivation. All of the Boxing Buddies come from deprived areas and low income families and each faced multiple issues. A few group members had very low attendance at school and all showed behavioural issues when in school. One of the young people in the group is receiving targeted social care, one has parents with mental health difficulties, one is from the travelling community and one young man had recently arrived from Poland. Despite this, the ‘Boxing Buddies’ have overcome their barriers and engaged in something they are passionate about. Michelle explains, “there is absolutely no segregation here, and if they want to be on the squad, they understand they have to try hard at school and get on with everyone.”

This group has done phenomenally well with their Keyfund work and have progressed all the way to Stage 4. As well as all the work that has gone into developing their skills and putting together their project plans and presentations, the real achievement has been for these young people to stay in a committed group together for nearly 2 years and to have such solid consistency in their positive achievements.

For stage 1 the group desperately needed some new equipment. Their boxing gloves were ripped and falling apart and could have posed a safety risk. The Boxing Buddies were successful in their bid for new gloves, which other young people in the club have benefitted from.

For stage 2 the group organised to go all the way to Wales and attend a boxing camp run by Joe Calzaghe’s dad Enzo. For Stage 3 the Boxing Buddies put on a community showcase boxing event. They realised how much work is involved in organising such an event and even overcame obstacles like needing to find a Doctor who’d agree to be present. They wanted their peers and other young people across the area to attend, but the travel costs were prohibitive, so the group arranged free transport and covered other travel costs so that as many people could come as possible.

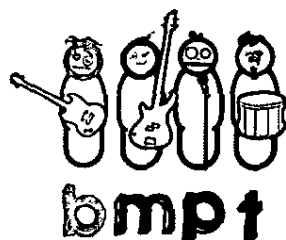
Finally for stage 4 the group achieved their vision of running their own boxing tournament. They brought in squads from across the North East and even from Wales, again supporting their travel and accommodation costs. They also used the event to raise enough money to purchase a new ring which will be used by their boxing community for years to come.

When asked about their Keyfund skills development, the young people were quite unanimous in what they found hard – evaluating their own performance. Michelle elaborates, “they have found it hard to be realistic with their achievements and to have the self-awareness to reflect on what they are good at and not so good at”. The skills they have enjoyed developing have been planning their time and energy, agreeing responsibilities and seeing them through and dealing with people in power and authority. The one that shone out the most though, perhaps unsurprisingly for boxers, has been settling disagreements.

All of the Boxing Buddies have bright futures ahead of them. One was identified by Enzo Calzaghe as having real potential and along with another group member, have both been accepted into Bradford Boxing College. These two have already won awards as Yorkshire Champions and will compete at an amateur level, hoping to make boxing their career. Savannah, is now committed to staying in school, and when she was made Captain of the Junior Squad, it sent her self-esteem to stellar proportions. The remaining two team members are now both studying for a BTEC in Sport at a local College.

Michelle and Charlee could not be more proud of the Boxing Buddies and in trying to sum up the achievements of the young people, they said “it could not be more simple. Good youth work, works”.

Case study 2 – BMPT



BMPT said ‘If you want to do something then you have to do it, or else it would only have been an idea and not an event’. Alex, Jordan and Stephen from Berwick Youth Project have transformed their own idea into reality, proudly making their event a real success! These three music loving young people organised a gig for the local young people and to their great delight they had ‘Boy Jumps Ship’ from Newcastle perform, a great hit with the audience.

Securing £250 from Keyfund in Northumberland as their Stage 1 application, they held planning meetings with the band, discussing all issues from venues - and their availability - to detailed costings. They also worked on finding the best PA system hire company and ways to advertise the gig that would attract most young people to the event. In planning the project, the young people developed considerable skills in team work, making decisions and communication.

Besides, they have also learnt a lot about planning their time and energy as well as problem solving. Since they met once a week, it soon became clear that time management was going to be a hurdle. Each member took on responsibility for specific tasks but other factors such as school, work and family life meant that it could be difficult to get tasks completed. The young people quickly came back together as a team and worked hard to prioritise the event and make it happen. In another crisis moment where the date of the event had to change, the team - at short notice - had to go back to the band and the PA hire company to make the necessary changes.

Merrick, their facilitator who has walked the whole journey with BMPT, is encouraged by seeing the young people focus on their goal and their commitment to all aspects of the project. As she told us, “The young people put themselves on film to ensure good publicity which not only meant a new experience but additional time being giving to the overall project.” She has also seen them managing difficult situations and reacting to problems with a solution-focused attitude.

The gig was a big success. BMPT also performed at the event before the band. This, too, was very well received by the audience! It was a huge confidence boost to the group. Local young people and adults were really impressed with the gig.

They thoroughly enjoyed themselves and appreciated the effort that BMPT had put in to make this happen to Berwick. Due to the town’s rural location, events like this do not often happen in the local area. The event has also helped BMPT to open other doors. The group is still in contact with ‘Boy Jumps Ship’, for example.

Case study 3 – Voices making choices



Susan, Nicole, Ross, Nick and Chris make up Voices Making Choices (VMC). They are a group of looked after young people who are part of Northumberland's Children in Care Council. They have aspirations to change things for the better for everyone in care.

VMC wanted more people to know about them and find out how to get involved. As a result of exchanging opinions and ideas in meetings, the group decided to create a short film about them to show at events or meetings with other councils or groups. As part of their very thorough planning, they decided they would ask experienced film-maker, Michelle Fox to help them with the project. They discussed and planned their film with her and wrote their own scripts.

It was a fantastic day of filming. Everyone was so enthusiastic about the project. Even though one member of the group had to leave early, the rest of the young people did really well to take on extra responsibilities and the film-making went really well. The young people were able to improvise with the script and add their own humour to parts of the film. On top of this, they had the opportunity to experience using the video camera and sound boom! Michelle also explained to them some of the processes involved in the editing.

In October the young people showed the film for the first time to around 300 people at a celebration event. Through this, over 100 young people got to know a lot more about the group, what they do and how to get involved. One of the panel members attending the event was very impressed saying, "I feel the group have honoured their commitments to the panel and that Keyfund has been used very well to help young people advertise their very worthwhile group. I believe this will help them recruit new members and give them a higher profile."

Robin, VMC's Keyfund facilitator, told us that the young people successfully adapted a new approach to get their messages across by creating a film about the group and that Keyfund, "provided the help and support to get VMC's ideas in motion." He told us also how well the group worked together, "They are from different age groups and have very different personalities, yet they worked together really well during the initial planning and throughout the project." He added, "This was a great initiative where they learned many skills individually and together as a team. They learned also to understand others better, to improve working with one another and to offer each other emotional and motivational support."

Robin is very pleased to see what the young people have achieved, "This sort of project takes a lot of perseverance and I have definitely seen them learning a great deal. While it is fantastic to see them develop different skills, it is also great to see them gain self worth and pride."

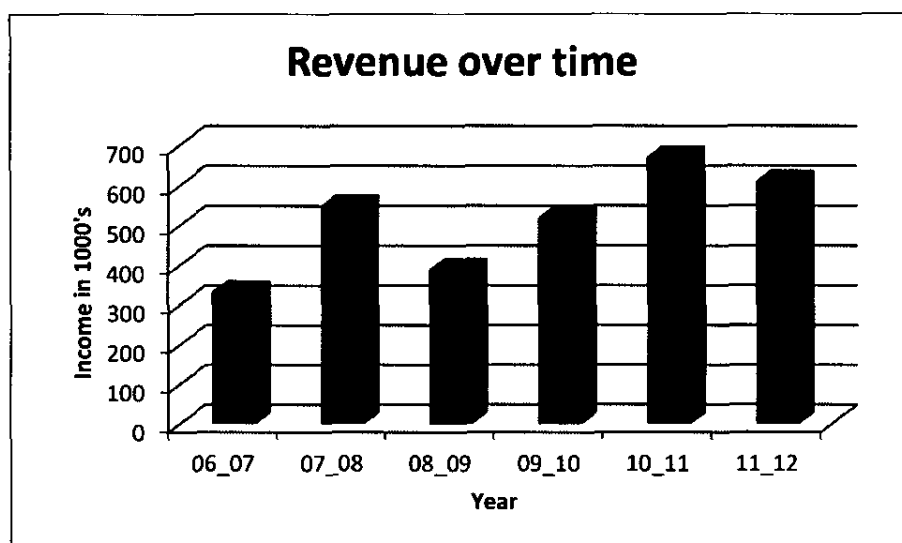
As a result of the first film screening, more people are becoming aware of VMC and there has been an increase in enquiries from young people and staff. The film has also become part of the training material for foster carers, residential carers and social care staff. The film will next be screened as part of a show reel at the 'Northumberland's Finest' Awards evening. These young people are now really fired up and have already started discussing new ideas for their stage 2 project!

Financial performance

Over the past 7 years we have been building a robust financial framework for the organisation. This means we've always retained our independence and core ethos whilst having the financial resilience, flexibility and foresight to adapt quickly, responding to changes in the economic climate and youth market place. It is this flexibility that's enabling Keyfund to survive and thrive in a recession.

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 £611k. This is a decrease of 9% compared to the previous year, but an increase of 12% against our planned revenue for the year of £545k (£375k core, £170k pots).

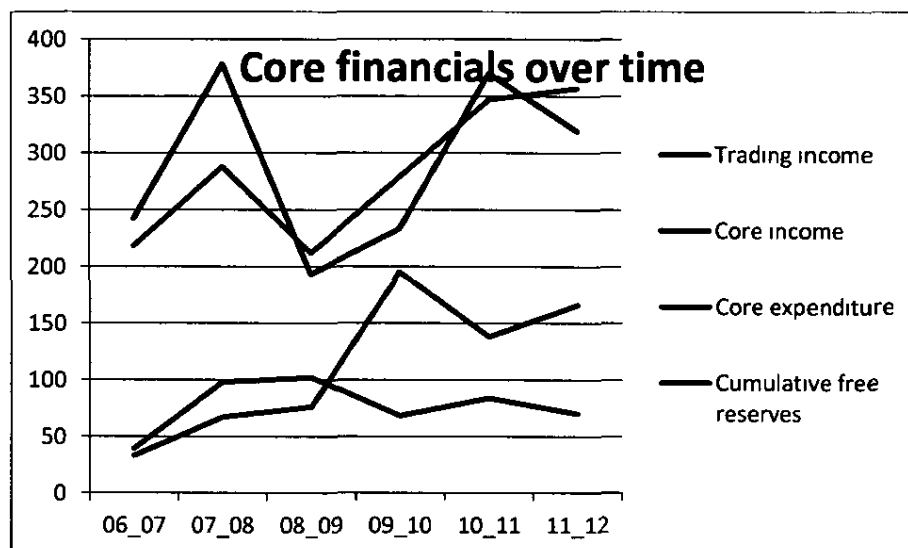


Core

In 2011/12 Trading income grew on prior year by 20%. In particular this was due to an increase in the sales and delivery of training. We recognised the need to improve our training offer and to seek sponsored bursaries to support those facilitators without access to a training budget. This strategy really paid off and has set a solid platform going in to 2012/13.

Core income exceeded core expenditure in the year. This is because we started the year with a restricted core balance of £20k to be spent in 2011/12 and we invested £14k of our reserves in the development of the IT systems described in the previous section.

Our core expenditure increased by 3%. This is a result of the significant investment we made in our IT infrastructure and digital platforms. When coupled with the resulting efficiency savings this made to our back office functions, the net effect was only a £10k higher spend than in 2010/11.



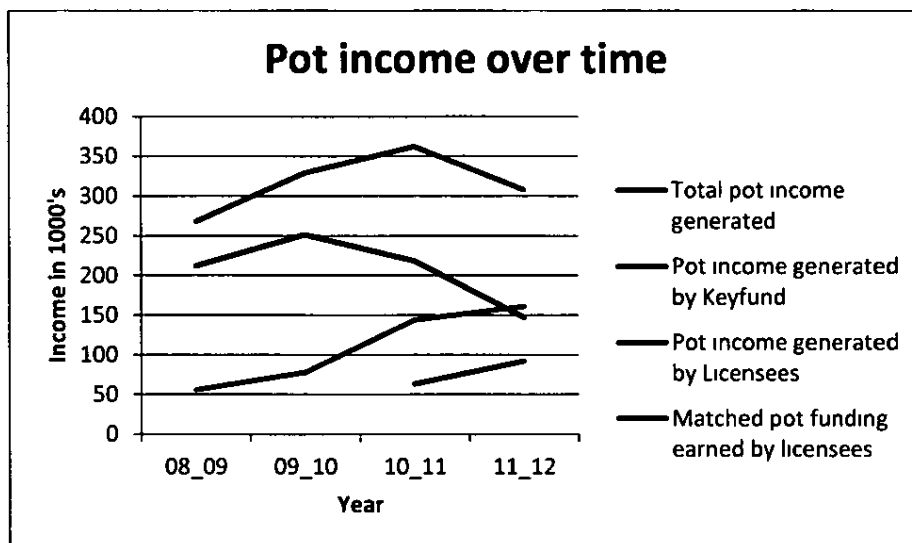
Pot

In 2011/12 the total pot income generated decreased on the prior year by 15%. Since 2009/10 it has been our intention to reduce the amount of pot funds generated directly by Keyfund and instead to increase the amount generated by Licensees using focussed support and a matched funding strategy. It is intended that 2011/12 will mark the end of this trend, as the licensing model takes hold in 2011/12 and Keyfund's matched funding requirements increase.

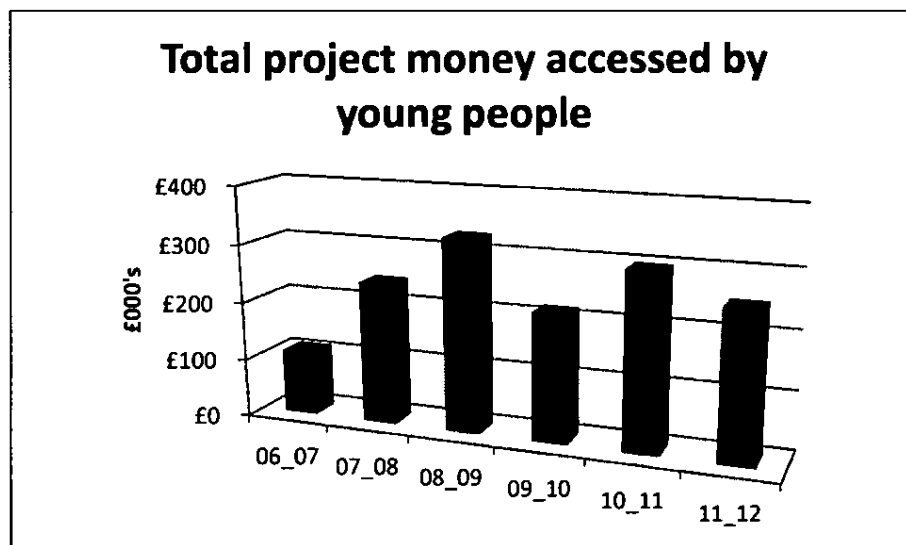
Keyfund lost a number of local authority partners who previously contributed to pot funds for their area. These were locations without licensees, where Keyfund continued to deliver services directly to facilitators. This unfortunately is a sign of the times as local authorities feel the squeeze and universal youth work is not classified as a statutory responsibility. Without a licensee Keyfund does not offer match funding. This reduces the incentive to contribute solely to pots, but increases the incentive to identify a licensee. Keyfund has retained direct delivery in Durham and has re-launched activity in Newcastle as a beacon area 'licensed' to Keyfund.

Of the £147k pot funds generated by Keyfund in 2011/12, £92k of this was used as match funding for licensees. An increase on prior year of 46%.

Although licensees did increase the pot funds generated on prior year by 12%, we were careful to align the amount of pot funds licensees generated with their ability to distribute it. The £161k of pot funds generated by licensees exceeded our plan by 5%. This is great, but as many licensees started the year with strong opening pot balances made up of time limited funds and were still fledgling networks, we felt this was as far as we should go this year.



Total project money accessed by young people (through Keyfund directly and through licensees) was £251k, exceeding our plan by 2%. We saw a larger percentage of Stage 1 groups this year due to the Blasts we delivered. This brought the average spend per project down from £353 to £343. We expect this to increase again in 2012/13 as licensees become more established and those new young people progress to the higher stages.

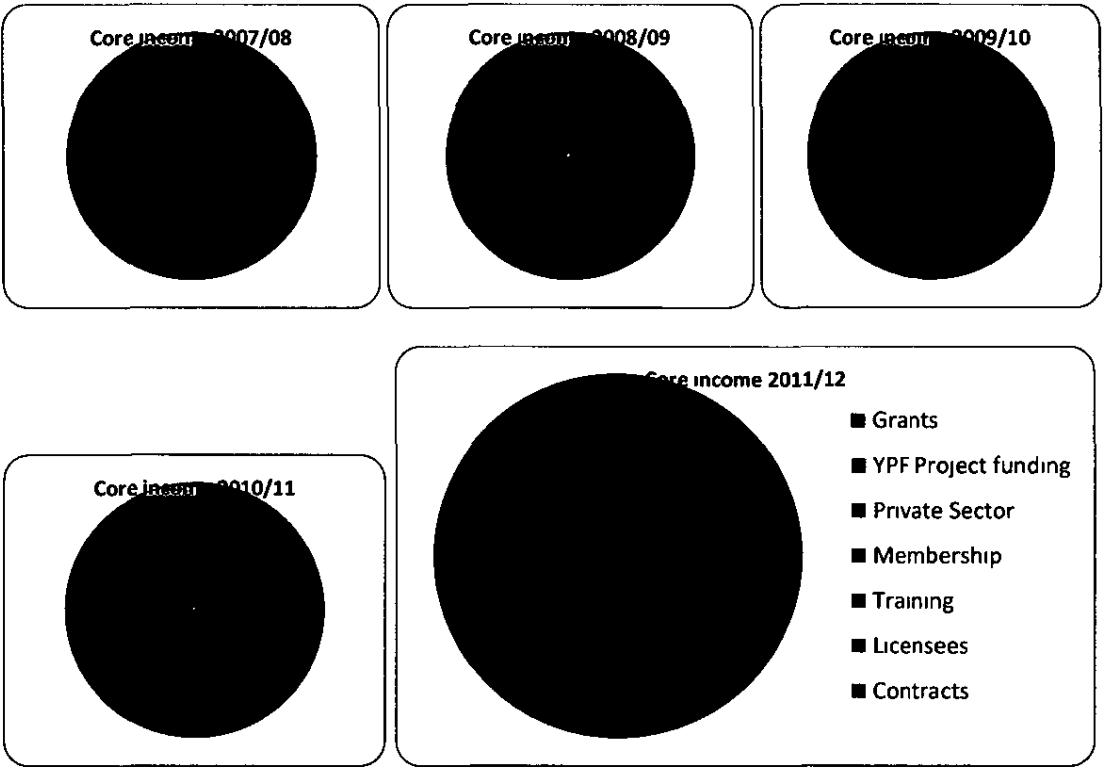




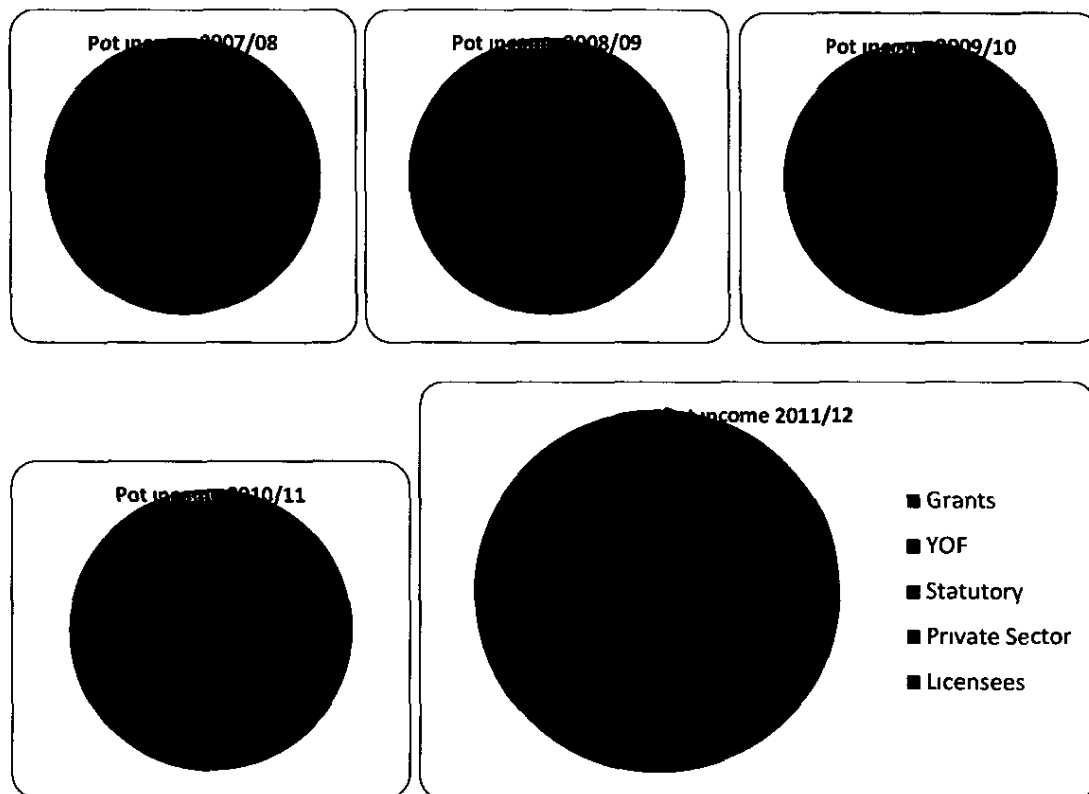
Diversification of income streams

Much of the financial resilience Keyfund has built has come from the diversification of our income streams for both 'Core' and 'Pots'. We continue to keep this at the forefront of our strategic planning and review the marketplace to identify which income streams are drying up and which ones we want to grow in order to replace them. The graphs below show the diversification over the past five years.

Core



Pots



Conclusion

2011/12 was a difficult year to forecast and navigate. Regardless, we achieved all of our social impact targets for the year and managed to keep the finances of the organisation healthy and fit for 2012/13. This included developing existing income streams for both core and pot funds as previous ones were hit by the financial climate.

The investments we made in the IT infrastructure and core operating systems will continue to pay dividends for us in years to come and have built strong foundations on which to grow. We discovered much more about the impact we have on young people, discovered methodologies which both prove and improve the effectiveness of our work. We imbedded new training products into our core offering and once again managed to reactivate more of our 'current' facilitator network, increasing the number and activity of our overall membership base. We retained 83% of our existing licensees and secured a new one, and saw a higher completion rate for young people who registered their projects ideas.

We ended 2011/12 with £3k of carried forward core funds and £167k of guaranteed or expected core income in our pipeline. 2011/12 also ended with £218k of carried forward pot funds, (plus £107k opening pot funds held by licensees) and £12k guaranteed pot income in the pipeline. This means going into 2013 we had visibility of £507k to sustain our business going forward. This represents 77% of the overall planned expenditure for 2012/13 (£403k core expenditure, plus £254k of pot funds accessed by young people). This is a promising situation and will mean we can make a strong start to 2012/13.

What we are going to do in 2012/13

It is likely that 2012/13 will see a double dip recession, so the outlook for the wider economic and political landscape is not good. We have conducted horizon scanning at a strategic level to help prepare us for the year ahead and have conducted a review of our 'distance travelled' data sets, to help us decide where we should focus our resources to gain maximum impact. This work informed the creation of our five strategic objectives.

We remain positive about the year ahead and have planned for only moderate variations across our social and financial indicators. We will be updating and repositioning the social licensing model. This will result in a delay to the recruitment of new licensees. It will therefore be unlikely that we'll see any social outcomes generated from new licensees before the end of the financial year, as they will need time to be set up, trained and to prepare for launch. To accommodate this and to meet our strategic objectives, Keyfund will deliver more outcomes directly, but will do so in a targeted way around key themes.

It remains 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.

The Challenge

Keyfund has made the following plans and predictions for 2012/13

Social Impact

Indicators	Actual 11-12	Plan 12-13	% variance
Number of young people engaged	5770	5717	-1%
Number of projects registered	1186	1230	4%
Number of successful projects	730	694	-5%
Number of new facilitators trained	245	206	-16%
Number of active facilitators	350	294	-16%
Total project money accessed by young people	£251,214	£254,000	1%

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 continue to increase the percentage of groups who register projects, successfully completing them.

In 2012/13 we predict that the number of 'active' facilitators will decrease slightly to 292 (a 16% drop from 2011/12). This cautious target is due to the predicted churn in the facilitator network, due to facilitator redundancies and role changes in both the public and voluntary sector.



Financial performance

Indicator	Prior year 11-12	Plan 12-13	% variance
Trading income	166	124	-25%
Core income	319	415	30%
Core expenditure	357	403	13%
Cumulative free reserves	70	72	3%
Pot income generated by Keyfund	147	175	19%
Pot income generated by Licensees	161	160	-1%
Total pot income generated	308	335	9%
Matched pot funding earned by Licensees	92	120	30%

Core

Our plan assumes a total increase in core income of 30% from 2011/12 as compared with -14% decrease in 2011/12 from 2010/11. This is because we intend to attract new grant and corporate income related to research and development of our identified 'themed' Keyfund areas and the new licensing proposition / function. We expect the trading income to decrease as we lower the license fees in line with the new packages. The 13% growth in core expenditure will come from expanding the core team, increased stakeholder engagement activity and continuing to invest in the development of our digital technology platforms.

Pots

The increase in pot income generated by Keyfund reflects the match funding required for increasing number of licensees we'll recruit towards the back end of the year and the increase in direct delivery predicted around our themes. At the close of 2011/12 licensees held opening pot balances of £106k between them, creating a strong start to year and a healthy cash flow. The income they anticipate to raise themselves is in line with their performance in 2011/12.

With our robust pot spend forecasting tools, balancing supply and demand is still not an exact science, but is much easier and far less risky than in previous years. Keyfund and our licensees will 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 strategic objectives for 2012/2013

Strategic Objectives 2012/13

1	Re-propositioning and repackaging of Keyfund's main products / services, including Licenses, Membership and Training. The focus will be on cost recovery, compliance, brand association and maximising outcomes for young people. New licensees will be sought via organisations with a thematic fit (as opposed to geography).
2	Thematic development of the Keyfund offer in relation to stakeholder and beneficiary need, impact findings and market demand. Key identified areas are, tackling youth unemployment, targeted work with families and communities, YP in and leaving care, social action and sport.
3	Business resilience – Development of systems, tools and structures to protect the organisation, its IP and its personnel, whilst improving efficiency. In particular, income generation and business development to be spread across the organisation, make better use of formal volunteers to achieve strategic objectives, building external partnership with a view to outsourcing activities as appropriate.
4	Continued development and implementation of the IT strategy. Including further development of the Hub and Website in response to stakeholder needs, the communications strategy, process improvement, impact data collection and reporting.
5	Second phase of the Impact Analysis Strategy developed and delivered. Including, flexible stakeholder reporting at the front end, training materials / programmes linked to BARS and skill definitions, development of soft indicators validated at panel and evaluation.

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.

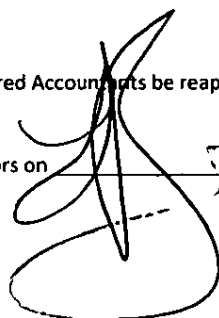
Auditors

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

14/9/12

Hellen Bowey (Chair)



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 2012 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).

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 26, 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 2012 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.

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

14 SEPTEMBER 2012

Keyfund Federation Limited
(A company limited by guarantee)

Statement of Financial Activities (incorporating income and expenditure account)

for the year ended 31 March 2012

		Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	Notes	£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Investment income	2	-	315	315	476
Incoming resources from charitable activities					
	3	445,452	165,667	611,119	670,414
Total incoming resources		445,452	165,982	611,434	670,890
Resources Expended					
Charitable activities	4	378,444	182,305	560,749	620,686
Governance costs	5	-	5,242	5,242	4,494
Total resources expended		378,444	187,547	565,991	625,180
Net income before transfers		67,008	(21,565)	45,443	45,710
Transfers between funds		(7,775)	7,775	-	-
Net movement in funds for the year		59,233	(13,790)	45,443	45,710
Total funds at 1 April 2011		162,186	83,650	245,836	200,126
Total funds at 31 March 2012	12	221,419	69,860	291,279	245,836

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 31 to 40 form part of these financial statements.

Keyfund Federation Limited
(A company limited by guarantee)

Balance Sheet
as at 31 March 2012

	Notes	Unrestricted £	Restricted £	2012 £	2011 £
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	1,901	-	1,901	1,224
		<u>1,901</u>	<u>-</u>	<u>1,901</u>	<u>1,224</u>
Current assets					
Debtors	10	51,600	-	51,600	43,472
Cash at bank and in hand		39,512	241,419	280,931	250,012
		<u>91,112</u>	<u>241,419</u>	<u>332,531</u>	<u>293,484</u>
Creditors amounts falling due within one year	11	(23,153)	(20,000)	(43,153)	(48,872)
Net current assets		<u>67,959</u>	<u>221,419</u>	<u>289,378</u>	<u>244,612</u>
Total assets less current liabilities		<u>69,860</u>	<u>221,419</u>	<u>291,279</u>	<u>245,836</u>
Charity Funds					
Restricted funds	12	-	221,419	221,419	162,186
Unrestricted funds	12	69,860	-	69,860	83,650
		<u>69,860</u>	<u>221,419</u>	<u>291,279</u>	<u>245,836</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 14/4/12 and signed on their behalf, by

Miss H Bowey, (Chair)

Company Number 3339120

The notes on pages 31 to 40 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 2012

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 company limited by guarantee. The members of the company are listed under Directors on page 5. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the 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 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 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.

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.



Keyfund Federation Limited
(A company limited by guarantee)

Notes to the financial statements (continued)
for the year ended 31 March 2012

1 Accounting Policies (continued)

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 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 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).

1.7 Intangible fixed assets and amortisation

Intangible assets represent the operating system used by the 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 cost 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 2012

2 Investment Income

	Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Bank interest received	-	315	315	476

3 Incoming resources from charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Grants receivable	445,452	-	445,452	551,974
Membership income	-	22,602	22,602	32,530
Licence income	-	68,653	68,653	67,777
Donations	-	41,717	41,717	1,253
Training income	-	32,695	32,695	16,880
	445,452	165,667	611,119	670,414

4. Resources expended on charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Grants paid	208,744	-	208,744	277,880
Wages and salaries	126,098	92,943	219,041	194,071
National insurance	14,964	7,220	22,184	18,875
Pension costs	6,694	3,230	9,924	7,693
Staff related costs	370	3,335	3,705	4,349
Travel expenses	400	4,860	5,260	4,546
Property costs	-	28,995	28,995	30,623
Office costs	-	12,301	12,301	12,737
IT costs	20,685	13,793	34,478	8,062
Training costs	-	1,296	1,296	5,659
Bank charges	-	92	92	180
Advertising and PR	-	2,306	2,306	11,772
Leaflets and publications	-	-	-	-
Legal and consultancy	-	7,422	7,422	7,452
Accountancy	-	4,240	4,240	3,374
Amortisation	-	-	-	-
Depreciation	-	504	504	1,672
Network development	-	114	114	1,038
Young Peoples Fund	143	-	143	30,703
Overhead allocation	346	(346)	-	-
Charitable activities	378,444	182,305	560,749	620,686
Governance	-	5,242	5,242	4,494
	378,444	187,547	565,991	625,180



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Notes to the financial statements (continued)
for the year ended 31 March 2012

4 Resources expended on charitable activities (continued)

Included within resources expended on charitable activities are support costs of

	Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Staff costs			-	17,619
Office costs			-	3,062
Property costs			-	1,274
			-	21,955

5. Governance costs

	Restricted Funds	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£	£
Auditors' remuneration	-	3,650	3,650	4,200
AGM & Directors costs	-	1,592	1,592	294
	-	5,242	5,242	4,494

6 Net (income)/expenditure

This is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the charity	504	1,672
Auditors' remuneration	3,650	4,200
Pension costs	9,924	7,693
Amortisation of intangible fixed assets	-	1,707

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Notes to the financial statements (continued)
for the year ended 31 March 2012

7. Staff costs

Staff costs were as follows

	2012	2011
	£	£
Wages and salaries	219,041	194,071
Social security costs	22,184	18,875
Other pension costs	9,924	7,693
	<u>251,149</u>	<u>220,639</u>

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

	2012	2011
	No	No.
Support staff	25	25
Grant support staff	15	15
Training/development staff	40	30
	<u>80</u>	<u>70</u>

During the year, no Director received any remuneration (2011 - £Nil)

During the year, no Director received any benefits in kind (2011 - £Nil)

During the year, 2 Directors received reimbursement of expenses of £1,592 (2011 - £294)

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

8. Intangible fixed assets

	Operating System & On-line Manual £
Cost	
At 1 April 2011 and 31 March 2012	6,120
Amortisation	
At 1 April 2011	6,120
Charge for the year	-
At 31 March 2012	<u>6,120</u>
Net book value	
At 31 March 2012	-
At 31 March 2011	<u>-</u>



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Notes to the financial statements (continued)
for the year ended 31 March 2012

9 Tangible fixed assets

	Furniture Fittings & Equipment £
Cost	
At 1 April 2011	10,953
Additions	1,181
	<hr/>
At 31 March 2012	12,134
Depreciation	
At 1 April 2011	9,729
Charge for the year	504
	<hr/>
At 31 March 2012	10,233
Net book value	
At 31 March 2012	1,901
	<hr/>
At 31 March 2011	1,224
	<hr/>

10 Debtors

	2012 £	2011 £
Trade debtors	49,340	42,032
Prepayments and other debtors	2,260	1,440
	<hr/>	<hr/>
	51,600	43,472
	<hr/>	<hr/>

11 Creditors Amounts falling due within one year

	2012 £	2011 £
Trade creditors	1,190	212
Licence income deferred	24,277	-
Accruals and deferred income	17,686	48,660
	<hr/>	<hr/>
	43,153	48,872
	<hr/>	<hr/>



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Notes to the financial statements (continued)
for the year ended 31 March 2012

12	Statement of funds	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Carried Forward
		£	£	£	£	£
	Unrestricted funds					
	General funds	83,650	165,982	(187,547)	7,775	69,860
	Restricted funds					
	Pot funding					
	Affinity Sutton London	3,000	-	(5,000)	1,200	(800)
	Asda Foundation	5,000	-	(5,000)	-	-
	Darlington DOSH	19,669	-	(13,087)	-	6,582
	Dulverton Trust	2,640	-	(2,820)	180	-
	Durham County Council	11,000	32,000	(18,663)	14,998	39,335
	Frederick Milburn	167	-	-	(167)	-
	Gateshead YOF	-	-	-	-	-
	Harrogate Vocalink	4,000	4,000	-	4,000	12,000
	London Youth	22,558	-	(22,558)	-	-
	London Youth Metropolitan	9,005	-	(9,005)	-	-
	North Tyneside YOF	-	-	909	(909)	-
	Northern Rock Foundation	44,517	48,856	(16,443)	4,348	81,278
	Northumberland County Council	6,864	50,000	(56,864)	-	-
	NTESP	2,633	-	(2,188)	(445)	-
	ONE	10,000	-	(10,000)	-	-
	South Tyneside	698	(280)	1,608	(594)	1,432
	Stockton Youth	-	-	1,742	(1,742)	-
	Sunderland City Council	-	-	1,200	(1,200)	-
	U Decide	-	-	519	(519)	-
	North Yorkshire	-	87,172	(32,753)	13,180	67,599
	Newcastle City Council	-	25,000	(7,721)	-	17,279
	ONE 5	-	19,998	-	(19,998)	-
	02	-	2,100	(8,620)	-	(6,520)
	Benfield	-	3,750	(3,750)	-	-
	Asda Foundation	-	20,000	-	(20,000)	-
		141,751	292,596	(208,494)	(7,668)	218,185
	Core funding					
	Asda Foundation	-	19,180	(19,180)	-	-
	Big Lottery Young People's Fund	500	-	(393)	(107)	-
	Esme Fairburn	-	18,960	(18,960)	-	-
	Northern Rock Foundation	-	3,157	(3,157)	-	-
	John Paul Getty	9,935	72,000	(81,935)	-	-
	Rank Foundation	10,000	20,000	(30,000)	-	-
	Accenture	-	2,232	(2,232)	-	-
	Business Link	-	3,780	(3,780)	-	-
	02	-	6,505	(6,505)	-	-
	Benfield	-	3,808	(3,808)	-	-
	Clore	-	1,750	-	-	1,750
	Muckle	-	1,484	-	-	1,484
		20,435	152,856	(169,950)	(107)	3,234
	Total restricted funds	162,186	445,452	(378,444)	(7,775)	221,419
	Total of Funds	245,836	611,434	(565,991)	-	291,279

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Notes to the financial statements (continued)
for the year ended 31 March 2012

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 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 year and the full balance is carried forward for spend in 2011-12.

Darlington Dosh 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 year, £26,826 was expended in 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 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 year and the full balance year 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 year, the full balance was spent in 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 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 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 year and the full balance is available for spend in 2011-12.

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 year, £31,549 was expended in 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 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.

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Notes to the financial statements (continued)
for the year ended 31 March 2012

13 Description of funds (continued)

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 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 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 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 North East £20,000 was received in 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 year, leaving a balance of £698 for spend in 2011-12

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 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 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 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 YPF 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 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



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Notes to the financial statements (continued)
for the year ended 31 March 2012

13 Description of funds (continued)

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 year and £110,065 was expended leaving £9935 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.

ONE 5 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 Operating lease commitments

At 31 March 2012, the charity was committed to making the following annual commitments under a non-cancellable operating lease, for office rent:

	2012	2011
	£	£
One year	11,561	11,561

15 Control

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

16 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 £nil (2011: £982) in total including expenses.



