

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

**REPORT OF THE TRUSTEES AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017  
FOR  
CITY GATEWAY**



## **City Gateway**

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## **City Gateway**

### **Report of the Trustees for the year ended 31 August 2017**

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The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2017.

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

**Registered Company number** 03760619 (England and Wales)

**Registered Charity number** 1078360

**Registered Office** 32 Mastmaker Court, Mastmaker Road, London, E14 9UB

#### **Trustees**

Dirk Paterson - Chair (resigned 19th October 2017)  
Deepak Mahtani - Chair (appointed 19th October 2017)  
James Bishop  
Wei-Lynn Lum  
Rachel Duncombe-Anderson  
Sean Greathead  
Alex Harris  
Nathan Oley  
Kate Monkhouse (appointed 20th October 2016)  
Lea Miligan (resigned 27th July 2017)  
Edward Boyd (appointed 19th October 2017)  
Kenny Imafidon (appointed 19th October 2017)

#### **Chief Executive**

David Wesson (appointed 8 September 2016)

#### **Auditor**

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

#### **Bank**

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

# City Gateway

## Report of the trustees for the year ended 31 August 2017

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### VISION, MISSION and ETHOS

Imagine a society where everyone reaches their full potential. Where the future is not defined by the past or determined by the place a person starts.

City Gateway exists to give everyone the equal chance to change the future. And through what we do, we help change society.

We serve people in communities most impacted by social and economic inequality. We seek to transform those communities by improving individuals' life chances. We deliver programmes that enable positive, sustained outcomes in empowerment, education and employment.

### Ethos

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

### Why?

We believe we are called to demonstrate the love of God in practical ways by addressing the inequality of opportunity in London. Of the 8.8million Londoners, 280,000 are unemployed. Of this 280,000 unemployed, almost a third (90,000) are 16-24 year olds. 30,000 of these Young People are economically inactive and sustained NEET and 20,000 of these live in East London.

### Our Approach

City Gateway aims to provide the gateway for our students between a place of social and economic inequality and further education or work. Our training and employment services take a unified approach, providing all the elements of functional, vocational and employability training, supported by wrap-around coaching and safeguarding support. This model helps our students to overcome critical issues and to remain in a supportive educational environment that is tailored to their learning and developmental needs. In turn they are enabled to work through negative patterns over a sustained period and to gain the confidence, skills and appropriate qualifications needed for further education or long-term employment.

### Our Impact

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

**EMSI Economic Impact Report, 2016**

### WHAT PEOPLE SAY ABOUT US

#### Aisha\*

"City Gateway helped me turn my weaknesses into strengths. I am more confident that I can pursue anything I dream, with a helping hand."

#### Anika\*

"I lost confidence for a few years. [My husband] told me I'm not worth it; that I can't do any job. This environment is perfect for those who need a boost to take the first step. I can't explain how much I feel grateful. It's really hard to take the first step - you have to find the right place. City Gateway Women's Programmes is too good to be true. It is. It's amazing!"

## City Gateway Report of the trustees for the year ended 31 August 2017

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### Maurice\*

"I never had a mum". Having been thrown out of school at different stages throughout his education, Maurice arrived at City Gateway determined to achieve a different outcome. "From then, I came to City Gateway, and I kind of dropped everyone and focussed on myself and focussed on what's important.... My dad was over the moon, because I said to him I'm going to the interview for the apprenticeship and because we've had so many mess-ups in life, we've been through a lot together. We've always stuck by each other; he's always been there so when he heard the good news he actually was crying. When I heard him over the phone crying, it was just like, it was just my dad, the person who I look up to, the person who is that strong model is actually crying because of this."

### Deen\*

"I didn't have no confidence in myself, I didn't think I was going to get anywhere in life and then I came to City Gateway. The experience has been amazing", says Deen, having recently started his Apprenticeship at Man Group. Drawing on the encouragement and support of his coach at City Gateway, he has gained self-belief, confidence and a determination to succeed. "I met a really good guy, my coach' says Deen, "he is actually the reason I am here today, he built up my confidence, he built up my skillset, my mind frame and he told me I was worth it and I could do it. Back then I wouldn't have believed it but now I believe. I've been told by my line manager that I'm doing really well, progressing really fast. So my next step is to secure a permanent position. Once I do that I'm going to stick with my IT role and keep pursuing my career and I actually asked them, if I do - can I train someone from City Gateway like myself. So I hope I can do that."

\*Names changed to protect identities

## STRUCTURE and GOVERNANCE

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

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

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

Each candidate is interviewed by the Chair of the Board and the Chief Executive Officer and if successful is then invited to attend a board meeting as an observer prior to a secret ballot vote by Trustees. The Trustees in office during the year ended 31 August 2016 are listed on page 3.

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

Newly appointed Trustees are briefed on their responsibilities and the Memorandum and Articles of Association, the current Strategic Business Plan, and given an overview of the recent financial performance. Each trustee is invited for a tour of the buildings to be introduced to the staff and the organisation on the ground as part of their induction. The functions of the board and its decision-making processes are also explained, as are their individual roles, responsibilities and legal obligations under both charity and company law. Each Trustee has clear responsibilities, is often given a particular role and is expected to attend all Trustee meetings and any relevant sub group meetings. Trustees are encouraged to attend appropriate external training, where this facilitates the undertaking of their role.

**City Gateway  
Report of the trustees for the year ended 31 August 2017**

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Trustees are responsible for setting general policy, finalising and approving the annual plan and budget, monitoring the charity and taking major decisions about the strategic direction of the charity and the capital expenditure. Trustees appoint the Chief Executive Officer ("CEO") to manage and lead the charity and agree a level of delegated authority. The remuneration of the CEO and other key management personnel is approved annually by the Trustees.

**LEADERSHIP and MANAGEMENT**

City Gateway has a brilliant staff team, led by the CEO, and operates an internal communications policy with the aim of driving optimum staff involvement in the charity's activities. City Gateway celebrates diversity and promotes equal opportunity in employment.

The CEO is accountable to the board of Trustees through the Chairman who has regular meetings with the CEO. The CEO is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met.

**Our Services**

City Gateway supports those who are most in need – often isolated individuals who lack the skills and support to access opportunities to break out of poverty and improve their quality of life. Our students have often been in care, ex-offenders, those involved in local gang culture, those with substance misuse issues, physical or mental health problems or learning difficulties, people who have experienced domestic abuse or can be at risk of sexual exploitation. Many of our students have been excluded from mainstream services and lack confidence and skills to progress towards their full potential. We work with the belief that by dealing with the root causes rather than the costly after-effects of social and economic disadvantage, exploitation and exclusion, we can enhance a person's ability to transition and navigate life's challenges more effectively.

Our provision is in two main areas: Young People's Education, Training and Employability and Family Programmes. As part of this we run an Apprenticeship Training Agency, which offers services to employers to source and host our Apprentices.

**Financial Review**

The accounts contained in this report have been presented in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)" - (Charities SORP (FRS 102)) and with relevant companies and charities legislation and regulations.

**2016/17 Statement of Financial Activities**

The Trustees report a year of good progress in 2016/17. Throughout this year we have strengthened the foundations of the Trust after separating the City Gateway Alternative Provision School into a separate entity on 31 August 2016.

2016/17 has been a year of transition for City Gateway where we have refocussed our delivery for our students, restructured the organisation and reduced its cost base and established a sure financial foundation from which to operate in the future.

We are pleased to report that our cash position is healthy at year end and our cash reserves are in excess of reserves policy at the end of the year.

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

Annual income was £2.6m. This is reduced on the previous year due to the inclusion of City Gateway Alternative Provision School in the prior year.

## City Gateway Report of the trustees for the year ended 31 August 2017

The annual deficit was significantly improved in the year from £630,000 in 2016 to £274,000 in 2017.

### Reserves

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

The reserves policy is to aim to maintain sufficient reserves to cover at least 3 months future expenditure. This policy is regularly reviewed to ensure that it continues to be appropriate and sufficient.

Cash Reserves at 31 August 2017 totalled £777,000 which represents 3.4 months future expenditure.

Free reserves at 31<sup>st</sup> August 2017 were £319,000 (2016: £467,000). This corresponds to 1.5 months (2016 0.7 months) of unrestricted expenditure.

### Our Partners

City Gateway's impact relies on the future-thinking and generosity of organisations that partner with us: providing volunteers, funding and Apprenticeships. Each of our partners has made a very significant contribution to changing lives in London and we are truly grateful to all of them.

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



Linklaters



The  
Courtts  
Foundation

J.P.Morgan

STATE STREET



London  
Stock Exchange

大成 DENTONS

### **Future plans**

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

In the coming years, we plan to develop and build our partnerships with Employers, both in Apprenticeships and entry-level employment, to give our Students the best possible opportunities to reach their full potential.

In addition to this, we will continue to focus a part of our work around families and women as this work continues to be vital in early intervention and wider social transformation.

We plan to raise funds in order to adequately support this work by continuing to build our valuable partnerships with Government, Grant awarding bodies, Trusts and the Corporate sector.

### **Risk management**

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

A current key risk is the Fundraising landscape. Most of City Gateway's fundraising streams are provided for between one and three year cycles. City Gateway has a detailed plan of engagement and impact accountability reporting with current and potential future funders looking forward into the coming years.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

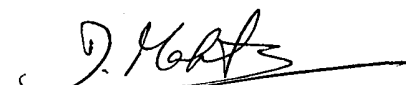
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing those financial statements, the Trustees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

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

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

**Statement as to disclosure of information to Auditor**

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

**ON BEHALF OF THE BOARD:**  
D. Mahani  
Trustee

Date: 24/1/18

#### Opinion

We have audited the financial statements of (the 'charity') for the year ended 31 August 2017 which comprise Consolidated Statement of financial activities, the Consolidated and Charity Balance sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 August 2017 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have been prepared in accordance with applicable legal requirements.

## City Gateway

### Report of the independent auditor to the members of City Gateway

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#### Matters on which we are required to report by exception

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

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 trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Trustees 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 6, the trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*N J Wakefield*

**Nicola Wakefield (Senior Statutory Auditor)**

**For and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditor

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

Date: *16 February 2018*

# City Gateway

## Consolidated Statement of Financial Activities for the year ended 31 August 2017

	Note	General funds £	Designated funds £	Restricted Funds £	2017 Total Funds £	2016 Total funds (restated) £
<b>Income</b>						
Donations and legacies	2	522,969	-	123,108	646,077	68,469
Income from Investments		1,052	-	-	1,052	3,141
Income from charitable activities	3	1,855,456	-	104,458	1,959,914	7,472,292
<b>Total income</b>		<b>2,379,477</b>	<b>-</b>	<b>227,566</b>	<b>2,607,043</b>	<b>7,543,902</b>
<b>Expenditure</b>						
Charitable activities	4	2,575,067	-	305,799	2,880,866	8,174,361
<b>Total expenditure</b>		<b>2,575,067</b>	<b>-</b>	<b>305,799</b>	<b>2,880,866</b>	<b>8,174,361</b>
<b>Net (expenditure) before transfers</b>		<b>(195,590)</b>	<b>-</b>	<b>(78,233)</b>	<b>(273,823)</b>	<b>(630,459)</b>
Transfers between funds		47,592	(47,592)	-	-	-
<b>Net (expenditure)</b>		<b>(147,998)</b>	<b>(47,592)</b>	<b>(78,233)</b>	<b>(273,823)</b>	<b>(630,459)</b>
Total funds brought forward as previously stated		556,974	100,594	108,320	773,888	1,314,497
Prior year adjustment		(89,850)	-	-	(89,850)	-
Total funds brought forward as restated		467,124	108,594	108,320	684,038	1,314,497
<b>Total funds carried forward</b>	<b>12,13</b>	<b>319,126</b>	<b>61,002</b>	<b>30,087</b>	<b>410,215</b>	<b>684,038</b>

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

The notes form part of these financial statements

**City Gateway**  
**Consolidated Balance sheet at 31 August 2017**

		2017	2016 (restated)
	Note	£	£
<b>FIXED ASSETS</b>			
Intangible assets	8	8,129	18,421
Tangible assets	8	52,873	90,173
Investments	9	<u>621</u>	<u>621</u>
		61,623	109,215
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	10	107,249	526,924
Cash at bank and in hand		<u>777,661</u>	<u>787,077</u>
		884,910	1,314,001
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(536,318)</u>	<u>(739,178)</u>
<b>NET CURRENT ASSETS</b>		<u>348,592</u>	<u>574,823</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		410,215	684,038
<b>NET ASSETS</b>		<u>410,215</u>	<u>684,038</u>
<b>FUNDS</b>	12,13		
Unrestricted funds		319,126	467,124
Designated fund		61,002	108,594
Restricted funds		<u>30,087</u>	<u>108,320</u>
<b>TOTAL FUNDS</b>		<u>410,215</u>	<u>684,038</u>

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

The financial statements were approved by the Board of Trustees on 24/1/18 and were signed on its behalf by:

  
**Deepak Mahtani**

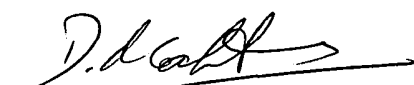
**Trustee**

**City Gateway**  
**Charity Balance sheet at 31 August 2017**

	Note	2017 £	2016 £ (restated)
<b>FIXED ASSETS</b>			
Intangible assets	8	8,129	18,421
Tangible assets	8	52,873	90,173
Investments	9	621	621
Investment in subsidiary	9	<u>100</u>	<u>100</u>
		61,723	109,315
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	10	601,652	740,526
Cash at bank and in hand		<u>160,957</u>	<u>398,789</u>
		762,609	1,139,315
<b>CREDITORS</b>			
Amounts falling due within one year	11	(504,910)	(663,550)
<b>NET CURRENT ASSETS</b>		<u>257,699</u>	<u>475,765</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		319,422	585,080
<b>NET ASSETS</b>		<u>319,422</u>	<u>585,080</u>
<b>FUNDS</b>	12,13		
Unrestricted funds		228,333	368,166
Designated fund		61,002	108,594
Restricted funds		<u>30,087</u>	<u>108,320</u>
<b>TOTAL FUNDS</b>		<u>319,422</u>	<u>585,080</u>

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

The financial statements were approved by the Board of Trustees on 24/1/18 and were signed on its behalf by:



**Deepak Mahtani**

**Trustee**

**City Gateway**  
**Consolidated Statement of Cash Flows for the year ended 31 August 2017**

	2017	2017	2016	2016
	£	£	(restated) £	(restated) £
<b>Cash flows from operating activities</b>	(273,823)		(630,459)	
<b>Net income</b>				
Adjustments for:				
Depreciation	39,420		52,259	
Amortisation	10,292		11,488	
Interest income	(1,052)		(3,141)	
Trade and other debtors	419,675		454,383	
Trade and other creditors	(202,859)		(302,320)	
<b>Cash flows used in operating activities</b>		<b>(8,347)</b>		<b>(415,790)</b>
Purchase of property plant and equipment	(15,615)		(61,080)	
Disposal of property plant and equipment	13,494		-	
Purchase of intangible fixed assets	-		(11,693)	
Interest received	1,052		3,141	
<b>Cash flows used in investing activities</b>		<b>(1,069)</b>		<b>(69,632)</b>
<b>Net (decrease) in cash</b>		<b>(9,416)</b>		<b>(485,422)</b>
<b>Cash balance at 1 September</b>		<b>787,077</b>		<b>1,272,499</b>
<b>Cash balance at 31 August</b>		<b>777,661</b>		<b>787,077</b>

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

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

Under s408 of the Companies Act 2006 the charitable company is exempt from the requirement to present its own Statement of Financial activities. The deficit for the year for the charitable parent company was £265,655 (2016: deficit of £627,802).

The charity has also taken advantage of the exemption available in accordance with FRS not to disclose transactions with its wholly owned subsidiary company.

**Income**

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

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

**Expenditure**

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

**Intangible fixed assets**

Website and software costs have been capitalised at historic cost and amortised on a straight line basis over 2 years and 5 years respectively.

**Tangible fixed assets**

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

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

**Taxation**

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

**1. ACCOUNTING POLICIES (CONTINUED)**

**Fund accounting**

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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

**Operating leases**

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

**Pension scheme**

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

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

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**2. VOLUNTARY INCOME**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Individual donations & Fundraising events	11,377	43,795
Corporate donations	551,933	784
Other	<u>82,767</u>	<u>23,890</u>
	<u>646,077</u>	<u>68,469</u>

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Statutory income	1,181,011	5,198,845
Other grants and contracts	217,237	1,206,444
Apprenticeship Training Agency	539,524	1,067,360
Other	22,142	1,643
	<u>1,959,914</u>	<u>7,474,292</u>

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

Grants income is income received from other grant making organisations registered with the Charity Commission.

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

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

**4. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Young People's education, training and progression £	Family programmes £	Apprentic- eship Training Agency £	2017 £	2016 £
Direct charitable activities	692,048	908,598	379,320	1,979,966	5,710,117
Support costs	314,625	413,892	172,383	900,900	2,464,244
<b>Total</b>	<b>1,006,673</b>	<b>1,322,490</b>	<b>551,703</b>	<b>2,880,866</b>	<b>8,174,361</b>
<b>Support costs broken down by activity</b>					
Senior management	122,228	160,475	66,995	349,698	358,138
Finance & contract management	107,384	141,802	58,791	307,977	649,671
IT & Information management	12,780	16,779	7,005	36,564	170,417
Premises & Facilities	4,456	5,850	2,442	12,748	417,017
HR & Staff development	24,104	31,647	13,212	68,963	367,103
Marketing & communication	43,673	57,339	23,938	124,950	501,898
<b>Total support costs</b>	<b>314,625</b>	<b>413,892</b>	<b>172,383</b>	<b>900,900</b>	<b>2,464,244</b>

Apportionment of support costs between activities is based on staff costs.

The Apprenticeship Training Agency (ATA) offers services to employers to source, arrange and host their apprenticeships. The majority of expenditure associated with the ATA relates to the wages of hosted apprentices. City Gateway offers the employers it works with a choice of Hosted Employment of apprentices through the ATA or Direct Employment of apprentices. The value of expenditure associated with the ATA activities is dependent upon the choices made by employers. Total expenditure related to ATA activities has decreased by £466,341 from £1,023,044 in 2016.

**5a. GOVERNANCE COSTS**

	2017 £	2016 £
Auditor remuneration	12,625	12,279
Other costs	22,075	77,425
	<b>34,700</b>	<b>89,704</b>

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

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**5b. NET (EXPENDITURE)**

Net (expenditure) is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration – audit fees	12,625	12,279
Depreciation - owned assets	49,713	65,749
Other operating leases	<u>89,034</u>	<u>26,281</u>

**6. TRUSTEES' REMUNERATION AND BENEFITS**

The Chair was paid a total of £4,800 during the year for services to the charity while there was no permanent Chief Executive (2016: £26,033).

**Trustees' Expenses**

One trustee claimed expenses of £1,939 for the year ended 31 August 2017 (2016: £2,832).

**7. STAFF COSTS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,100,114	6,054,876
Social security	158,805	408,184
Pension	82,443	240,686
Redundancy costs	17,385	126,204
Other staff costs	<u>59,349</u>	<u>128,548</u>
	<u>2,418,096</u>	<u>6,958,498</u>

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

	<b>2017 No.</b>	<b>2016 No.</b>
Apprentices and casual staff	46	88
Permanent staff	<u>76</u>	<u>206</u>
	<u>122</u>	<u>294</u>

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

	<b>2017 No.</b>	<b>2016 No.</b>
£60,001 - £70,000	-	2
£110,001 – £120,000	1	1
	<u>1</u>	<u>3</u>

Key management personnel comprises the Chief Executive Officer and Director of Finances and Resources. The total employee benefits of the key management personnel of the charity were £184,805 (2016: £333,999).

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

**8. FIXED ASSETS**

<b>GROUP AND CHARITY</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Computer Equipment £</b>	<b>Total Tangible Assets £</b>	<b>Total Intangible Assets £</b>
<b>COST</b>					
At 1 September 2016	40,225	118,851	254,483	413,559	60,785
Additions	15,375	240	-	15,615	-
Disposals	-	-	(13,494)	(13,494)	-
<b>At 31 August 2017</b>	<b>55,600</b>	<b>119,091</b>	<b>240,989</b>	<b>415,680</b>	<b>60,785</b>
<b>DEPRECIATION</b>					
At 1 September 2016	1,511	101,277	220,598	323,386	42,364
Charge for the year	10,120	13,164	16,136	39,420	10,292
<b>At 31 August 2017</b>	<b>11,631</b>	<b>114,441</b>	<b>236,734</b>	<b>362,806</b>	<b>52,656</b>
<b>NET BOOK VALUE</b>					
At 31 August 2017	43,969	4,650	4,255	52,873	8,129
At 31 August 2016	38,714	17,574	33,885	90,173	18,421

**9. FIXED ASSET INVESTMENTS**

**GROUP AND CHARITY**

Listed  
investments  
£

**MARKET VALUE**

At 1 September 2016 and at 31 August 2017

621

**NET BOOK VALUE**

At 31 August 2017 and at 31 August 2016

621

There were no investment assets outside the UK.

**INVESTMENTS IN SUBSIDIARY**

£

**COST**

At 1 September 2016 and at 31 August 2017

100

<b>Subsidiaries included in consolidation</b>	<b>Activities</b>	<b>% of capital held</b>	<b>Net assets at 31 August 2017 £</b>	<b>(Loss) for the year ended 31 August 2017 £</b>
City Gateway Enterprises Limited	Operation of Apprenticeship Training Agency	100%	90,788	(8,170)

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

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**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

<b>GROUP</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Debtors	85,195	483,052
Accrued income	20,221	25,649
Other debtors	1,833	18,223
	<u>107,249</u>	<u>526,924</u>

<b>CHARITY</b>	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Debtors	22,827	388,799
Accrued income	20,221	26,948
Other debtors	1,747	18,123
Intercompany debtors	556,857	306,656
	<u>601,652</u>	<u>740,526</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

<b>GROUP</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>(restated)</b>
	<b>£</b>	<b>£</b>
Trade creditors	86,117	110,083
VAT	10,993	20,545
Other creditors	42,528	156,476
Accruals	159,603	285,409
Deferred income	237,077	166,665
	<u>536,318</u>	<u>739,178</u>

<b>CHARITY</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>(restated)</b>
	<b>£</b>	<b>£</b>
Trade creditors	82,118	109,699
Other creditors	39,858	126,014
Accruals	154,107	266,869
Deferred income	228,827	160,968
	<u>504,910</u>	<u>663,550</u>

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

**12. UNRESTRICTED FUNDS**

<b>CHARITY</b>	<b>At 1 September 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfer £</b>	<b>At 31 August 2017 £</b>
<b>Unrestricted funds:</b>					
General funds	368,166	1,945,631	(2,133,056)	47,592	228,333
Designated funds-fixed assets reserve	108,594	-	-	(47,592)	61,002
<b>Total unrestricted funds</b>	<b>476,760</b>	<b>1,945,631</b>	<b>(2,133,056)</b>	<b>-</b>	<b>289,335</b>

<b>GROUP</b>	<b>At 1 September 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfer £</b>	<b>At 31 August 2016 £</b>
<b>Unrestricted funds:</b>					
General funds	467,124	2,379,477	(2,575,067)	47,592	319,126
Designated Funds- fixed assets reserve	108,594	-	-	(47,592)	61,002
<b>Total unrestricted funds</b>	<b>575,718</b>	<b>2,379,477</b>	<b>(2,575,067)</b>	<b>-</b>	<b>380,128</b>

**Details of designated funds**

The Working Capital Designated Fund has been released and replaced with a Fixed Assets designated Reserve which represents the value of unrestricted reserves tied up in fixed assets. As a result, General reserves represent the amount of working capital at the end of the year.

**City Gateway**  
**Report of the trustees for the year ended 31 August 2017**

**13. RESTRICTED FUNDS**

<b>GROUP AND CHARITY</b>	<b>At 1 September 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>At 31 August 2017 £</b>
29 <sup>th</sup> May 1961 Charity	5,833	-	(5,833)	-
Charles Hayward Foundation	-	6,659	(6,659)	-
The Clothworkers' Foundation	9,059	-	(9,059)	-
The Coutts Foundation	-	30,000	(30,000)	-
Jack Petchey Foundation	-	500	(500)	-
London Borough of Tower Hamlets MSG	-	2,526	(2,526)	-
London Stock Exchange Group Foundation	20,000	-	(20,000)	-
Man Group	-	30,000	(30,000)	-
Ocean Regeneration Trust	5,735	59,174	(61,737)	3,172
Societe Generale	-	21,010	(21,010)	-
State Street Foundation	47,122	-	(32,778)	14,344
The Rayne Foundation	13,333	-	(8,000)	5,333
Trust for London	-	18,958	(18,958)	-
Societe Generale	-	3,000	(3,000)	-
London Borough of Tower Hamlets MSG	-	2,526	(2,526)	-
Santander Foundation	-	5,000	(5,000)	-
Peabody Community Foundation	-	2,880	(2,880)	-
London Borough of Tower Hamlets SEND	-	10,440	(10,440)	-
The Pilgrim Trust	-	14,000	(14,000)	-
The MacRobert Trust	-	10,000	(10,000)	-
Unilever UK	-	2,550	(2,550)	-
ORT Community Grant (Money Management)	-	1,250	(1,250)	-
Barclays	-	350	(350)	-
London Borough of Tower Hamlets	7,237	-	-	7,375
Sidley Austin	-	980	(980)	-
BBC Children in Need	-	1,263	(1,263)	-
City of London	-	4,500	(4,500)	-
<b>Total restricted funds</b>	<b>108,320</b>	<b>227,566</b>	<b>(305,799)</b>	<b>30,087</b>

## City Gateway

### Report of the trustees for the year ended 31 August 2017

#### 13. RESTRICTED FUNDS (CONTINUED)

##### Details of restricted funds

##### Restricted Funds

29 <sup>th</sup> May 1961 Charity	Apprenticeship support costs
Charles Hayward Foundation	Family and Early years support
The Clothworkers' Foundation	Supporting improvements in Gateway Tots
The Coutts Foundation	Supporting the work of our Women's Programmes
Jack Petchey Foundation	Supporting youth work at City Gateway through the Jack Petchey Award Scheme
London Borough of Tower Hamlets MSG	Various youth work related activities
London Stock Exchange Group Foundation	Employ course
Man Group	For Adult English and Maths teaching
Ocean Regeneration Trust	Supporting the City Gateway Women's project at the Stepney life centre
Societe Generale	ESOL & Literacy at Women's project
State Street Foundation	Childcare Training courses at City Gateway Women's project
The Rayne Foundation	For Apprenticeship support costs
Trust for London	Progression support for Young people
Societe Generale	Supported English language teaching by funding the literacy for life project at City Gateway Women's Programmes
London Borough of Tower Hamlets MSG	Supported English Language teaching for learners at City Gateway Women's programmes' by funding our literacy lunch
Santander Foundation	Supporting Maths and ICT in our Women's Programmes
Peabody Community Foundation	Youth travel expenses
London Borough of Tower Hamlets SEND	Gateway Tots. Children with SEND support
The Pilgrim Trust	Women's programmes – embedding IAG into ESOL classes
The MacRobert Trust	Training and education support
Unilever UK	Supporting our young people through Traineeships
ORT Community Grant (Money Management)	Money management workshops
Barclays	Supporting Literacy Lunch and Family Maths Day in our Women's Programmes
London Borough of Tower Hamlets	Various youth work related activities
Sidley Austin	Gateway Tots summer travel programme
BBC Children in Need	Family and Early Years support
JP Morgan	Youth Employability Programme support
City of London	Youth work, residential trip support

# City Gateway

## Notes to the financial statements for the year ended 31 August 2017

### 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	General Funds	Designated Funds	Restricted Funds	Total Funds	
	£	£	£	2017 £	2016 £
Tangible Fixed assets	-	52,873	-	52,873	90,173
Intangible Fixed assets	-	8,129	-	8,129	18,421
Investments	621	-	-	621	621
Current assets	828,046	-	30,087	858,133	1,314,001
Creditors due within one year	(509,541)	-	-	(509,541)	(739,178)
<b>Net assets at 31 August 2016</b>	<b>319,126</b>	<b>61,002</b>	<b>30,087</b>	<b>410,215</b>	<b>684,038</b>

### 15. CITY GATEWAY ENTERPRISES LIMITED

City Gateway has a wholly owned subsidiary, City Gateway Enterprises Limited which was incorporated in the United Kingdom on 8 October 2012. A summary of its trading results is shown below. Audited accounts will be filed with the Registrar of Companies. The investment in this subsidiary is included in the charity balance sheet at a value of £100. The net assets of the subsidiary are £90,889.

	Year ended 31 August 2017	Year ended 31 August 2016 £
Turnover	606,035	1,067,360
Cost of sales	(328,630)	(712,488)
Gross profit	277,405	354,872
Administrative expenses	(113,382)	(237,679)
Distribution	(172,193)	(30,000)
Retained in the subsidiary	(8,170)	87,193
Total assets of subsidiary	675,420	481,243
Total liabilities of subsidiary	(584,632)	(382,285)
Equity shareholders' funds	90,788	98,958

### 16. GUARANTEE STATUS

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

**City Gateway**  
**Notes to the financial statements for the year ended 31 August 2017**

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**17. GIFTS IN KIND**

During the year the charity received services in kind from corporate supporters. These services included room hire for various events and legal advice throughout the year as well as various other kinds of support. Legal advice has been received from Dentons UKMEA LLP, the value of this advice was £26,655 in 2016/17 (2016: 38,692). Other services have not been included in the financial statements because the trustees have not been able to accurately assess what the value of these gifts amounts to.

**18. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the charity had commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Less than 1 year	24,000	-
Between 2 and 5 years	78,049	-
Total	102,049	-

**19. RELATED PARTY TRANSACTIONS**

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

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

- City Gateway received distributions of £172,193 (2016: £30,000) from City Gateway Enterprises Limited.

As at 31 August 2017 a balance of £556,857 (2016: £306,655) was due to City Gateway.

Purchases of £4,800 (2016: £26,033) were made from The Corporate Comms Shop Limited, a company where one of the trustees is also a director.

**20. PENSION COMMITMENTS**

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity to the funds and amounted to £82,443 (2016 - £240,686). At the year end there were outstanding refunds of £415 (2016: £nil).

**21. PRIOR YEAR ADJUSTMENT**

During the year it was identified that deferred income of £89,850 had been incorrectly released in the year ended 31 August 2016. A prior year adjustment was therefore made to increase the deferred income balance and reduce the unrestricted reserves by this amount. The opening balances as at 1 September 2016 were unaffected.

**22. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

	<b>General funds (restated) £</b>	<b>Designated funds £</b>	<b>Restricted funds £</b>	<b>2016 Total (restated) £</b>
<b>INCOME</b>				
Donations and legacies	68,469	-	-	68,469
Income from investments	3,141	-	-	3,141
Income from charitable activities	6,941,718	-	530,574	7,472,292
<b>Total income</b>	<b>7,013,328</b>	<b>-</b>	<b>530,574</b>	<b>7,543,902</b>
<b>EXPENDITURE</b>				
Charitable activities	7,676,129	-	498,232	8,174,361
<b>Total expenditure</b>	<b>7,676,129</b>	<b>-</b>	<b>498,232</b>	<b>8,174,361</b>
<b>NET (EXPENDITURE) / INCOME BEFORE TRANSFERS</b>	<b>(662,801)</b>	<b>-</b>	<b>32,342</b>	<b>(630,459)</b>
Transfers between funds	1,101,406	(1,101,406)	-	-
<b>Net movement in funds</b>	<b>438,605</b>	<b>(1,101,406)</b>	<b>32,342</b>	<b>(630,459)</b>
<b>Total funds brought forward</b>	<b>28,519</b>	<b>1,210,000</b>	<b>75,978</b>	<b>1,314,497</b>
<b>Total funds carried forward</b>	<b>467,124</b>	<b>108,594</b>	<b>108,320</b>	<b>684,038</b>