

Company number: 03339120 (England and Wales)
Charity number: 1093569



Keyfund Federation Limited

(A company limited by guarantee)

Directors Report and Financial Statements For the year ended 31 March 2015

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Welcome from the Chair and Chief Executive
For the year ended 31 March 2015

Welcome to The Key's Annual Report and Audited Accounts for 2014/15.

Looking back, 2014/15 has been a challenging year. It has continued to be a turbulent time for young people, the youth and voluntary sectors as well as wider society. Here at The Key we have been working hard to respond positively to the difficult financial climate and the challenges it poses, seeking new opportunities, piloting new initiatives, programmes and ways of working to better meet the ever changing needs of the young people and communities we serve. Our supporters continue to give their commitment, along with that of our staff and volunteers, enabling us to extend our reach and increase our impact. We give unreserved thanks to all those who have given their time, advice, funds, support and energy over the past year and to the thousands of young people who continue to demonstrate how amazing they are.

We are delighted to say with the help of our facilitators 692 Key projects were successfully completed. We worked with 2,916 young people 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.

The strategic objectives we set for the year were intended to help us consider our learning and achievements. The Key has reflected on its good practice and has adapted to the every changing environment we find ourselves in, sometimes at short notice. Our work continued with the same vigour and enthusiasm, but we also took time to make plans, invest in systems and develop strategies that will ensure the long-term sustainability, growth and success of The Key.

Our supporters have continued to take this journey of development with us and we are eternally grateful for their confidence and commitment to our work and the cause of the charity. We acknowledge that the economic climate continues to create difficulties in the sector, but we are confident that the last year has helped us build a robust, efficient and highly effective organisation that continues to make a real, positive difference to the lives of the young people we work with and the communities in which they live.

The Board was delighted to announce the appointment of two new Directors who are passionate about supporting the growth and development of our charity over the years to come.

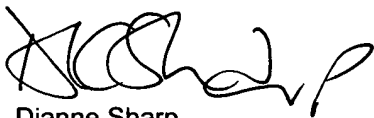
We continue on our data journey and we have been fortunate to be supported with 2 data dives this year, with data volunteers developing data tools that enable us to interrogate our data better. This in turn has enabled us to evidence our impact more confidently and to share it in different ways with our facilitators, funders and partners.

In 2014/15 we launched our first Crowdfunding campaign on our own platform – Boomerang. This is a new area for us and the staff team are all on this learning journey together. Our plan is to offer the platform to young people who have completed Key projects and to Key facilitators for them to create their own Crowdfunding campaign, enabling them to raise funds to support their Key projects.

Welcome from the Chair and Chief Executive (Continued)
For the year ended 31 March 2015

During 2014/15 we embarked on our first contract with The Wise Group in partnership with Big Lottery - Talent Match. The aim is support young people the furthest removed from the job market into employment or self-employment, this fits extremely well with The Key and we are using our core programme with an enterprise wrapper to support young people in developing skills needed for real world success.

Once again, we would like to thank all of our staff, facilitators, community panel members, licensees, board members and supporters, and with their continued help we look forward to delivering more high impact outcomes for young people in 2015/16.



Dianne Sharp
Chair



Hannah Underwood
CEO



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

Charity Number:	1093569
Company Number:	03339120
Registered Office:	Victory House Balliol Business Park Benton Road Newcastle upon Tyne NE12 8EW
Directors:	Dianne Sharp (Chair) Peter Neal (Vice Chair) Lisa Charles-Jones Peter Clegg Paul Lewney Sam Morton Simon Riddell Julian Thomas Andy Walton Robert Morton (Appointed 15 September 2014) Neil Hemming (Appointed 15 September 2014)
Company Secretary & Chief Executive Officer	Hannah Underwood
Deputy Chief Executive Officer	Sara Jenson
Auditors	Haines Watts 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 The Keyfund Federation Limited (The Key) (the company) for the year ended 31 March 2015. The Directors confirm that the annual report and financial statements of the charitable 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's constitution is dated 25 March 1997 as amended by Special Resolution dated 20 February 2002 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 Trustees, who are also the directors under Company Law, are responsible for the management and administration of the charitable company.

The current Directors were recruited and appointed by an open and efficient process managed by the Directors using the network of public, private and voluntary sector organisations that are involved or aligned to the work of The Key. Potential candidates were sought through the pro-bono support of a trustee brokerage service from Nigel Wright Recruitment to secure Directors with the skills and experience required.

The Board met on 7 occasions and held one conference call during 2014/15. The Board and Senior Management Team met in April 2015 to develop the strategic plan for the next five years. 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
- Strategic planning, change management and project management
- Youth policy, voluntary youth work, statutory youth provision
- Sales, marketing, PR and communications
- Law (business, charity, employment, commercial property and health and safety)
- Corporate social responsibility
- Human resources, equality and diversity, policies and procedures and recruitment
- Learning and skills development
- High growth in small to medium enterprises



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 10 staff under the guidance of our CEO. Delivery of The Key projects are coordinated by individuals from our own network of volunteer facilitators and via networks run by our licenced partners. In 2014/15 we had just over 517 facilitators covering the North East and North Yorkshire. They all pay a small annual membership fee to The Key. Their work is quality assured and their impact measured.

Our facilitator networks are made up of youth work professionals, community volunteers, youth offending team staff, detached youth workers, care workers, uniformed group leaders and learning mentors, to name but a few. They are all DBS (CRB) checked and all operate under the policies, procedures and insurances of their employing / supporting organisations. Our networks also contain hundreds of local people who volunteer to become Community Panel Members. These individuals volunteer directly for The Key and are trained for the role. However, they are never in a situation where they are alone with young people.

Related party relationships

The Key works with a diverse range of organisations to support young people across the region. Each either employs or supports a Key Facilitator. Amongst 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, Princes Trust, Youth Offending Teams, mental health projects, YMCA's, Barnardos, Duke of Edinburgh, prisons, training organisations, colleges, health groups and social housing providers.

Each organisation is supported in their day to day activity either by The Key directly or through their local licence holder. In 2014/15 The Key worked in partnership with three organisations that held a social licence. They delivered The Key programme in a focused way to meet the needs of their organisations and their beneficiaries. These licence holders included North Yorkshire County Council, Gateshead Youth Council, and Safe in Tees Valley.

The Key continued its effective working partnerships with Northumberland County Council, Durham County Council and Newcastle City Council in order to deliver good quality outcomes for their young people in an efficient and effective way.

Grant making trusts and foundations again provided much needed support with core funds by investing in building the capacity of the staff team and the longer term viability of the organisation. Such investors included Esmée Fairbairn Foundation, The Ballinger Charitable Trust, RBS, The Sir James Knott Trust, The Rank Foundation, The Rothley Trust, RW Mann Trust and Big Change Charitable Trust.

The Key is working with a growing number of private sector partners and their foundations too. Our partners have supported us to develop pilots to work with specific groups including young people with an interest in working within the STEM sector and in themes such as sport and physical activity and digital technology. They have continued to support the growth of our infrastructure, deepening our impact and in the delivery of new products such as Mr Benn. They have also provided pro-bono support, contributing a wide range of skills and expertise. Companies include Teach First, Wolf Technologies, Turney Wilde and Cofely.



Risk management

The Directors have overall responsibility for establishing and maintaining The Key's risk management policy and for reviewing its effectiveness. The Key has a three year rolling strategic plan in place, within the plan a strategic risk assessment is carried out on all activities to ensure all major risks to which the charity is exposed have been considered as well as the overall impact they would have on the organisation. These risks are varied and cover areas including health and safety, client safeguarding, event management, fundraising, compliance and relationship management.

Risk management is carried out by developing approaches to mitigate each risk identified in the assessment, which are monitored at regular intervals. Procedures are then established to manage these risks. A system of internal controls and compliance has been designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. These are reported monthly by the executive team and are discussed at regular board meetings.

A key element in the management of financial risk is the distribution of clear and transparent monthly management accounts and Cash flow forecasts to the Directors and executive team; this is in addition to the monthly production of our strategic objective reports and Balanced Scorecard Dashboard (which details non-financial information). These reports exist to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of The Key's assets and interests, providing clear information to assist in effective risk management.

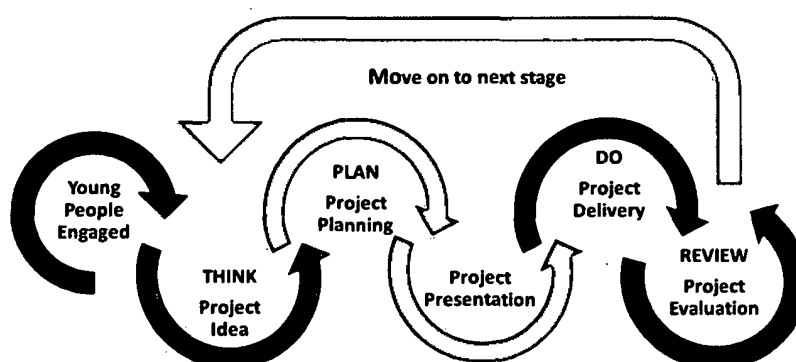
We monitor opportunity in a similar way in order to ensure we are managing The Key's potential for growth & development.

OBJECTIVES AND ACTIVITIES

How we do it

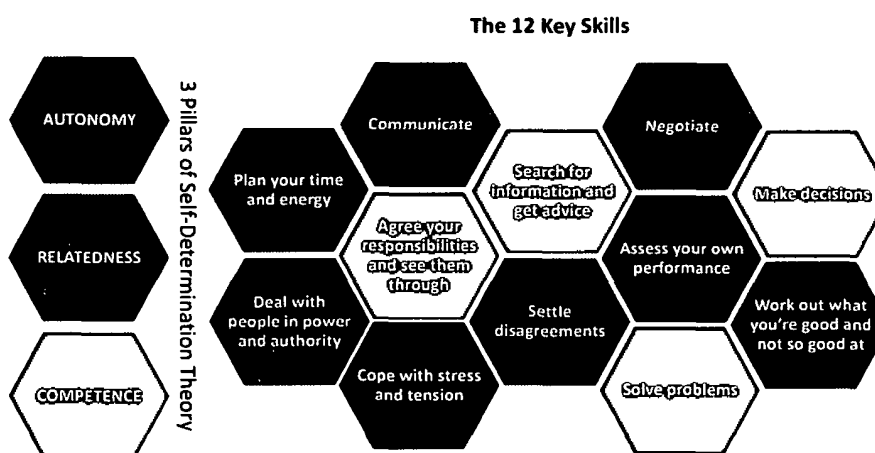
The Key Programme

The Key invests in the personal and social development of young people. Groups are supported by trained facilitators to plan, design, deliver and evaluate their own projects.



The impact The Key creates resides in young people's development of 12 Key skills, as opposed to the projects they choose to do. However, many of the projects are very successful, offering community benefit and creating additional social impact in their own right. The Key model helps improve young people's lives, whilst empowering them to have a positive influence on others through the projects they dream up themselves. This is an incremental learning process, with the opportunity for young people to repeat the process up to four times, each time improving on their skills development.

Through The Key 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 Key skills whilst planning, designing, budgeting, delivering and reviewing their projects. The 12 Key skills cover three vital components of personal development:





The Key programme (continued)

Young people's projects and their personal development are independently appraised by live local panels, which young people 'pitch' to. These panels assess the project viability, but most importantly assess each individual's development of the 12 Key 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-efficacy, resilience and independence, enabling them to take on opportunities which lead them towards further learning, employment, enterprise and unlocking their potential.

Financial transparency

The criteria for young people accessing funds of The Key programme:

- 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 Key skills
- Each group must present to and is assessed by an independent, live panel with a robust prescribed process
- The young people must work with a Key trained facilitator holding a valid membership
- The young people must progress incrementally through the 4 stages, starting at stage 1.



ACHIEVEMENTS AND PERFORMANCE

Social Impact

We are delighted this year to have had 692 successfully completed Key projects. Amazingly, this actually benefited 31,043 additional people in local communities across the North of England as they engaged in some way with the projects the young people implemented. This means that for every young person engaged in a Key project an additional 10 people in the local community also benefitted. This highlights the significant added value delivered by The Key Programme.

During 2014/15 we saw 2,916 fantastic young people successfully completing a Key project, we also engaged 1,175 additional young people in other initiatives.

Progress against strategic objectives

This year's strategic objectives remained both ambitious and challenging, testing new grounds in innovation and putting in place strategies to ensure stability and sustainability. The following is an update on the progress we made:

1. *Invest all we can in continued delivery of The Key programme to our core beneficiaries and our Direct network.*

Progress:

During the year we reviewed our communication routes to our Direct network and found that at times these were inconsistent and uninformative. From August we developed a monthly e-newsletter that celebrated successes of local projects, shared project news and general information from The Key; this has resulted in better engagement with our facilitators and good progression of young people through the stages. We continue to develop great case studies and resources to share with our members to showcase what fantastic and creative projects young people develop whilst engaging with the core Key programme and developing skills needed for real world success.

2. *Target our licensing offers at the social housing sector for delivery of The Key outside our current areas of operation.*

Progress:

We started to engage social housing providers and developed relationships early in the year. This resulted in partnership work to help them deliver their community involvement strategy. This was achieved with social housing providers providing funding for Key projects in their designated areas. It was anticipated that this early low level engagement would result in social housing providers buying a licence once they experienced the power of The Key. Unfortunately this has not materialised. The national rollout of universal credit and the announcement of the right to buy scheme has forced the social housing providers we were engaged with to review their financial commitments to external organisations. However, we are hopeful that the partnerships we have already developed will continue even at a lower level.



Progress against strategic objectives (continued)

Unfortunately the national rollout of universal credit and the more recent announcement of the right to buy scheme, coupled with other welfare reform policies has forced many social housing providers to review their financial commitments to external organisations. However, we are hopeful that the partnerships we have already developed will continue (if perhaps at a lower level) until they have a clearer idea about the impact of these changes on their organisations. At which point we hope to pursue new partnerships in this sector.

3. *Create a strategy recruiting, training and supporting facilitators from new sectors and new sources to deliver The Key to young people who otherwise couldn't access a trained facilitator.*

Progress:

As a result of continued funding cuts to the statutory youth sector and the "knock on" effect that this has had on the voluntary sector we are seeing a churn in our facilitator network. To alleviate this we have started to develop a new model of "Brokered Facilitators". We have targeted and engaged with businesses that have a strong Corporate Social Responsibility and those who focus on young people and skills development. We offered their staff the opportunity to become trained as a volunteer Key facilitator. We have recruited a volunteer coordinator that supports their development and ensures they feel valued and equipped to work with young people. One of the benefits so far has been that young people get the opportunity to work with business people who have a different range of skills. For the business, they support young people and help them develop interests in working in that industry, helping to narrow the skills gap in the North East. We are confident that this strategy will grow over the coming year and are really excited about the opportunities to work with a variety of people and businesses, whilst building our facilitator network.

4. *Continue to implement our impact analysis strategy to both improve and prove the effectiveness, but will aim to bring our stakeholders with us on this journey.*

Progress:

During the year our data analyst has continued to interrogate our huge volume of data and produced some exciting and compelling evidence of the impact of our work. We have continued to use this data to inform our thinking and develop strategies for future growth and development. We have been fortunate to be invited to two data dives where brilliant data analysts from across the country have dug deeper into our data and as a result have created some fantastic tools that our team can use when reporting back to funders, businesses and our facilitators. We now have increased confidence in proving that what we do works and how it makes a difference to the lives of the thousands of young people we work with and the communities in which they live. What's more these tools are helping our stakeholders to access and interrogate this data for themselves for both research and practical outcomes. For example a new postcode search tool to help facilitators to identify potential panel members in their area; plus a mapping tool which pin-points all recent Key projects, with filters for Key stages, project types and licence holder. More tools are in development and all are available for Key staff and stakeholders to use via our Key Labs website.

5. *Continue to innovate The Key programme, to create new products and services.*

Progress:

This year we have been successful in securing funding from the Rank Foundation to run two pilots of Mr Benn, our industry related work exploration project which features the core Key programme at the heart. This has enabled us to trial two completely different pilots; one as a sector specific programme within the STEM industry and the other a geographic pilot enabling us to reach out to a variety of industries within a particular area.



Progress against strategic objectives (continued)

The lessons learnt during our first Mr Benn – STEM related pilot have enabled us to review, adapt and improve our processes before embarking on our second pilot. Both pilots have enabled us to work with new businesses who would not normally have access to The Key or young people. It has also strengthened our “Brokered Facilitator” strategy.

6. *Further build upon and promote our new brand to raise the profile and standing of our organisation.*

Progress:

During the year we have been working hard on our communication strategy and reviewing our marketing materials to ensure our message is strong, clear and concise. We have implemented regular communication with our network of facilitators in the form of an e-newsletter and within our team have nominated a Brand ambassador who validates all our external marketing publications to confirm our publications are on “brand” and consistent. This is an ongoing process as we develop new materials and resources.

FINANCIAL REVIEW

Reserves policy

A reserves policy was approved by the Directors in 2006/07. Implementation of the corresponding Reserves Policy commenced in that year. The Directors have reviewed the reserves policy which is designed to create a buffer to cover six months cost commitments that would have to be paid in the event of business wind up at any given time.

In such a difficult economic climate The Key has been working hard to effectively balance the need to manage financial risk against the need to best serve our beneficiaries and invest in our own growth and development. During the year we were able to increase our unallocated reserves, which now stand at £155,452. Based on our budgeted fixed monthly operating costs for 2014/15 this is at the required 6 months. Reserves are an integral part of The Key’s strategic planning process.

Financial reporting

We continue to stress the importance of timely and accurate financial reporting in order to influence strategic planning and 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, Guaranteed Income and Potential Income reports 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 and are then reviewed by the executive team monthly and discussed at bi-monthly board meetings.

Financial performance

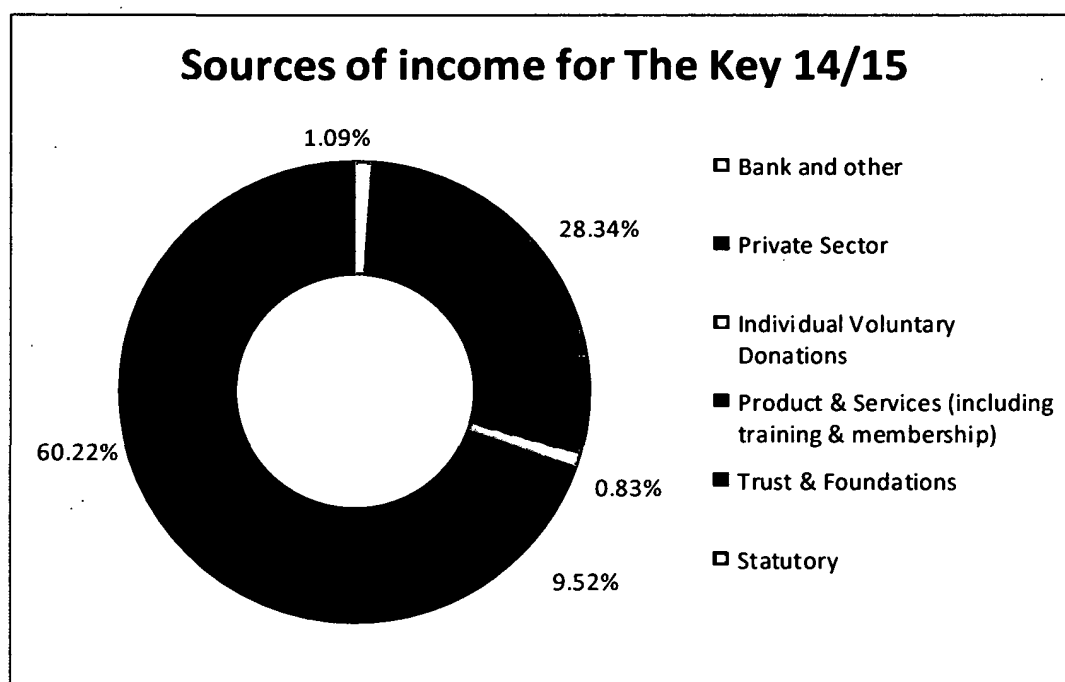
The Key's income streams are divided into 1) 'Key funds' – money accessed and drawn down by the young people for their projects, and 2) 'Core income' – money used to support the central infrastructure, management and administration of The Key.

We started the year with an opening restricted Key Funds balance of £202k. Total incoming Key Funds for the year amounted to £162.5k (2014: £206k). The total Key Funds expended was £202k (2014: £244k) leaving a balance to carry forward into 2015 of £165k.

We started the year with restricted core funds of £49k. Total incoming restricted core funds for the year amounted to £297k (2014: £300k) whereas unrestricted funds for the year amounted to £242k (2014: £193k). The total restricted core funds expended was £280k (2014: £265k). £66k of restricted core funds were carried forward into 2015. The total unrestricted funds expended was £132k (2014: £127k) leaving total unrestricted funds of £224k (2014: £116k).

In summary, we were very pleased with our financial performance over the year. In particular our contribution to reserves enabled us to reach our 6 month reserves target of £155k.

We have also continued to demonstrate diversity in our income streams, leaving us more financially resilient to this fast changing economic environment. The charts below demonstrate the variety of income streams for both our Key Funds and our Core funds.





PLANS FOR THE FUTURE

What we are doing in 2015/16

If The Key is going to successfully navigate the external changes and pressures to the environment in which we operate 2015/16 will need to be one of innovation and experimentation, whilst ensuring our core services continue to thrive. Despite this challenge we remain optimistic about our ability to succeed.

When planning for 2015/16 we took three major factors into consideration.

1. We have a proven and efficient model for youth engagement and development, which is attractive to funders and investors. We also have the internal skills, knowledge and resources to innovate with this model in order to meet a range of societal issues and investor requirements.
2. The continued cuts in youth provision through public services means The Key will be needed now more than ever. So demand from young people will not be an issue. However, this disinvestment is causing the youth sector to rapidly and continually change shape. We have already observed a significant churn and flux within our traditional facilitator network. As facilitators are currently our route to the young people, this will cause an issue if left unaddressed.
3. The slow economic recovery will continue to provide financial challenges for us to raise the income required to meet these new demands whilst sustaining our core activity. We must therefore strike the right balance between generating income from new and known investors.

On that basis and in order to reach as many young people as possible in 2015/16, we will:

- Review, adapt and invest in our membership model to enable us to ensure quality, quantity and sustainability.
- Create a strategy for recruiting new members from new geographic areas across the North East.
- Further build upon and promote our brand to raise the profile and standing of the organisation.
- Launch and further develop idecideuk our new youth unique opportunities platform.

Social Impact targets

Indicators	Plan for 2015-16
Number of active engagements with young people	2,188
Number of successful Key projects granted	568
Number of active facilitators	50% of the network
% of Key projects evaluated	80%

As in previous years we will be aiming to increase our impact this coming year, but at a sensible pace. We anticipate that increased investment in support and development work will contribute to increased conversion of projects successfully completing and further increase in the young people's development of the 12 Key skills.



Financial targets

Our overarching financial aim is to continue to contribute to our reserves to ensure they meet the 6 months reserves target, whilst generating enough income to efficiently deliver against all our social impact targets and planned activities for the year.

We plan to turnover £559k (2014/15: £701k) with a combined Core and Key Fund expenditure of £705k (2014/15: £614k). The £146k variance between these two figures will be covered by our £53k unrestricted development fund and our £230k restricted opening balances for the year, leaving us with a £2k contribution to reserves and a carried forward restricted Key Funds balance of £135k (2014/15: £165k)

We are forecasting 23% of income will come from earned income streams as compared to 10% in 2014.

As in previous years our CEO and her 'Fuel Team' will focus on attracting corporate investors and grant making trusts and foundations that are new to The Key as well as going out to explore new partnership opportunities for delivering The Key's products and services and our Deputy CEO and her 'Delivery Team' will continue to focus on building upon our relationships with existing investors and supporters to encourage their support of our wider goals or our more risky innovations.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors (who are also trustees of The 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate 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.

Directors Report (Continued)
For the year ended 31 March 2015

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 Haines Watts be reappointed as auditors of the charitable company will be put to the Annual General Meeting.

This report was approved by the Directors on 11 SEPT 2015 and signed on its behalf, by:



Dianne Sharp (Chair)

Independent Auditors' Report to the members of Keyfund Federation Limited
For the year ended 31 March 2015

We have audited the financial statements of Keyfund Federation Limited for the year ended 31 March 2015 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 Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice application 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 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report to the members of Keyfund Federation Limited (continued)
For the year ended 31 March 2015

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 2015 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Steven Richardson FCA (Senior Statutory auditor)
For and on behalf of Haines Watts

15 September 2015

Statutory Auditor

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

Statement of Financial Activities (incorporating income and expenditure account)
for the year ended 31 March 2015

		Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	Notes	£	£	£	£
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income	2	-	71,533	71,533	22,571
Investment income	3	-	2,751	2,751	1,489
Incoming resources from charitable activities	4	459,266	167,839	627,105	644,556
Total incoming resources		<u>459,266</u>	<u>242,123</u>	<u>701,389</u>	<u>668,616</u>
Resources Expended					
Charitable activities	5	481,554	127,605	609,159	601,156
Governance costs	6	-	4,715	4,715	5,106
Total resources expended		<u>481,554</u>	<u>132,320</u>	<u>613,874</u>	<u>606,262</u>
Net income before transfers		(22,288)	109,803	87,515	62,354
Transfers between funds		1,828	(1,828)	-	-
Net movement in funds for the year		<u>(20,460)</u>	<u>107,975</u>	<u>87,515</u>	<u>62,354</u>
Reconciliation of funds					
Total funds brought forward		250,612	116,373	366,985	304,631
Total funds carried forward		<u>230,152</u>	<u>224,348</u>	<u>454,000</u>	<u>366,985</u>

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

Keyfund Federation Limited
(A company limited by guarantee)
Balance Sheet
as at 31 March 2015



		Funds	Funds	2015	2014
		£	£	£	£
Fixed assets					
Tangible assets	10	-	88	88	724
Current assets					
Debtors	11	20,609	8,941	29,550	75,442
Cash at bank and in hand		221,868	226,433	448,301	346,263
		<u>242,477</u>	<u>235,374</u>	<u>477,851</u>	<u>421,705</u>
Creditors: amounts falling due within one year	12	(12,325)	(11,114)	(23,439)	(55,444)
Net current assets		<u>230,152</u>	<u>224,260</u>	<u>454,412</u>	<u>366,261</u>
Total assets less current liabilities		<u>230,152</u>	<u>224,348</u>	<u>454,500</u>	<u>366,985</u>
Charity Funds					
Restricted funds		230,152	-	230,152	250,612
Unrestricted funds		-	155,452	155,452	102,765
Designated funds		-	68,896	68,896	13,608
	13	<u>230,152</u>	<u>224,348</u>	<u>454,500</u>	<u>366,985</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 11/01/15 and signed on their behalf, by:


D Sharp (Chair)

Company Number: 3339120

The notes on pages 20 to 31 form part of these financial statements.



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 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 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.

Donated services are recognised at the estimated cost which would have been incurred. The equivalent expenditure is recognised against the relevant heading.



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, inclusive of VAT which is not recoverable. 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 licences.

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 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.

Notes to the financial statements (continued)
for the year ended 31 March 2015

2. Voluntary Income

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Donations	-	428	428	3,914
Donated services				
- Rent	-	41,105	41,105	10,032
- Computer hardware & support	-	30,000	30,000	7,500
- Re-branding	-	-	-	1,125
	<u>-</u>	<u>71,533</u>	<u>71,533</u>	<u>22,571</u>

3. Investment Income

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Bank interest received	-	2,751	2,751	1,489
	<u>-</u>	<u>2,751</u>	<u>2,751</u>	<u>1,489</u>

4. Incoming resources from charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Grants receivable	459,266	99,465	558,731	559,927
Membership income	-	19,030	19,030	25,472
Licence income	-	20,600	20,600	41,757
Training income	-	16,135	16,135	15,970
Other income	-	4,609	4,609	1,430
Product Sales	-	8,000	8,000	-
	<u>459,266</u>	<u>167,839</u>	<u>627,105</u>	<u>644,556</u>

Notes to the financial statements (continued)
for the year ended 31 March 2015

5. Resources expended on charitable activities

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Grants paid	201,536	2,492	204,028	169,164
Wages and salaries	195,609	35,896	231,505	277,590
Staff related costs	9,177	1,545	10,722	4,565
Travel expenses	6,212	50	6,262	7,369
Property costs	-	41,825	41,825	33,959
Office costs	1,063	1,216	2,279	8,648
IT costs	4,732	32,767	37,499	16,877
Training costs	1,880	860	2,740	3,780
Bank charges	-	144	144	171
Advertising and PR	5,536	2,644	8,180	6,929
Legal and consultancy	23,786	-	23,786	23,270
Accountancy	-	3,570	3,570	2,910
Depreciation	-	636	636	1,224
Network development	2,000	600	2,600	8,082
Project expenses	30,023	3,360	33,383	36,618
	<u>481,554</u>	<u>127,605</u>	<u>609,159</u>	<u>601,156</u>

Included within resources expended on charitable activities are support costs of:

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Staff costs	-	27,963	27,963	15,884
Office costs	-	547	547	2,076
Property costs	-	2,091	2,091	1,196
	<u>-</u>	<u>30,601</u>	<u>30,601</u>	<u>19,156</u>

6. Governance costs

	Restricted Funds	Unrestricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Auditors' remuneration	-	4,500	4,500	4,380
AGM & Directors costs	-	215	215	726
	<u>-</u>	<u>4,715</u>	<u>4,715</u>	<u>5,106</u>



7. Net (income)/expenditure

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	636	1,224
Auditors' remuneration	4,500	4,380
	<u> </u>	<u> </u>

8. Staff costs

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	209,169	248,946
Social security costs	17,344	22,306
Other pension costs	4,992	6,338
	<u> </u>	<u> </u>
	231,505	277,590
	<u> </u>	<u> </u>

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

	2015	2014
	No.	No.
Support staff	3.0	4.0
Grant support staff	1.5	1.5
Training/development staff	3.5	4.5
	<u> </u>	<u> </u>
	8.0	10.0
	<u> </u>	<u> </u>

During the year, no director received any remuneration or reimbursement of expenses (2014 - £Nil).

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



9. Intangible fixed assets

Operating
System &
On-line
Manual
£

Cost

At 1 April 2014 and 31 March 2015

6,120

Amortisation

At 1 April 2014 and 31 March 2015

6,120

Net book value

At 31 March 2015

-

At 31 March 2014

-

10. Tangible fixed assets

Furniture
Fittings &
Equipment
£

Cost

At 1 April 2014

13,114

Additions

-

At 31 March 2015

13,114

Depreciation

At 1 April 2014

12,390

Charge for the year

636

At 31 March 2015

13,026

Net book value

At 31 March 2015

88

At 31 March 2014

724

Notes to the financial statements (continued)
for the year ended 31 March 2015

11. Debtors

	2015	2014
	£	£
Trade debtors	28,655	74,769
Prepayments and other debtors	895	673
	<u>29,550</u>	<u>75,442</u>

12. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	3,112	1,284
Deferred income	14,925	47,396
Other creditors	5,402	6,764
	<u>23,439</u>	<u>55,444</u>

13. Statement of funds

	Brought Forward	Incoming Resources	Expenditure	Transfers	Carried Forward
	£	£	£	£	£
Unrestricted funds					
General funds	102,765	242,123	(129,828)	(59,608)	155,452
Designated funds					
Matched Key fund	13,608	-	-	-	13,608
Key funds – other	-	-	(2,492)	5,006	2,514
Development fund	-	-	-	52,774	52,774
	<u>13,608</u>	<u>-</u>	<u>(2,492)</u>	<u>57,780</u>	<u>68,896</u>
Total unrestricted funds	<u>116,373</u>	<u>242,123</u>	<u>(132,320)</u>	<u>1,828</u>	<u>224,348</u>
Restricted funds (note 14)	<u>250,612</u>	<u>459,266</u>	<u>(481,554)</u>	<u>1,828</u>	<u>230,151</u>
	<u>366,985</u>	<u>701,389</u>	<u>(613,874)</u>	<u>-</u>	<u>454,500</u>

Matched Key fund

The fund is to match contributions received via The Key's portfolio of products and services.

Key funds - other

These relate to unrestricted donations received during the year that the trustees have decided to use for Key funds.

Development fund

The fund is to enable us to develop systems and processes to support innovation.

Notes to the financial statements (continued)
for the year ended 31 March 2015

14. Restricted funds

	Brought Forward £	Incoming Resources £	Expenditure £	Transfers £	Carried Forward £
Key funding					
Durham County Council	20,929	-	(20,835)	-	94
Nigel Wright Recruitment	4,481	-	(4,201)	-	280
Harrogate Vocalink	7,389	-	(2,634)	-	4,755
Northern Rock Foundation	4,417	-	(2,863)	-	1,554
Northumberland County Council	23,414	-	(19,787)	-	3,627
Newcastle Wingrove Ward	4,740	-	(2,136)	1,828	4,432
Youth Focus North East	270	-	(270)	-	-
North Yorkshire County Council	50,617	-	(7,688)	-	42,929
Newcastle City Council	8,302	-	(6,221)	-	2,081
St James Place Foundation	28,887	40,000	(44,281)	-	24,606
Benfield Motors	510	-	(510)	-	-
Gateshead Youth Council	250	-	(250)	-	-
ISOS Housing	45,450	52,500	(70,095)	-	27,855
Accenture	2,180	-	-	-	2,180
SAP	-	5,000	(1,344)	-	3,656
Rank Foundation	-	5,000	-	-	5,000
Coalfields	-	8,500	(6,744)	-	1,756
Hadrian Trust	-	1,000	(661)	-	339
Talent Match	-	5,500	(949)	-	4,551
29 th May 1961	-	3,000	(879)	-	2,121
UK Steel	-	2,500	(747)	-	1,753
Home Group	-	2,500	(1,740)	-	760
Dulverton Trust	-	20,000	(4,659)	-	15,341
The Barbour Foundation	-	4,000	(1,242)	-	2,758
North Star Housing Group	-	5,500	-	-	5,500
Cestria	-	5,000	(250)	-	4,750
Margaret Phylis Mewhort	-	2,500	(551)	-	1,949
	<u>201,836</u>	<u>162,500</u>	<u>(201,537)</u>	<u>1,828</u>	<u>164,627</u>
Core funding					
Northern Rock Foundation	1,921	-	(1,921)	-	-
Big Change	-	12,325	(11,356)	-	969
Rank Foundation	-	35,000	(25,000)	-	10,000
Accenture	13,500	42,110	(38,885)	-	16,725
St James Place Foundation	-	11,023	(10,523)	-	500
Ballinger – Get your Geek on	-	34,387	(34,387)	-	-
Ballinger – What about me	22,355	-	(16,690)	-	5,665
Rotherly Trust	-	1,200	-	-	1,200
Nominet Trust – Ambition Lab	11,000	11,638	(13,953)	-	8,685
Nominet Trust – iDea Awards	-	29,970	(29,970)	-	-
Talent match	-	43,119	(43,119)	-	-
Port of Tyne	-	1,800	(1,800)	-	-
SAP	-	5,000	(5,000)	-	-
RBS	-	7,462	(7,462)	-	-
Home Group	-	850	(850)	-	-
SEM Charitable Trust	-	1,000	(1,000)	-	-
Dulverton Trust	-	10,000	(5,000)	-	5,000
North Star Housing Group	-	1,870	(953)	-	917
Esmee Fairbairn Foundation	-	48,012	(32,148)	-	15,864
	<u>48,776</u>	<u>296,766</u>	<u>(280,017)</u>	<u>-</u>	<u>65,525</u>
Total	<u>250,612</u>	<u>459,266</u>	<u>(481,554)</u>	<u>1,828</u>	<u>230,152</u>



14. Restricted funds (continued)

KEY FUNDS

Durham County Council represents funds received as part of a contribution agreement for distribution as grants to young people aged 11 to 25 in the Durham area.

Nigel Wright Recruitment represents funds received for distribution as grants to young people across the North East aged 13 to 25.

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 County Council.

Northern Rock Foundation pots represent funds received for distribution as grants to young people aged 11-25 in North East and Cumbria.

Northumberland County Council represents funds received as part of a Contribution Agreement for distribution as grants to young people aged 13-19 in Northumberland and up to age 24 for young people with learning difficulties or disabilities.

Newcastle Ward Committee represents funds received from the Fenham, Wingrove and Blakelaw Ward Committee's for distribution as grants to young people aged 11-24 in the Fenham, Wingrove and Blakelaw Wards. Young people must come from the wards to ensure the benefit of the funding is given within their ward area.

Youth Focus North East represents funds received as part of a Mini Licence agreement for distribution as grants to young people aged 11-25 working with Youth Focus North East staff and who otherwise cannot access the Keyfund process.

North Yorkshire Council represents funds received as part of a Big Licence agreement for distribution as grants to young people living in North Yorkshire aged 11-19 and up to age 25 for young people with learning difficulties or disabilities.

Newcastle City Council represents project funds received for spend on young people in the Newcastle area.

St James's Place Foundation represents funds received for distribution as grants to young people across the North East of England wishing to plan sports based projects. This is year 2 of a 3 year agreement.

Benfield Motors represents funds received from The Benfield Charitable Trust as part of a Keyfund BLAST project.



14. Restricted funds (continued)

Gateshead Youth Council represents funds received as part of a Big Licence agreement for distribution as grants to young people aged 11-25 in Gateshead.

Isos Housing represents funds received for distribution as grants to young people across the Isos Housing postcode areas, actively targeting disadvantaged young people to develop social enterprise and tackling worklessness. £50,250 was received during the year including £2,500 from Isos for the purchase of a Kerching product.

Accenture represents funds received to engage Accenture apprentices in the Keyfund process to plan fundraising activities.

SAP represents funds received for distribution as grants to young people engaged with iDEA.

Rank Foundation represents funds received for distribution as grants to young people taking part in our two Mr Benn trials.

Coalfields Regeneration Trust represents funds received for distribution as grants to young people living in specific areas of Northumberland.

Hadrian Trust represents funds received for distribution as grants to young people living in the North East.

Wise Group represents funds received for distribution as grants to young people taking part in the Talent Match programme.

29th May 1961 represents funds received for distribution as grants to young people living in the North East.

UK Steel represents funds received for distribution as grants to young people living in the Derwentside area of County Durham.

Home Group represents funds received for distribution as grants to young people who attend two identified schools in Newcastle Upon Tyne and Gateshead.

Dulverton Trust represents funds received for distribution as grants to young people living in the North East.

The Barbour Foundation represents funds received for distribution as grants to young people living in the North East.

North Star Housing Group represents funds received for distribution as grants to young people living in Thornaby and Gresham.



14. Restricted funds (continued)

Cestria represents funds received for distribution as grants to young people living in the Chester le Street area of County Durham.

Margaret Phylis Mewhort Trust represents funds received for distribution as grants to young people in the North East.

CORE

Northern Rock Foundation represents core funding remaining to further resource and take to market Keyfund's 'Kerching' programme which helps young people develop their relationship with money and become financially resilient.

Big Change represents funds received to support the development of our Brokered Facilitator and Key Alumni strategy.

Rank Foundation represents core funding to pilot two Mr Benn projects and enables us to robustly evaluate the projects.

Accenture represents core funding received to deliver Accenture's Skills to Succeed Academy.

St James's Place represents core funding received for the administration and delivery costs of St James Place sports based project funds. This is year 3 of a 3 year agreement.

Ballinger Trust (Get Your Geek on) represents funds received to further implement our Impact Analysis strategy. This is year 2 of a 2 year agreement.

Ballinger Trust (What about me) represents funds received to support the development of a new Young Persons area in our website, enabling each young person to access their own account.

Rothley Trust represents funding received to support the provision of mobile equipment for our community training staff.

Nominet Trust represents core funding to develop a digital solution through a research project in order to identify and understand the structures of opportunity young people need in order to achieve their own ambitions. This is year 3 of a project that began in January 2013.

Nominet Trust – iDEA Awards represents core funding to support the development of iDEA in the North East to help level the playing field in this fast growing skills sector.

Wise Group represents core funding received to support the delivery of the Talent Match Programme.

Port of Tyne represents core funding received to train Key facilitators to deliver the Key programme.



14. Restricted funds (continued)

SAP represents core funding received to support the network development and delivery of the iDEA Awards.

RBS represents core funding to support the development of business mentors- facilitators to support Talent Match young into self-employment, providing business advice and helping in business skills development.

Home Group represents core funding received to support our targeted Key delivery in identified schools in Newcastle upon Tyne and Gateshead.

SEM Charitable Trust represents core funding received to support delivery of our Key programme.

Dulverton Trust represents core funding received to support delivery of our Key programme.

North Star Housing Group represents core funding received to support the delivery of our Key programme in Thornaby and Gresham.

Esmee Fairbairn Foundation represents core funding received to support The Key with innovation, pilot new products and reach more young people over the next five years. This is the 1st year of funding.

15. Operating lease commitments

At 31 March 2015, the charity was committed to making the following annual commitments under a non-cancellable operating lease, for office rent:

	2015	2014
	£	£
Due between 2 - 5 years	869	869
	<u> </u>	<u> </u>

16. Control

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