

Keyfund Federation Limited

(A company limited by guarantee)

Directors Report and Financial Statements For the year ended 31 March 2019





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Welcome from the Chair, Chief Executive and Interim Chief Executive
For the year ended 31 March 2019

Welcome to The Key's Annual Report and Audited Accounts for 2018-19.

This year we are proud to announce that, with the help and support from our dedicated and loyal Key Facilitators, we have been able to inspire belief in 1,465 young people from across the North East. Significantly this represented a 34% decrease in numbers compared with 2018-19, which is indicative of the hugely challenging environment that the North East youth and community sector is facing. During the previous year, 28 organisations were unable to renew their memberships due to suffering huge budget cuts, having to withdraw from delivering youth services or closing down completely.

As in previous years, young people were provided with a unique opportunity to build their confidence and skills, whilst developing some amazing project ideas, which have benefitted 13,804 members of the community. We have had the pleasure of witnessing some incredible stories that demonstrate the real impact of The Key Framework. All of the 361 projects that were completed helped to showcase young people's creativity, talents, resilience and sheer determination to achieve things that they never thought would be possible. Planning and implementing these projects has helped young people to overcome many of the challenges they face in their everyday lives. These young people include young parents, young carers, looked after children, minority groups and those who experience poor mental health, unemployment or limited opportunities.

Some of our favourite group names included The Gronkys, Eggscaping the Scramble, Another Crew Bites the Dust, Orange Space Monkeys with Moustaches, Audacious Armadillos and #Hormones. Each of the young people that engage with our unique framework continue to amaze us. Below are some of our favourite groups from 2018-19:

- **Project M** came up with an innovative solution to a problem affecting so many girls and young women. Taking inspiration from the C Card, this group of young people introducing their very own M Card. This gave young women (aged 11-25) from the region access to free sanitary products that they badly needed but could not afford on their own.
- **Yohan** delivered an ambitious and courageous project that challenged young people to think about the *I Weigh* movement. The group delivered free interactive confidence workshops across the North of England, helping to inspire young people to appreciate their self-worth and believe in themselves.
- **Glitter Gang** helped homeless people in the North East by creating hampers filled with socks, hats, blankets, food, sanitary items and more. The group handed these out to people sleeping rough on the streets and to a local food bank that helped distribute them to people in need.

Our mission is to support young people to identify their passions and to generate the drive and determination to do something meaningful with them. This is the main reason why we are keen to further embed feedback from young people into our organisation. We are pleased to report that our Youth Board, comprising young people who have successfully completed The Key Framework, is now well established. They meet monthly to support us in our efforts to engage more young people in strategic and operational decision-making.

We were delighted that 77 organisations renewed their memberships and 31 new members joined The Key during 2018-19. This represented an overall membership retention rate of 98%, compared to 71% in 2017-18. We are extremely grateful to our network of 549 Key Facilitators, Community Panel Members and other volunteers, who continue to dedicate their time and effort to inspiring belief in young people.



Welcome from the Chair, Chief Executive and Interim Chief Executive
For the year ended 31 March 2019

In addition to the amazing achievements of our young people, The Key has been working hard to find ways of extending our reach and scaling up our operations so that even more young people can benefit from The Key Framework in the coming years. This has included invaluable support from our Scaleup Working Group, comprised of CEOs, Managing Directors and senior professionals from the private, public and voluntary sector. With their help, and some seed funding from Paul Hamlyn Foundation, we have developed a six-year Scaleup Strategy with the ambition of "by 2025, sustainably engaging 6,500 young people with The Key Framework, whilst reaching our target audience and without compromising our impact on individuals or our core values."

We were delighted to welcome AD Charitable Trust, Sir James Knott Trust, Peter Cruddas Foundation, Joicey Trust, Newcastle College and KFC Foundation as new funders, and we would like to thank Paul Hamlyn Foundation, Esmée Fairbairn Foundation, Sage Foundation, Tudor Trust, Kavli Fondet, Garfield Weston and St James Place Charitable Foundation for their continuing invaluable support. We were also one of five North East partners of the Virgin Money Foundation #iwill Fund to continue our work engaging young people in social action through The Key Framework. In addition Sage Foundation chose us as one of three charities across UK and Europe to pitch for up to £30,000 at the Big Give Live in Seville, Spain. Our Deputy CEO and Marketing and Fundraising Manager's pitch was a success and we were awarded £10,000 in second place.

Our diverse and talented Board of Trustees continued to provide invaluable support to the CEO, Deputy CEO and staff team. Their unique blend of enthusiasm, specialist expertise and local knowledge has added significant value to our work. During the course of 2018-19 Peter Clegg, Lisa Charles Jones and Neil Hemming retired from the Board. We would like to take this opportunity to thank them for their commitment to The Key and wish them all the best for their future endeavours. We also welcomed Robin Brims and Emma Richards as new trustees who bring a wealth of experience and knowledge. We look forward to their contribution to the Board of Trustees.

We would like to take this opportunity to give unreserved thanks to all of our supporters who have continued to give their time, advice, funds, support and commitment over the past year to help us to inspire belief in so many young people. We look forward to reaching even more young people and further increasing our impact in 2019-20 and beyond.

Finally, we would like to commend each and every one of the hundreds of amazing young people who share their passions, time and energy to make a positive difference to their own lives and to those of many members of their communities.

Andrew Silver
Chair

Hannah Underwood
CEO (maternity leave)

Austin McNamara
Interim CEO

Directors Report
For the year ended 31 March 2019

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

Charity Number 1093569

Company Number 03339120

Registered Office 32 Kingsway House
Kingsway
Team Valley
Gateshead
NE11 0HW

Directors	Andrew Silver	(Chair)
	Lisa Charles-Jones	(Resigned 20 th September 2018)
	Peter Clegg	(Resigned 20 th September 2018)
	Paul Lewney	(Vice Chair)
	Julian Thomas	
	Robert Morton	
	Neil Hemming	(Resigned 20 th September 2018)
	Lyn Horton	
	Leigh Thompson	
	Emma Richards	(Appointed 20 th September 2018)
Robin Brims	(Appointed 20 th September 2018)	

Key management

Company Secretary & Hannah Underwood

Chief Executive Officer

Deputy Chief Executive Officer Victoria Dunn (left May 2019)

Interim Chief Executive Officer Austin McNamara (appointed May 2019)

Auditors Haines Watts
17 Queens Lane
Newcastle upon Tyne
NE1 1RN

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 2019 which are also prepared to meet the requirements for the directors report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective January 2015).

OBJECTIVES AND ACTIVITIES

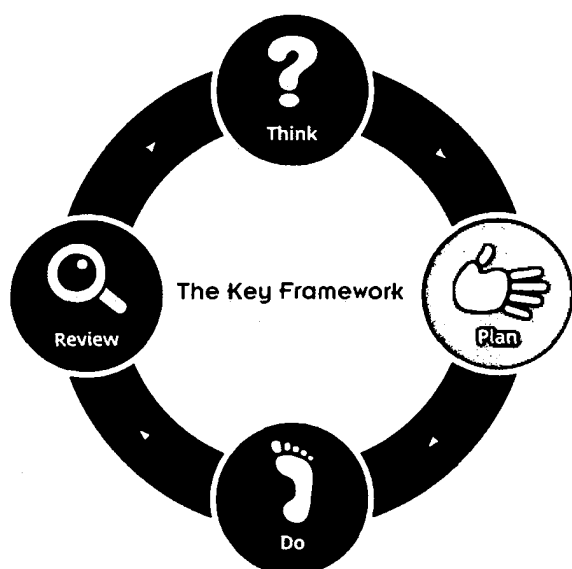
How we do it

The Key exists to inspire belief in young people. We want to create a world where young people believe in their ideas and take responsibility for living them. Our mission is to help young people to realise their potential by discovering what they are capable of and helping them to generate the drive and determination to do something meaningful with it.

For the past 27 years The Key has been providing young people (11-25 years old), many of whom reside in areas of high deprivation or face multiple and complex barriers to progression, with the support and opportunities they need.

The Key Framework

The Key Framework is simple, but highly effective. Young people work together in small teams with the help of a trained Key Facilitator. Using their individuality, curiosity and imaginations, they are given the autonomy to dream-up, plan, budget, pitch (to a panel), deliver and evaluate their very own project ideas. Our 98% membership retention rate in 2018-19 demonstrates how this ownership is highly motivating and helps young people to show a real commitment to achieving their goals.



As young people progress through The Key Framework, they build important personal and social skills (the 12 Key Skills). These help young people to meet the three psychological needs represented by Self-Determination Theory: autonomy, relatedness and competence. These vital ingredients help young people to develop a 'growth mindset', to take control and go on to lead more independent, sustainable and successful lives.

Even though engagement in The Key Framework provides great personal development opportunities for each of the young people involved, nearly 10 times as many members of the community have benefited as a direct result of young people's projects. This clearly demonstrates the positive ripple effect and the double benefit of The Key Framework to both the participants and the communities they care about.

Young people can complete The Key Framework up to four times, each time further developing themselves by planning more challenging projects with greater community reach.

During the last five years we have supported 10,141 young people to develop 2,446 projects, which have benefitted 93,186 members of the community. As a result young people improved their confidence and wellbeing by developing life skills and forming a growth mindset. This led to them making 6,149 positive steps into employment, education, training and/or volunteering.

Financial Transparency

The criteria for young people accessing funds via The Key Framework:

- The project proposal 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 plan and budget the project themselves
- The young people must demonstrate their development of the 12 Key skills
- The young people must work with a trained Key Facilitator from The Key directly or via an organisation holding a valid Key membership
- Each group must present to and be assessed by an independent, live panel with a robust prescribed process
- The young people must progress incrementally through the 4 stages, starting at stage 1
- The group cannot progress to the next stage until they have completed the previous stage

Our Staff and Volunteers

The Key is run by a lithe and efficient team of employees and is reliant upon the help of our extensive network of volunteers to deliver The Key Framework with young people and support effective and efficient running of the organisation. The Key offers a wide range of volunteering opportunities for both young people and adults, ranging from young people becoming an active member of our Youth Board or Key Alumni, or accessing pro-bono professional support from individuals and employees from corporate partners, to structured volunteering roles such as Key Facilitators and Community Panel Members. We would like to take this opportunity to thank all of our volunteers for their loyalty and dedication and hope that they continue to support us in 2019-20.

ACHIEVEMENTS AND PERFORMANCE

Progress against strategic objectives

During 2018-19, we successfully managed to navigate a number of challenges and pressures posed by the external environment to deliver a pleasing result in terms of our impact on young people.

When planning for 2018-19 we continued to take three major factors into consideration:

1. The Key Framework is a proven and efficient model for youth engagement and development. We have the internal skills, knowledge and resources needed to innovate and replicate this model in order to inspire belief in young people, tackle a range of societal issues and meet investors' requirements. We must capitalise on these assets without compromising our core values, ethos and reason for our existence.
2. As the youth sector continues to evolve rapidly and adapt to a very challenging economic and social environment, we must stay closely connected to youth and community organisations in order to give us the best chance of responding positively to future challenges and opportunities. With continued cuts and disinvestment in local youth provision, higher competition for funding and a heavy focus on more targeted youth work, we have to remain vigilant and forward thinking, and we must understand the impact of these cuts on our core business.



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3. Given the internal and external challenges outlined, we proposed another year of consolidation in 2018-19 to enable us to focus on reducing the decline in young people accessing The Key Framework, developing new income streams and identifying new routes to market to help us to sustain the organisation and its future.

With these factors in mind, we set five strategic objectives for 2018-19. Our performance against these objectives is summarised below.

1. Identify new routes to market to enable us to reach young people who are not currently able to access The Key Framework.

With continued reductions in government spending on young people and changes to statutory youth services, many organisations have been forced to close or to cease delivering universal youth provision due to a lack of investment. Others have moved to more innovative models of delivery, and many youth services have become volunteer-led to ensure their future sustainability. Since the change to our organisational membership model, we have had to become more vigilant and stay closely connected to youth and community organisations, to give us the best chance of adapting and responding to future challenges posed by this disinvestment.

The Key currently engages with a network of nearly 120 youth and community organisations who support us to deliver The Key Framework to young people across the North East. A recruitment and retention plan was developed to enable us to identify and engage new organisations/sectors who provide specialist, targeted and social care provision to young people that may benefit from The Key. This included targeting services such as Looked After Children and Youth Offending Teams. As a result of this targeted approach, 68% of new organisations recruited are from a 'non-traditional' youth and community background. We believe this diversification in our membership is becoming a great strength by providing resilience and access to different groups of young people.

2. Deliver high quality service to sustain and strengthen The Key, including implementing a strategy to formally engage more young people in shaping the organisation.

One of the core components of The Key Framework is its ability to provide young people with the opportunity and autonomy to think up their very own unique project ideas and see them through to completion. The Key strongly believes in our youth-led ethos and approach and was keen to involve and embed young people at every level within our organisation. To celebrate our 25th anniversary we had hosted two unique youth-led events in addition to The Key Awards, which engaged a total of 379 young people.

These events were designed and planned by young people who have now progressed to form part of our Youth Board, which meets monthly. This brings together 8-10 young people who have experience of completing various stages of The Key Framework so that their knowledge, understanding and advice informs strategic planning and operational decision making.

3. Strengthen our impact measurement framework to help us to better understand and evidence our value.

The focus in 2018-19 has been on reducing the long-list of our validated evaluation tools down to a shortlist of six. The shortlisted tools are all quick to complete, appropriate for our target audience of young people and validated to measure the concepts of confidence, self-esteem and resilience. We have also evaluated tools relating to the more general concepts of well-being and mental health but, as these concepts are much broader and less specific, the validated tools to measure them are much more involved. They would take too long to complete in the context of The Key Framework,



so these tools cannot become a compulsory part of the framework for all users. However, they could be used on a limited basis with some groups to provide some insight into general well-being and mental health.

In November 2018, Data Orchard undertook a comprehensive Data Maturity Assessment of The Key, using a tried and tested tool designed specifically for the social sector. We scored 7.3 (out of 10) overall, which was the highest score achieved by any organisation at that point. This demonstrated that we are at Stage 4, the Developing Stage, of the data maturity journey and edging into Stage 5, Mastery.

The next steps for 2019-20 are to review the validated tools shortlist as part of the scoping for our new IT system and to solicit user feedback on which tools are easiest to use and best capture the contribution of The Key Framework.

4. Continue to raise the profile of The Key.

The Key has continued to raise the profile of the charity and its impact in 2018-19. We allocated a significant amount of time towards growing The Key's public presence through press, media and publications and were thrilled to increase our coverage by 34% from 2017-18's success. We featured in an average of four local/regional media, third sector publications or on-air stories per month. In addition, we saw a 14% increase in the number of sessions on our website and a 29% increase in the number of users accessing it. Despite the positive growth over the past two years, we are aware that we can raise the profile of The Key even further by continuing to invest in marketing, for example by search engine optimisation and improvements to our website.

5. Ensure that The Key team is engaged and performing.

Underpinning all of The Key's success is a dedicated staff team and a supportive Board of Directors. The Key will stand or fall on the skills, competencies and commitment of these people. In order to be fully engaged, they must be inspired by the vision, live and breathe the values and feel that they are valued and developed as individuals. In order to achieve success and be productive, they need to have clarity and focus in their roles and understand what is expected of them.

During 2018-19 a lot of emphasis was placed on team development, in order to get the best out of the people we employ. This included two team development days, monthly team meetings, individual one-to-one meetings and regular social interaction. An online staff survey was completed six times during the year, with 79% indicating that they felt valued by the organisation in March 2019. A target of at least 90% has been set for 2019-20.

Other Strategic Developments 2018-19

Scale Up Opportunity

During the previous year, we were approached by Paul Hamlyn Foundation with an opportunity to consider scaling The Key Framework across the UK. After initial discussions, we embarked on a unique and exciting journey to explore and plan how we could scale our model to inspire belief in more young people and encourage collaboration across the youth and community sector. We were invited to pitch our initial growth plan to the Paul Hamlyn Foundation, who could see the potential we have to offer. As a result they invested £100,000 plus £40,000 consultancy support to help us to establish our plans more formally and to put us in a stronger position for growth from 2019 onwards.

Our initial plans included expanding and diversifying our membership to include non-traditional youth and community organisations, diversifying our income streams by testing four new routes to market, strengthening our impact measurement framework and IT systems and raising the profile of The Key with more young people. A Scaleup Working Group, comprising ten CEOs, Managing Directors and senior leaders who have experience of scaleup, was established and continued to meet throughout 2018-19. Their support, encouragement and challenge enabled us to develop a six-year strategic plan with the aim of "by 2025, sustainably engaging 6,500 young people with The Key Framework, whilst reaching our target audience and without compromising our impact on individuals or our core values".

We plan to achieve this through two complementary models – bottom-up fractional franchising and top-down subcontracting to franchisees. As part of the first phase, with the support of Paul Hamlyn Foundation and Zing, we are looking to redesign our IT system so that is more fit for purpose, user friendly and future proof. We have also been successful in accessing the Scaleup NorthEast programme, which offers action driven coaching, practical advice, specialist workshops, access to a collaborative scaleup community and financial support

Social Impact

We were disappointed, but not surprised, at the reduction in the number of young people successfully completing The Key Framework in 2018-19. Nevertheless we were able to support 1,465 young people to develop 361 of their very own unique projects, which benefitted 13,084 members of the community – demonstrating the positive ripple effect of The Key Framework in local communities. As a direct result of The Key Framework, 1,014 supported young people were able to make successful transitions into education, training, volunteering and/or employment (a 12% increase compared from 2017-18).

In order to achieve our performance target regarding the number of young people who successfully complete The Key Framework, we set ourselves a target to recruit new members up to the value of 190 project credits. Thanks to our recruitment efforts, we were delighted to welcome 31 new members to the fold (totalling 205 new project credits between them).

Young people who successfully completed The Key Framework believe they had improved their development of The 12 Key Skills by an average of 18 points per stage (each of The 12 Key Skills are rated on a scale of 1-10 points), which is the same figure as in 2017-18. We hope to consolidate this in the coming year, whilst introducing new measures as part of our revised impact measurement framework.

Newcastle College Partnership

In late 2018 The Key was approached by Pears Foundation, following our successful delivery of the National Youth Social Action Fund programme. In partnership with the Association of Colleges, the Pears #iwill Fund was planning to create new youth social action opportunities in the further education sector, and they were looking for a suitable opportunity in the North East of England. Consequently, The Key partnered with Newcastle College, which has previously been a member of our network, to develop a programme designed to re-establish The Key Framework within the college to sustainably support students to take social action.

Newcastle College is championing the power of youth social action and is challenging its students to deliver projects that will make a positive impact on the local community. Facilitated by work experience coaches, the programme has been embedded within the college curriculum, alongside vital work experience, ensuring that every student has the opportunity to take part, while developing important skills such as teamwork, decision making, communication and negotiation.

The Key Framework is used to engage students with social action and enable them to dream up, design, plan, pitch and deliver their very own student-led social action projects. We have been providing training and direct support in Phase One of the partnership in order to give the project momentum and to develop a solid foundation of knowledge, skills and experience from which Newcastle College can assure the quality of their delivery for the future. Phase Two will see The Key Framework further embedded within the college, enabling it to successfully manage delivery, strategic development and income generation much more autonomously. This will involve bringing roles and systems in-house and tapering support levels from The Key.

The project will be independently evaluated and a report will be published, making recommendations for the replication and roll-out of student social action across the FE sector.

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 2018-19 we started the year with £120,580. A contribution of £12,342 has brought this total up to £132,922. This currently represents about 3.5 months of core cost commitments.

Reserves are an integral part of The Key's strategic planning process, but we are also realistic about the difficulties of the current economic climate. It is therefore a focus of our 2019-20 income and expenditure budget to make a contribution of £623 in order to bring our reserves closer to the 6 months fixed costs level by year end.

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 bi-monthly at the Finance and Risk Board Sub-Committee and Board meetings.

Financial Performance

The Key's income streams are divided into 1) Key Funds – representing funds received for distribution to groups of young people in order to implement the Key projects they have planned by participating in The Key Framework and 2) Core income – representing funds received to support delivery of The Key Framework to young people.

In summary, 2018-19 was a relatively good year financially. Despite a very challenging external environment, we were delighted to make a contribution of £12,342 to our reserves at year end and entered 2019-20 with a core balance of £89,823 and a Key Funds balance of £95,699.



We started 2018-19 with an opening restricted Key Funds balance of £111,217. Total incoming Key Funds for the year amounted to £132,500 (2017-18: £110,000). The total Key Funds expended (including restricted and unrestricted Key Funds) was £148,018k (2017-18: £169,631), leaving a total Key Fund balance to carry forward into 2019 of £95,699.

At the start of 2018-19 we had restricted core funds of £48,071 (2017-18: £67,141). Total incoming restricted core funds for the year amounted to £226,361 (2017-18: £195,255). The total restricted core funds expended was £184,509 (2017-18: 215,283). £89,923k of restricted core funds was carried forward into 2019.

We started the year with £120,580 of unrestricted general funds (i.e. reserves). The total incoming unrestricted general funds for the year amounted to £147,563 (2017-18: £124,251). The total unrestricted core funds expended was £135,221 (2017-18: £114,398) leaving a total unrestricted general fund of £132,922.

We raised £26k less core funds than budgeted during the year. The main areas of shortfall against the budget came from restricted grants and product sales. However, we raised £42.5k in unrestricted grants and saw a slight increase in membership and training (£3.5k) and in donations (£3.5k) giving us the freedom to focus on strengthening our core proposition. Although income from memberships, training and donations remains relatively low, we believe these are important avenues for our future sustainability. We will continue to implement strategies to generate further income from these sources in 2019-20.

Core expenditure was less than budgeted by £51k. The main areas of underspend include staffing (£11k), which was due to a position not being filled during the year, and administration (£37.5k) as we incurred less IT and marketing expenditure than anticipated.

Key Fund income raised was £38k less than budgeted during the year. We saw an underspend in Key Funds expenditure of £17k, and we have a healthy opening balance of Key Funds for 2019-20 (£95.5k), which represent over eight months of budgeted expenditure for the year. This is in addition to our guaranteed Key Fund income for 2019-20 of £70k.

We continue to strive for diversity in our income streams and to strengthen our financial resilience, but we recognise that this will not be an easy challenge.

What we are we planning to do in 2019-20

In order to ensure The Key is in a strong position for growth and to successfully navigate the challenges and pressures faced by the external environment in which we operate, in 2019-20 we will continue in the spirit of dedication and informed, but bold decision making shown in prior years.

In that context we aim to deliver the following strategic objectives in 2019-20:

1. Inspire belief in more young people, including implementing the next phase of our strategy to formally engage young people in shaping the organisation.
2. Ensure we have sufficient core funds to meet the cost of our operations and sufficient Key Funds to meet growing demand.



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3. Develop new routes to market to enable us to reach young people who are not currently able to access The Key and diversify our income streams accordingly.
 4. Deliver high quality services to sustain and strengthen The Key, growing and diversifying our membership network and actively engaging with our members to support more young people.
 5. Initiate the process of developing new efficient IT systems that are customer focused, fit for purpose and future proof.
 6. Undertake research and development into new models of working with partner organisations to prepare us for growth.
 7. Further strengthen our impact management framework to better understand and evidence our value.
 8. Ensure that our team is fully engaged and highly performing and that they continue to live, work and breathe the values of The Key.

Financial Targets

Our primary financial aim is to generate sufficient core and key funds to efficiently deliver against all of our social impact targets and strategic objectives for the year. Beyond this our budget for 2019-20 will enable us to contribute £623 to our unrestricted general funds (i.e. reserves). This will bring our total reserves to £133.5k, which represents 4.8 months of core operating costs. Our reserves policy has a target of reaching 6 months reserves, so we aim to close this gap over the coming year.

We plan to turnover £639k with a combined Core and Key Fund expenditure of £660k. This is made up of £523k core funds (£143.5k of which is already guaranteed) and £116k key funds (of which £70k is already guaranteed). This leaves us with an in-year income generation target of £425.5k.

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.

The Board met on six occasions during 2018-19. A Finance and Risk Sub-Group have also met on six occasions during 2018-19. 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 to have due regard to public benefit guidance published by the Charity Commission.

Our core organisational structure consists of a core team of 8 staff working under the guidance of our CEO. Delivery of The Key Framework is delivered both directly by Key employees and indirectly by trained and supported Key Facilitators who link to our Member organisations. In 2018-19 we had Members covering all Counties across the North East. Each Member pays an annual organisational membership fee. Facilitators' work is quality assured and their impact measured by employees of The Key. They are all DBS checked and all operate under the policies, procedures and insurances of their employing / supporting Member organisation.

Our Key Facilitators range from 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. Our networks also contain hundreds of individuals 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 as members, to support young people across the region. Each either employs or supports a small team of Key Facilitators. Amongst others these organisations include, youth work / detached work projects, schools, exclusion projects, youth offender programmes, democracy projects, church groups, BME groups, sports groups, voluntary groups, guides / scouts, Princes Trust, mental health projects, YMCA's, Barnardos, Duke of Edinburgh, prisons, training organisations, FE colleges, health groups and social housing providers. Each organisation is supported in their day to day activity by The Key.

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, Paul Hamlyn Foundation, Hays Travel, Tudor Trust, Garfield Weston and Children in Need.

The Key is working with a growing number of private sector partners and their foundations too. Our partners have supported us with our core work and to develop pilots to work with specific groups of young people. We're delighted to be working once again with St James's Place, Virgin Money, Sage UK and Kavli.

Pay policy of senior staff

The directors consider the board of directors, who are The Key's trustees, and the executive team comprise the key management personnel of the charity in charge of directing and controlling, running and operating The Key on a day to day basis. All directors give their time freely. Details of directors' expenses and related party transactions are disclosed in the notes to the financial statements.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the directors benchmark against pay levels in other charities of a similar size. The remuneration bench-mark is the mid-point of the range paid for similar roles adjusted for a weighting of up to 30% for any additional responsibilities. If recruitment has proven difficult in the recent past a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.



Risk management

The Directors have overall responsibility for establishing and maintaining The Key's risk management policy and for reviewing its effectiveness. Strategic risk assessment is carried out by the Finance and Risk Sub-Committee of the Board 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 recorded monthly by the executive team and are discussed at bi-monthly Finance and Risk Sub-Committee Meetings. If required, issues are tabled at full Board meetings for further debate or decision.

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.



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 2015 (FRS 102);
- 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.

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.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the Directors on 5/11 2019 and signed on its behalf, by:

Andrew Silver
Chair
Opinion



Independent Auditors' Report to the members of Keyfund Federation Limited
For the year ended 31 March 2019

We have audited the financial statements of Keyfund Federation Limited (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Independent Auditors' Report to the members of Keyfund Federation Limited
For the year ended 31 March 2019

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate 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 directors' 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

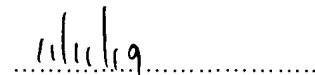
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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



Statutory Auditors

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



Statement of Financial Activities (incorporating the income and expenditure account)
For the year ended 31 March 2019

		Restricted Funds	Unrestricted Funds	Total Funds 2019	Total Funds 2018
	Notes	£	£	£	£
Income from:					
Donations	4	-	2,188	2,188	5,535
Charitable activities	5	358,861	144,466	503,327	423,166
Investment income	6	-	909	909	805
Total income		358,861	147,563	506,424	429,506
Expenditure on:					
Charitable activities	7	332,527	135,221	467,748	499,313
Total expenditure		332,527	135,221	467,748	499,313
Net movement in funds		26,334	12,342	38,676	(69,807)
Reconciliation of funds					
Total funds brought forward		159,288	120,580	279,868	349,675
Total funds carried forward		185,622	132,922	318,544	279,868

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

Balance Sheet
For the year ended 31 March 2019

	Notes	Restricted Funds £	Unrestricted Funds £	2019 £	2018 £
Fixed assets:					
Tangible assets	14	-	1,390	1,390	3,478
		<u>-</u>	<u>1,390</u>	<u>1,390</u>	<u>3,478</u>
Current assets:					
Debtors	15	-	67,884	67,884	4,246
Cash at bank and in hand		185,622	81,475	267,097	301,737
		<u>185,622</u>	<u>149,359</u>	<u>334,981</u>	<u>305,983</u>
Liabilities:					
Creditors: amounts falling due within one year	16	-	(17,827)	(17,827)	(29,593)
Net current assets		<u>185,622</u>	<u>131,532</u>	<u>317,154</u>	<u>276,390</u>
Net assets		<u>185,622</u>	<u>132,922</u>	<u>318,544</u>	<u>279,868</u>
The funds of the charity:					
Unrestricted funds				132,922	120,580
Restricted funds				185,622	159,288
	17			<u>318,544</u>	<u>279,868</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Directors on 5/11 2019 and signed on their behalf by:



Robert Morton
Treasurer

Company Number: 3339120

The notes on pages 22 to 32 form part of these financial statements.



Statement of Cash Flows
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash flow from operating activities:			
Net cash provided by (used in) operating activities	21	(35,549)	(55,325)
Cash flows from investing activities			
Interest received		909	805
Purchase of tangible fixed assets		-	-
Net cash provided by (used in) investing activities		909	805
Change in cash and cash equivalents in the reporting period		(34,640)	(54,520)
Cash and cash equivalents at the beginning of the year		301,737	356,257
Cash and cash equivalents at the end of the year		267,097	301,737
Cash and cash equivalents consist of:			
Cash at bank and in hand		267,097	301,737



1. Accounting Policies

1.1 Basis of preparation

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin and published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Directors believe that no material uncertainties exist. The Directors have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.3 Funds

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

Designated funds comprise unrestricted funds that have been set aside by the Directors for a particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

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. Income received to deliver services over a specific period covering more than one financial year is accounted for over the specific period; related expenditure is accounted when incurred. Investment income relates to interest earned through holding assets on deposit.

1.5 Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.6 Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

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

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

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

All assets costing more than £500 are capitalised.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.



1.11 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.12 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 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.

1.14 Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Legal status

Keyfund Federation Limited is a company limited by guarantee, registered in England and Wales, (number 03339120) and not having a share capital. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3. Statement of Financial Activities for the prior year

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2018 £
Income from:				
Donations	4	-	5,535	5,535
Charitable activities	5	305,255	117,911	423,166
Investment income	6	-	805	805
Total income		305,255	124,251	429,506
Expenditure on:				
Charitable activities	7	384,914	114,399	499,313
Total expenditure		384,914	114,399	499,313
Net income/expenditure before transfers		(79,659)	9,852	(69,807)
Transfers		958	(958)	-
Net movement in funds		(78,701)	8,894	(69,807)
Reconciliation of funds				
Total fund brought forward		237,989	111,686	349,675
Total funds carried forward		159,288	120,580	279,868



4. Income from donations

	2019	2018
	£	£
Donations	2,188	5,535

The Trust benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

5. Income from charitable activities

	2019	2018
	£	£
Grants receivable	465,913	380,793
Membership income	28,292	25,776
Training income	-	99
Other income	9,122	16,498
Product sales	-	-
	<u>503,327</u>	<u>423,166</u>

6. Income from investments

All of the charitable company's investment income arises from money held in interest bearing deposit accounts.

7. Analysis of expenditure on charitable activities

	Activities undertaken directly	Support Costs	Total 2019	Total 2018
	£	£	£	
Charitable activities	436,310	31,438	467,748	499,313

8. Allocation of support costs

	Basis of allocation	2019	2018
		£	£
Wages and salaries	Allocation of time	26,267	21,711
Governance costs (note 9)	Invoiced	5,171	4,500
		<u>31,438</u>	<u>26,211</u>



9. Governance costs

	2019	2018
	£	£
Auditors' remuneration	4,500	4,500
Meeting costs	671	-
	<u>5,171</u>	<u>4,500</u>

10. Net income/(expenditure) for the year

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	2,088	2,088
Operating lease rentals	14,219	10,229
	<u>16,307</u>	<u>12,317</u>

11. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the charity's auditors for the audit of the charity's annual accounts	4,500	4,500
	<u>4,500</u>	<u>4,500</u>



12. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	213,312	179,165
Social security costs	17,418	13,700
Other pension costs	15,504	11,429
	<u>246,234</u>	<u>204,294</u>

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2019 Number	2019 FTE	2018 Number	2018 FTE
Charitable activities	<u>8</u>	<u>7.4</u>	<u>8</u>	<u>7.4</u>

There were no employees who earned more than £60,000 (2018 – none).

The charity trustees were not paid or received any other benefits from employment in the year (2018 – £nil) neither were they reimbursed expenses during the year (2018 - £nil). Andrew Silver received payments for consultancy work supplied to the charity amounting to £Nil (2018 - £2,500).

The key management personnel of the charity comprise the trustees, and the Chief Executive Officer and the Deputy Chief Executive Officer. The total employee benefits of the key management personnel of the charity were £92,267 (2018 - £67,375).



13. Intangible fixed assets

	Operating System & On-line Manual £
Cost	
At 1 April 2018 and 31 March 2019	6,120
Amortisation	
At 1 April 2018 and 31 March 2019	6,120
Net book value	
At 31 March 2019	-
At 31 March 2018	-

14. Tangible fixed assets

	Furniture Fittings & Equipment £
Cost	
At 1 April 2018	19,376
Additions	-
At 31 March 2019	19,376
Depreciation	
At 1 April 2018	15,898
Charge for the year	2,088
At 31 March 2019	17,986
Net book value	
At 31 March 2019	1,390
At 31 March 2018	3,478



15. Debtors

	2019	2018
	£	£
Trade debtors	66,144	2,776
Prepayments and other debtors	1,740	1,470
	<u>67,884</u>	<u>4,246</u>

16. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	2,973	8,374
Social security costs	5,464	-
Other creditors	9,390	21,219
	<u>17,827</u>	<u>29,593</u>

17. Fund reconciliation

Year ended 31 March 2019

	Brought				
Carried	Forward	Income	Expenditure	Transfers	Forward
	£	£	£	£	£
Unrestricted funds					
General funds	120,580	147,563	(135,221)	-	132,922
Total unrestricted funds	<u>120,580</u>	<u>147,563</u>	<u>(135,221)</u>	<u>-</u>	<u>132,922</u>
Restricted funds					
Key funds	111,217	132,500	(148,018)	-	95,699
Core funds	48,071	226,361	(184,509)	-	89,923
Total restricted funds	<u>159,288</u>	<u>358,861</u>	<u>(332,527)</u>	<u>-</u>	<u>185,622</u>
Total funds	<u>279,868</u>	<u>506,424</u>	<u>(467,748)</u>	<u>-</u>	<u>318,544</u>

17. Fund reconciliation (Continued)

Included in the above funds are amounts that need to be separately disclosed relating to funds received from Virgin Money Foundation;

	Brought Forward	Income	Expenditure	Transfers	Carried Forward
Key funds	14,290	30,000	(24,072)	-	20,218
Core funds	19,537	19,338	(29,456)	-	9,419

Year ended 31 March 2018

	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
Unrestricted funds					
General funds	111,686	124,251	(114,398)	(958)	120,580
Total unrestricted funds	111,686	124,251	(114,398)	(958)	120,580
Restricted funds					
Key funds	170,848	110,000	(169,631)	-	111,217
Core funds	67,141	195,255	(215,283)	958	48,071
Total restricted funds	237,989	305,255	(384,914)	958	159,288
Total funds	349,675	429,506	(499,312)	-	279,868

Included in the above funds are amounts that need to be separately disclosed relating to funds received from Virgin Money Foundation;

	Brought Forward	Income	Expenditure	Transfers	Carried Forward
Key funds	-	15,000	(710)	-	14,290
Core funds	34,537	19,338	(15,000)	-	19,537

Key funds

Represent funds received for distribution to groups of young people in order to implement the Key projects they have planned by participating in The Key Framework.

Core funds

Represents funds received to support delivery of The Key Framework to young people.

18. Leases

Operating leases – lessee

The future minimum lease payments under non-cancellable operating leases are as follows;

	Premises		Other	
	2019	2018	2019	2018
	£	£	£	£
Not later than one year	13,490	9,500	729	729
Later than one and not later than five years	53,959	28,500	365	1,094
More than five years	35,973	45,124	-	-
	<u>103,422</u>	<u>83,124</u>	<u>1,094</u>	<u>1,823</u>

The property is a 10 year lease with the first break clause being in December 2019, with subsequent break clauses up to the end of the lease term.

19. Pension

Defined contribution pension

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £15,504 (2018 - £11,429).

There was no liability due to the pension provider at the 31 March 2019 (2018 – £nil).

20. Related party transactions

There have been no transactions incurred with related parties during the period (2018 – none).

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019	2018
	£	£
Net income/(expenditure) for the year	38,676	(69,806)
Interest received	(909)	(805)
Depreciation of tangible fixed assets	2,088	2,088
Decrease/(increase) in debtors	(63,639)	4,273
(Decrease)/increase in creditors	(11,765)	8,925
Net cash flow from operating activities	<u>(35,549)</u>	<u>(55,325)</u>