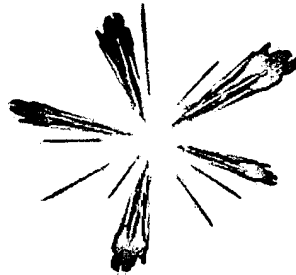


**COMPANY REGISTRATION NUMBER 5403518**

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
31 DECEMBER 2016**



**Vital**  
Regeneration

**Charity Number 1110882**

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**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2016**

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**YEAR ENDED 31 DECEMBER 2016**

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2016.

**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Registered charity name</b>	Vital Regeneration
<b>Charity registration number</b>	1110882
<b>Company registration number</b>	5403518
<b>Principal office</b>	31 Plympton Street London NW8 8AB

**THE TRUSTEES**

The trustees who served the company during the period were as follows:

Hugh McGeever (Chair)  
Lyndon Sly  
Darren Levy (resigned 1 January 2016)  
Joni O'Sullivan  
Chris Allner  
Jeremy Crump  
Margaret Pollock  
Tim Harris (resigned 31 March 2016)  
Madhu Rajesh

<b>Chief Executive</b>	David Bowler
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<b>Auditor</b>	Shipleys LLP Chartered Accountants & Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
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<b>Bankers</b>	Lloyds TSB City Office Branch PO Box 1000 BX1 1LT
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<b>Solicitors</b>	Weil, Gotshal & Manges One South Place London, EC2M 2WG
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**OUR PURPOSE AND ACTIVITIES**

**TRUSTEES AND GOVERNANCE**

Vital Regeneration is governed by a Board of trustees, who are also Directors of the company. As set out in the Articles of Association, the trustees are the only members of the charity and there is provision for up to 10 trustees. Residential Management Group and CityWest Homes each have the right to nominate a trustee to the board. A further seven independent trustees have been appointed by the trustees in order to achieve a balance of relevant skills and experience on the Board. These trustees were appointed due to their particular knowledge, interest and experience in:

- Social and economic regeneration relevant to the charity's purposes and activities
- The field of education
- Public sector housing
- An understanding of creative industries and access to creative networks
- Public sector housing and Communities
- London labour market
- Strategic business growth, development and financial planning
- Communication, Public relations, Corporate Social Responsibility (CSR)
- Marketing, branding & fundraising

The Board meets a minimum of four times each year. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and programme-related activity.

Trustees work through a number of Task Groups and sub-committees. During 2016 these were: a Fundraising, Development and Communications Committee and an HR and Remunerations Committee.

The trustees have overall responsibility for ensuring that the charity has appropriate systems of control, financial and otherwise, and to provide reasonable assurance that:

- The charity is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use and disposal
- Proper records are maintained and financial information used within the charity or for publication is reliable
- The charity complies with relevant laws and regulations.

Vital Regeneration's systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and include:

- A business plan and an annual budget approved by the trustees
- Quarterly updated financial forecasts
- Regular consideration by the trustees of the financial results, variance from budgets, non-financial performance indicators and cashflow projections
- Delegation of authority and segregation of duties
- Identification and management of risks.

The charity operates a performance management system where key actions and tasks are captured and reported to the Board.

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**Trustee Induction and Training**

When recruiting new trustees, the Board looks for individuals with skills and experiences which are of value to Vital Regeneration using a matrix of essential and desirable skills. A Board Manual sets out the charity's governance policies, roles, responsibilities and delegation of authorities.

This is provided for new Trustees together with the Charity Commission's 'The Essential Trustee: What you need to know' and the Governance Hub's 'Good Governance Code'.

Trustees are regularly offered training opportunities and an away day is arranged annually to consider strategic issues affecting the work of Vital Regeneration.

**RISK MANAGEMENT**

The trustees have a risk management framework which covers strategic, business and operational risks the charity may face. These risks are evaluated by the management team and scored for likelihood and impact with updates provided to board meetings by the CEO. Internal control risks are minimised by the implementation of financial and other procedures.

The major risks which the charity potentially faces have been identified as:

*External risks*

Current Economic and Political Climate  
Loss of Major Customers, Funders or Supporters  
Partnership Working  
Competitors  
Politics – National and Local

*Internal risks*

People  
Strategy  
Systems and Processes  
Finance and Contracts  
Premises/Accommodation  
Compliance  
Board  
Beneficiary/Community  
Funder Relationships  
Performance

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

*Cash flow risk*

The charity's activities expose it primarily to the financial risks of changes in interest rates. The financial impact of changes in interest rates is not considered to be material for the charity.

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*Credit risk*

The charity's principal financial assets are bank balances and trade and other receivables. The charity's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provision for bad debts. The charity has no significant concentration of credit risk, with exposure spread over a large number of parties.

*Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing activities and future developments the charity uses short term deposit accounts.

The potential impact of each of these risks, and appropriate actions in mitigation, are considered on an on-going basis as part of the Risk Management process.

Procedures are in place to ensure compliance with the Health and Safety of staff, volunteers, beneficiaries and visitors to the programme delivery sites. Health and safety audits of all operational sites are conducted annually and any actions arising are managed through the quarterly planning cycle.

**STATEMENT OF PUBLIC BENEFIT**

The trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing aims and objectives and in planning for future activities. This annual report outlines the main activities undertaken in 2016 in furtherance of public benefit aims and objectives.

**OBJECTIVES AND ACTIVITIES**

Vital Regeneration is a registered charity, charity no. 1110882 and a company limited by guarantee. The objectives, as set out in the Memorandum and Articles of Association are:

- The promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation by all or any of the following means:
  - The relief of poverty
  - The relief of unemployment
  - The advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience
  - The provision of financial assistance, technical assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help: (i) in setting up their own business, or (ii) to existing businesses
  - The creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms
  - The maintenance, improvement or provision of public amenities
  - The preservation of buildings or sites of historic or architectural importance
  - The protection or conservation of the environment
  - The provision of public health facilities and childcare
  - The promotion of public safety and prevention of crime
  - Such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales.

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- To develop the capacity and skills of the members of socially and economically disadvantaged communities in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society
- To advance the education of the public by any charitable means
- To provide or assist in the provision of recreational and other leisure time facilities in the interests of social welfare for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities
- To help young people especially but not exclusively through the provision of leisure time activities (including physical and educational) to develop their physical, mental and spiritual capacities that they may grow to full maturity as individual members of society
- To promote good race relations for the benefit of the public
- The promotion, protection and preservation of health.

**Purpose:** To deliver effective, long-lasting solutions to the social, environmental and economic problems experienced by people living in disadvantaged communities.

**Mission:** To create life changing learning, employment and enterprise opportunities, enabling people and communities to realise their potential and reduce inequalities.

**Beliefs:** That all people should have opportunities to learn, create, explore and to develop their potential for success. We believe in the inherent potential for success of all people. We are ambitious for the growth and development of those we work with (beneficiaries, staff, volunteers and organisations). We believe that communities themselves are the best agents for positive change. We believe in the power of partnership-working to add to our knowledge and skills, and to increase the impact of our work.

In our work we value:

**Opportunity** - we create and provide access to opportunities, champion equal opportunities, and enable staff and volunteer development.

**Learning** - we create learning opportunities, promote the benefits of learning and continually learn as an organisation.

**Collaboration** - we build strong partnerships, promote the benefits of collaboration and encourage organisational team-working.

**Creativity** - we deliver creative regeneration programmes, promote the benefits of creativity and deliver creative programmes that inspire participants.

**Entrepreneurialism** - we achieve impact in enterprising ways, promote the benefits of enterprise and encourage entrepreneurialism in our people.

**Quality** - we deliver high-quality services and strive for excellence in all we do.

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**ABOUT VITAL REGENERATION**

Vital Regeneration is a charity based in central London. Vital Regeneration has been delivering services since 1998 and was formally established as a charity in 2005. Our mission is to reduce social and economic inequality by creating life changing learning, employment and enterprise opportunities.

Our range of intensive employment and enterprise programmes help families experiencing the disruption of homelessness to secure and sustain work and to build micro-enterprises to achieve economic independence.

Our community programmes help people experiencing disadvantage to play a full role in their local neighbourhoods. We work with residents from all backgrounds, with businesses, community groups and public agencies, to support the development of mixed-communities in central London.

We do this through listening to individuals and communities, championing their needs, empowering them and co-designing with them, those programmes that respond to the challenges they face.

**OUR STRATEGIC OBJECTIVES**

Our strategic vision is to reduce homelessness and housing insecurity in central London, and to sustain mixed, inclusive communities embracing a diversity of cultures, incomes and activities in local urban neighbourhoods.

Our strategic aims and objectives are:

1. To diversify our income and develop new sources of unrestricted revenue.
  - Secure a successful and sustainable mix of funding types and sources.
  - Draw on expertise in building strong cross-sector partnerships and alliances to develop compelling funding, sponsorship and investment opportunities.
  - Maximise our undesignated and unrestricted funding in order to rebuild our balance sheet and enable investment in growth.
2. To demonstrate and celebrate our evidence of effectiveness and impact.
  - Expand market intelligence and our knowledge-base
  - Continuously improve organisation-wide evaluation framework measures and competencies.
  - Improve external validation of results, effectiveness and impact (awards, testimonials and evaluations).
3. To expand our geographical reach, working collaboratively within our target sphere of operation.
  - Leverage track record and reputation to extend core services and pilot and mainstream new initiatives.
  - Create a collaborative ethos and reputation that enables partnership working and the achievement of 'preferred' partner status.

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4. To ensure that our services are responsive to beneficiaries' needs and experience.
  - Co-design empowering services with our beneficiaries, putting them at the heart of our mission and vision.
  - Ensure that beneficiary and stakeholder feedback and evaluation inform our practice and continuous improvement.
  - Create effective structures for engaging beneficiaries in our governance and strategic direction.

**ACHIEVEMENTS AND PERFORMANCE**

Vital Regeneration tackles disadvantage in three main ways: helping communities to engage in the processes of change which affect their local neighbourhoods; helping people to secure work, progress in their career or establish their own micro-business and by helping people experiencing homelessness or at risk of homelessness, to secure and sustain suitable living accommodation.

**Vital Community:** empowering communities to help improve their local neighbourhoods

- Since 2013, Vital Regeneration has worked as the primary agency responsible for facilitating the engagement of a diverse range of residents and local stakeholders in the process of the regeneration of the Church Street and Paddington Green neighbourhoods in the City Of Westminster. Contracted by the City of Westminster Council, our Community Engagement Service team continued to work with local residents, businesses and community groups to sustain their involvement and participation in shaping plans for the long term redevelopments of the two areas, focusing on the provision of new housing, environmental and community infrastructure improvements and the promotion of job and enterprise opportunities. Combining doorstep communications led by staff recruited from the local communities, to engagement events and public meetings, we have made sure everyone in the area is aware of what is happening and has a chance to input. Thematic work has been undertaken on topics including: Employment & Enterprise, Retail & Markets, Public Realm and Arts & Culture in addition to site specific meetings and workshops involving architects and developers. A number of pop-up workshops and events were held to define a community benefits programme arising from the regeneration, enabling local residents to influence how community funding will be spent. As the council works towards a review of the original master plans for the areas, we have redoubled efforts to retain and increase the participation of local people who inevitably experience tensions, fears and uncertainties as the complexities of the realisation of a major urban regeneration programme unfolds.
- Vital Regeneration spent the latter half of 2016 in constructive discussions with the council to manage the orderly determination of the community engagement contract in 2017. The exit from this contract in 2017 will necessitate a strategic repositioning of Vital Regeneration, away from its historical focus on local, area based work, to a greater emphasis on working with people experiencing housing disadvantage across a wider area of central London.
- Vital Regeneration's long tenure as managers of the Greenside Community Centre (and associated other council owned community spaces in Church Street) was brought to a conclusion in March 2016. Westminster City Council, which had commissioned Vital Regeneration to provide the management service, took the

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decision in January 2016 to take the service in-house and subsequently transferred the service to the council's own arm's length housing agency, City West Homes. The Vital Regeneration staff managing the spaces were transferred to City West Homes in March 2016 under the provisions of the Transfer of Undertakings Protection of Employment (TUPE) regulations. This change in commissioning by the council brought to an end a decade of continuous involvement in the management of these community spaces.

**Vital Work & Enterprise:** helping people to secure work, and sustain their career or business

- Our long established HELP employment support service worked intensively during the period from April to September, with 73 participants affected by the benefits cap, at risk of homelessness or living in temporary accommodation, providing professional advice and coaching, 'better-off' calculations, goal-setting, training and preparation for work, including CV writing, interview skills and rethinking behavioural and attitudinal requirements. 18 participants engaged in formal training, 17 in substantial volunteering roles and 22 gained employment.
- In September 2016 after 10 years of continuous support for HELP from Westminster City council, funding for the project was curtailed, despite an independent evaluation demonstrating outstanding impact and value for money in comparison to other similar projects supported by the council. In view of this decision, the trustees of Vital Regeneration resolved to continue to support the project for an interim period by means of deploying funds from the charity's reserves, pending a new, sustainable external funding source being secured. During the period October -December 2016, Vital Regeneration provided assistance to support a further 15 homeless people into employment, 13 into formal training and 5 into volunteering.
- To secure the future of HELP beyond December 2016, Vital Regeneration succeeded in securing two-year funding from the European Commission, to deliver a programme in partnership with the City of Westminster, funded by the EU Employment and Social Innovation Funding (EASI). This funding was supplemented by successful funding bids to Trust for London, Garfield Weston Trust, The Leather Sellers Trust and John Lewis Trust to provide a solid package of funding for the expansion of HELP from January 2017.
- Our Trust For London funded career progression (improved hours and pay) service to tackle under-employment and in-work poverty completed in April 2016. By the end of the project, 78 employed beneficiaries had joined the programme and 45 have achieved more hours or better pay. An evaluation of the programme was conducted and a bid for renewed funding was made to the same funder and a further £40,000 was pledged to continue the service from early 2017.
- 2016 was the third and final operational year of our HELP Enterprise pilot programme supporting people living in temporary accommodation to establish and grow their own micro-business. This is a ground-breaking initiative using enterprise as a means to financial independence. It provides an innovative mix of integrated business and housing support, including micro-equity investment, professional mentoring, workspace and affordable tenancy options. We completed a second year of operation at the Venture 382 "pop-up" micro-enterprise co-working space and business incubator (launched in January 2015 in previously vacant office space, awaiting redevelopment). By December 2016, Vital Regeneration had supported the creation of 68 businesses by people living in

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temporary housing, nine of which had been presented to the panel of volunteers from our funders BNP Paribas and supporters Lincoln International for consideration for investment funding, of which five were successful.

- Vital Invest CIC, the charity's community interest company subsidiary, incorporated in 2015, made these five investments and continued to monitor and support the investees throughout the year to maximise the opportunity to secure a return on those micro-investments. Of the five investees, three succeeded in securing affordable housing provided by our partners and supports at Dolphin Living, part of the Dolphin Square Foundation which backed the original HELP Enterprise pilot proposal in 2014.
- The HELP Enterprise project reached the conclusion of its pilot phase in December 2016. A full, independent evaluation of the pilot was commissioned from Cube8, which was disseminated to the key stakeholders – Westminster City Council, Dolphin square Foundation and BNP Paribas. This evaluation formed the basis on ongoing discussions with all parties regarding future funding for the project from 2017.

**Vital Youth:** helping young people fulfil their potential

- After a decade of innovative work with young people, designed to ignite young people's creative confidence and ability to harness skills to solve problems and improve their own life chances, Vital Regeneration's Big Lottery funding ended in March 2016. The reduced scope for securing further funding to continue work with young people in a climate of extreme resource scarcity led the board of trustees to the reluctant decision to discontinue this strand of work indefinitely.
- The existing fixed assets which were employed on this programme, including hardware and specialist software for digital music and film making have been retained and scope for these assets to be deployed in 2017 in a more focused approach to assisting young people experiencing homelessness, or in households at risk of becoming homeless remains. Initial discussions on partnership with potential partners for such work took place in 2016 and are anticipated to lead to concrete opportunities in early 2017.
- As a pilot for looking towards a greater focus on aligning our support of young people with the strategic shift towards supporting families experiencing homelessness, in summer 2016 Vital Regeneration ran a short work experience project with the Lancaster London hotel. The project which aimed to give young people exposure to up to 10 roles and business areas within the hotel – from reception to maintenance-was jointly managed by the reduced capacity youth team and the Vital Regeneration HELP team.

**Partnership and collaboration**

Vital Regeneration has a well-established local presence in Westminster and beyond, enabling us to draw on an extensive network of partners, community groups and other niche support organisations. Many of our services are delivered on an outreach basis in local community settings. All of our projects are delivered in collaboration with others.

Vital Regeneration has a strong track record in securing corporate relationships and has long standing support from some high profile local partners including BNP Paribas, Weil and the London Business School.

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**Plans for the coming period**

- The significant shift in funding priorities and contracting behaviour by our long standing partner, City of Westminster council, has necessitated a radical review of Vital Regeneration's strategic positioning.
- Trustees identified income diversification as a priority objective, and embarked on a three year strategy in 2014, aimed at securing funding from additional sources, including other public agencies, to relieve the reliance on Westminster Council's predominant status as primary provider of resources (largely by means of commissioned services). However during 2016, the rate of withdrawal of resources by Westminster outstripped the ability of Vital Regeneration to secure alternative funding. Westminster's cessation of the Community Spaces contract in March 2016, the inability of the council to provide its full, pledged funding for HELP enterprise (due to unforeseen legal issues), the decision not to renew the HELP employment commission in September and the issue of the notice to determine the Church St Community Engagement contract meant that the council withdrew or gave notice of impending withdrawal of 100% of its support for Vital Regeneration within the calendar year. As Vital Regeneration has operated a full cost recovery model for some years and has received no grant income for core costs, the loss of commissioning income from Westminster rendered the historic business model under which Vital Regeneration had operated as no longer viable.
- Identifying the risks and threats to Vital Regeneration's continued existence the Chief Executive and Board of Trustees acted decisively. The Board took the decision to refocus the mission of Vital Regeneration to concentrate on supporting people in temporary housing and at risk of homelessness and to disengage from general support for young people and all area-based generic regeneration activity within the confines of the City of Westminster. Building on this decision to pivot the business, negotiations were opened with potential merger partners, targeting charities active in the homelessness sector.
- As a result of these actions, in 2017, Vital Regeneration will formally merge with registered charity, Thames Reach, and will become a wholly-owned subsidiary of this larger, specialist charity in early 2017. The successful fund-raising activity of late 2016 which secured 2 year funding for the expansion of the HELP programme will ensure that the new subsidiary will deliver significant activity to benefit people experiencing homelessness and at risk of homelessness, underpinned by the security of Thames Reach as the parent company.

**Staffing**

Vital Regeneration underwent significant restructuring throughout 2016 as a consequence of the loss of a number of historically significant income sources.

At December 2016 Vital Regeneration employed 21 staff on full/part time or casual contracts and two as long term self-employed contractors.

The Human Resources and Remuneration committee is charged with overseeing the annual pay and rewards review of the charity and major staff changes including recruitment and redundancy. However, given the highly significant challenges faced by the Board of trustees in 2016, all key decisions relating to staffing were dealt with by the main board of trustees during the year.

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**Volunteers**

Vital Regeneration recognises the value of volunteering opportunities primarily as routes to increase the ability of beneficiaries to access employment opportunities. In furtherance of this, Vital Regeneration has established strong links with a number of corporate partners including Weils Gotshall and Manges London Business School and Baker Street Quarter to source work experience and volunteering opportunities for clients on the HELP project to support their journey from homelessness and benefit dependency into work and economic independence. Via these links, Vital Regeneration has placed beneficiaries in volunteering roles in a number of businesses and institutions. The charity does not have any volunteers other than through its links with its corporate partners.

**FINANCE**

Vital Regeneration experienced a dramatic reduction in income during 2016, which required short term cost reductions and profiling of budgets and financial forecasting during the year.

Full details of the Charity's Financial Performance for 2016 can be found in pages 18 to 32 of this document.

**Financial Management Policies**

Overall financial management of the charity is the responsibility of the Board of Trustees. Executive responsibility lays with the Chief Executive.

Vital Regeneration's financial management systems are designed to provide reasonable assurance against material misstatement or loss and include:

- A business plan and an annual budget approved by the sub-committee and trustees
- Quarterly updated financial forecasts
- Regular consideration by the sub-committee and trustees of the financial results, variance from budgets, non-financial performance indicators and cash flow projections
- Delegation of authority and segregation of duties
- Identification and management of risks.

**Principal Funding Sources**

The principal funding sources of the charity and the adverse trend experienced during the year are set out in the Achievements and Performance section above, as well as elsewhere in this report and in the Financial Statements on pages 18 to 32.

**RESERVES POLICY 2016**

Vital Regeneration needs free reserves to:

- cover gaps between incurring expenditure and receiving the corresponding grants for certain projects

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- maintain services until new income streams can be found if funding is withdrawn or if other income targets are not reached
- pay for unforeseen expenditure
- innovate and seed fund new projects and undertake research
- provide initial working capital for payment by results programmes

During the year the income and expenditure was reviewed regularly in view of the external threats which acted on the charity and adversely impacted on the initial financial forecasting and business plan. Trustees kept the position under continuous review in the year and formulated new strategies based on new forecasting and financial assumptions.

In 2012, the reserves target was set as the equivalent of six months' income; that is, 50% of annual income against the 31 December 2011 level of 28.8%. The target reflected the continuing challenging external environment, the increase in risk-based funding and the growing footprint of the charity. The level of reserves at 31 December 2016 was 55% (2015 - 26%) - that is, Total Funds in the Balance Sheet of £484,185 as at 31 December 2016, represent 55% of total Incoming Resources of £876,086 for the year to 31 December 2016. The charity also had restricted reserves at 31 December 2016 of £109,845.

In view of the extremely challenging financial environment encountered in 2016 and the move to securing a merger in 2017, the trustees have suspended the 50% reserves target and have set a short term objective to maximise the end of year cash reserves position, whilst authorising use of reserves to maintain essential project delivery to the charity's beneficiaries, pending the identification of alternative, new funding sources.

## **RESPONSIBILITIES OF THE TRUSTEES**

The trustees (who are also the directors of Vital Regeneration for the purposes of company law) are responsible for preparing the Trustees Annual 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 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 these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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The trustees 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. The trustees 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.


In so far as the trustees are aware:

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

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:  
31 Plympton Street  
London  
NW8 8AB

  
Signed on behalf of the trustees  
Hugh McGeever (Chair)

Date: 28.2.17

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL REGENERATION**

**31 DECEMBER 2016**

We have audited the financial statements of Vital Regeneration for the year ended 31 December 2016 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and 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)".

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.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL REGENERATION**

**31 DECEMBER 2016**

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

SHIPLEYS LLP  
Chartered Accountants  
& Statutory Auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ



SIMON ROBINSON (Senior Statutory Auditor)  
Signed for & on behalf of SHIPLEYS LLP

Date: 28/02/2017

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND  
EXPENDITURE ACCOUNT)**

**31 DECEMBER 2016**

Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
<b>INCOME</b>				
Donations	2	124,575	-	124,575
Other trading activities	3	64,109	-	64,109
Income from charitable activities	4	206,672	480,730	687,402
<b>TOTAL INCOME</b>		<u>395,356</u>	<u>480,730</u>	<u>876,086</u>
<b>EXPENDITURE ON:</b>				
Raising funds	5	(33,901)	-	(33,901)
Charitable activities	6	(196,347)	(415,885)	(612,232)
<b>TOTAL EXPENDITURE</b>		<u>(230,248)</u>	<u>(415,885)</u>	<u>(1,037,235)</u>
<b>NET INCOME AND MOVEMENT IN FUNDS FOR THE YEAR</b>	9	165,108	64,845	229,953
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward		<u>319,077</u>	<u>45,000</u>	<u>364,077</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>484,185</u>	<u>109,845</u>	<u>594,030</u>
			<u>364,077</u>	

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

All income and expenditure derive from continuing activities.

The notes on pages 21 – 32 form part of these financial statements.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
BALANCE SHEET**

**31 DECEMBER 2016**

	Note	2016 £	£	2015 £	£
<b>FIXED ASSETS</b>					
Tangible assets	12		998		1,754
Investments	13		45,001		45,001
			45,999		46,755
<b>CURRENT ASSETS</b>					
Debtors	14	209,056		154,693	
Cash at bank and in hand		558,721		541,772	
		767,777		696,465	
<b>CREDITORS: Amounts falling due within one year</b>	15	(219,746)		(379,143)	
<b>NET CURRENT ASSETS</b>			548,031		317,322
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			594,030		364,077
<b>NET ASSETS</b>			594,030		364,077
<b>FUNDS OF THE CHARITY</b>					
Restricted income funds	18		109,845		45,000
Unrestricted income funds	19		484,185		319,077
<b>TOTAL FUNDS</b>			594,030		364,077

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the trustees on 28.2.17 and are signed on their behalf by:



.....  
Hugh McGeever (Chair)

Company Registration Number: 5403518

**The notes on pages 21 – 32 form part of these financial statements.**

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of net income to net cash flow from operating activities:</b>		
<b>Net income for the year</b>	229,953	204,719
<i>Adjustments for:</i>		
Depreciation charges	756	912
(Increase) / Decrease in debtors	(54,363)	53,455
Decrease in creditors	(159,397)	(51,138)
<b>Net cash provided by operating activities</b>	<b><u>16,949</u></b>	<b><u>207,948</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	-	(2,085)
Purchase of investments	-	(45,001)
<b>Net cash provided by investing activities</b>	<b><u>-</u></b>	<b><u>(47,086)</u></b>
Change in cash in the year	16,949	160,862
Cash at the beginning of the year	<u>541,772</u>	<u>380,910</u>
Cash at the end of the year	<b><u><u>558,721</u></u></b>	<b><u><u>541,772</u></u></b>
<b>Analysis of cash:</b>		
Cash in hand	<b><u><u>558,721</u></u></b>	<b><u><u>541,772</u></u></b>

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES**

**General information**

Vital Regeneration is a company limited by guarantee incorporated in the United Kingdom under the Companies Act under registered number 5403518. The address of the registered office is 31 Plympton Street, London, NW8 8AB. The objectives of the charity are set out on page 6.

**Basis of preparation**

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)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Vital Regeneration meets the definition of a public benefit entity under FRS 102.

The functional currency of Vital Regeneration is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

**Consolidation**

The charity is exempt from the requirement to prepare consolidated accounts as the charity and its subsidiary undertaking comprise a small group. Therefore, the accounts present the position and performance of the charity as an individual entity only.

**Preparation of the accounts on a going concern basis**

Vital Regeneration's standard practice of budget setting at December, with a guideline of 80% of budgeted income from secure sources and 20% from speculative sources (i.e. fundraising pipeline or competitive tendering) has been suspended for the 2017 year due to the impending merger with Thames Reach. This merger, effective from 1 March 2017 will see Vital Regeneration become a wholly owned subsidiary of Thames Reach, with a new board of trustees appointed by Thames Reach from the date of merger.

In view of this, the current trustees have approached the budget setting process with a degree of caution, incorporating only secured income, with consideration of any speculative income sources (and associated speculative expenditure) being a matter for the new board. A budget for 2017 to March 2018 has therefore been produced which, based on secure income sources of £563,000 produces a forecast modest surplus of £5,000 for the 14 month budgeted period.

Based on the forecasts prepared and the level of reserves at 31 December 2016, the trustees consider the charity to be a going concern for a period of at least twelve months from approving the accounts.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (*continued*)**

**Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from donations and gifts are recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income which has been received in respect of funding for future financial years or where the performance conditions have not been met are deferred.

Income from other trading activities is recognised when it has been earned.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the contribution of volunteers is not recognised and refer to the trustees' annual report for more information about their contribution. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**Fund accounting**

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or where restrictions have been imposed through the terms of an appeal.

**Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and service for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (*continued*)**

**Expenditure and irrecoverable VAT (*continued*)**

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include staff costs, IT costs, property and other office costs and governance costs which support the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Costs relating to a particular activity are allocated directly and others are apportioned based on an estimate of the proportion of time spent by staff on a specific project or fundraising activity.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer hardware & software - Over three years on a straight line basis

**Investments**

Unlisted investments are recorded in the accounts at cost less impairment.

**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.

**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.

**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 amount after allowing for any trade discounts due.

**Pension costs**

The company's staging date for the new mandatory Automatic Enrolment pension scheme was 1 October 2015. Since that date the company has contributed 2% of earnings in respect of those employees who participate in the scheme. Such contributions are included in Expenditure in the Statement of Financial Activities.

Employees contribute at the rate of 1%.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES (*continued*)**

**Operating leases**

The charity classifies the lease of photocopiers and office premises as operating leases; the title to the equipment remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

**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.

**2. INCOME FROM DONATIONS**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Donors / Gifts	-	-	-	1,349
Income in kind	124,575	-	124,575	137,448
Corporate Support	-	-	-	45,000
Gift Aid	-	-	-	102
	<u>124,575</u>	<u>-</u>	<u>124,575</u>	<u>183,899</u>

The company accounts for gifts in kind at the estimated value of the cost to the company.

During the year, the company received gifts in kind in the form of administrative staff, estimated at a value of £30,000 (2015: £30,000), of IT support staff and services, estimated at a value of £64,267 (2015: £67,140), of office rental, estimated at a value of £30,308 (2015: £30,308) and of legal services, estimated at a value of £Nil (2015: £10,000).

The company benefits 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.

Income from donations was £124,575 (2015: £183,899) of which £124,575 (2015: £138,899) related to unrestricted funds and £nil (2015: £45,000) was restricted.

**3. INCOME FROM OTHER TRADING ACTIVITIES**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>	<b>Unrestricted Funds 2015 £</b>
Rental Income	47,609	-	47,609	56,356
Training and Consultancy	16,500	-	16,500	11,653
	<u>64,109</u>	<u>-</u>	<u>64,109</u>	<u>68,009</u>

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2016</b>	<b>Total Funds 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Learning	-	64,028	64,028	181,100
Communities	121,472	144,310	265,782	441,036
Employability	85,200	272,392	357,592	367,910
	<u>206,672</u>	<u>480,730</u>	<u>687,402</u>	<u>990,046</u>

Income from charitable expenditure was £687,402 (2015: £990,046) of which £206,672 (2015: £108,535) related to unrestricted funds and £480,730 (2015: £881,511) was restricted.

**5. EXPENDITURE ON RAISING FUNDS**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2016</b>	<b>Unrestricted Funds 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fundraising	25,469	-	25,469	123,540
Support costs	8,432	-	8,432	31,263
	<u>33,901</u>	<u>-</u>	<u>33,901</u>	<u>154,803</u>

**6. EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>Activities undertaken directly</b>	<b>Support costs</b>	<b>Total Funds 2016</b>	<b>Total Funds 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Learning	46,627	16,804	63,431	181,099
Communities	224,970	43,311	268,281	338,146
Employability	237,722	42,798	280,520	363,187
	<u>509,319</u>	<u>102,913</u>	<u>612,232</u>	<u>882,432</u>

In 2016, expenditure incurred on charitable activities included £196,347 (2015: £921) through Unrestricted Funds, with all other charitable expenditure incurred through Restricted Funds.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**7. GOVERNANCE COSTS**

	<b>Total Funds 2016 £</b>	<b>Total Funds 2015 £</b>
Salaries and wages	20,719	18,696
Audit fees	8,200	7,950
Legal and professional fees	2,200	10,039
	<u>31,119</u>	<u>36,685</u>

In 2016, expenditure incurred on governance included £nil (2015: £9,171) through Unrestricted Funds, with all other governance costs incurred through Restricted

**8. ANALYSIS OF SUPPORT COSTS**

	<b>Learning £</b>	<b>Community £</b>	<b>Employability £</b>
Staff costs	8,405	21,395	19,548
IT	1,758	4,475	4,089
Other office costs	2,065	5,256	4,803
Governance costs	4,576	12,185	14,358
	<u>16,804</u>	<u>43,311</u>	<u>42,798</u>

	<b>Fundraising £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Staff costs	5,796	55,144	84,931
IT	1,212	11,534	19,859
Other office costs	1,424	13,548	32,700
Governance costs	-	31,119	36,685
	<u>8,432</u>	<u>111,345</u>	<u>174,175</u>

**9. NET INCOME FOR THE YEAR**

This is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Staff pension contributions	4,897	2,448
Depreciation	756	912
Auditors' remuneration: - audit of the financial statements	<u>8,200</u>	<u>7,950</u>

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**10. STAFF COSTS AND EMOLUMENTS**

Total staff costs were as follows:

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
Wages and salaries	373,936	640,274
Social security costs	26,241	45,778
Pension costs – defined contribution	4,897	2,448
	<u>405,074</u>	<u>688,500</u>

No members of the Board of Trustees received any remuneration or reimbursement of expenses during the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

The key management personnel of the charity comprise the Chief Executive Officer, the Deputy Chief Executive Officer and Finance Director. The total employee benefits of the key management personnel of the charity were £104,244 (2015: £149,469).

The aggregate redundancy payments during the year totalled £6,793 (2015: £7,960).

**Particulars of employees:**

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

	<b>2016</b>	2015
	<b>No</b>	<b>No</b>
Full-time staff	6	10
Part-time staff	8	9
Casual staff	13	24
	<u>27</u>	<u>43</u>

There was one employee earning more than £70,000 during the year (2015: One earning more than £60,000).

**11. TAXATION**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**12. TANGIBLE FIXED ASSETS**

	<b>Computer Equipment £</b>
<b>COST</b>	
At 1 January 2016	147,589
Disposals	(134,801)
<b>At 31 December 2016</b>	<u>12,788</u>
<b>DEPRECIATION</b>	
At 1 January 2016	145,835
Charge for the year	756
Disposals	(134,801)
<b>At 31 December 2016</b>	<u>11,790</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2016</b>	<u>998</u>
At 31 December 2015	<u>1,754</u>

**13. INVESTMENTS**

	<b>Programme related investment £</b>
<b>COST</b>	
At 1 January 2016	45,001
<b>At 31 December 2016</b>	<u>45,001</u>
At 31 December 2015	<u>45,001</u>

The charity is exempt from the requirement to prepare consolidated accounts as the charity and its subsidiary undertaking comprise a small group. Therefore, the accounts present the position and performance of the charity as an individual entity only.

The charity owns the entire share capital of Vital Invest CIC being 100 ordinary 'A' shares of £0.01 each and 45,000 ordinary 'B' shares of £1 each. Vital Invest CIC, company registered number 09506658, is incorporated in England and Wales. The address of the registered office is 31 Plympton Street, London, NW8 8AB. The principal activity of Vital Invest CIC is the provision of financial assistance to enable people living in temporary accommodation to establish and grow their business as a means to financial independence.

Vital Invest CIC:

	<b>2016 £</b>	<b>2015 £</b>
Aggregate capital and reserves	43,919	45,001
Profit and loss for the year	(1,082)	-

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**13. INVESTMENTS (*continued*)**

Vital Invest CIC has not generated any turnover during the year to 31 December 2016 and has incurred administrative expenditure of £1,082 giving a loss of £1,082.

Vital Regeneration is committed to supporting beneficiaries to increase their economic resilience and independence. Our HELP and Help Enterprise projects support people who have experienced homelessness to become self-employed, or establish a micro-business. In the instance of the latter, many of our beneficiaries have sound business ideas and are entrepreneurial but lack access to initial start-up capital.

Vital Regeneration's social investment policy is focused on providing access to affordable, patient, micro- finance capital for its beneficiaries to enable them to launch and sustain their start-up businesses as a route out of poverty. Vital Regeneration established a wholly owned subsidiary Vital Invest CIC in March 2015.

Vital Invest CIC is incorporated by share capital and Vital Regeneration is the sole shareholder of both A (£0.01 per share) and B (£1 per share) category shares. In 2015 Vital Regeneration purchased the entire share capital in Vital Invest CIC with the express purpose of that shareholding being utilised by Vital Invest CIC to make micro-investments into enterprises established by beneficiaries of the charity's HELP projects.

Vital Regeneration does not hold investments in any other entity and focuses its investment activity on developing the capacity of Vital Invest CIC to support micro-enterprises created by beneficiaries of the charity.

**14. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	179,216	60,891
Other debtors	1,494	7,632
Amounts owed to group undertakings	9,999	-
Prepayments and accrued income	18,347	86,170
	<u>209,056</u>	<u>154,693</u>

**15. CREDITORS: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	9,817	22,846
Taxation and social security	37,837	27,199
Accruals and deferred income	172,092	329,098
	<u>219,746</u>	<u>379,143</u>

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**16. DEFERRED INCOME**

Deferred income comprises income received in advance in respect of funding for future financial years.

	£
Balance as at 1 January 2016	200,437
Amount released to income	(200,437)
Amount deferred in the year	131,400
Balance as at 31 December 2016	<u>131,400</u>

**17. PENSIONS**

The company operates a defined contribution pension scheme. The cost to the charity of providing pensions for the year was £4,897 (2015: £2,448).

**18. RESTRICTED INCOME FUNDS**

	Balance at 1 Jan 2016 £	Income £	Expenditure £	Balance at 31 Dec 2016 £
FreqOUT!	-	64,028	(64,028)	-
Community Spaces Hub	-	32,882	(32,882)	-
CES	-	111,428	(111,428)	-
HELP	-	201,208	(136,363)	64,845
HELP Enterprise	-	71,184	(71,184)	-
Vital Invest CIC	45,000	-	-	45,000
	<u>45,000</u>	<u>480,730</u>	<u>(415,885)</u>	<u>109,845</u>

**FreqOUT!** Supports young people who are NEET (not in education, employment or training) to experience and explore the creative industries – one of London's major and growing employment sectors.

**Community Spaces Hub** is Vital Regeneration's project which is commissioned by Westminster Council to manage a range of otherwise under-used community buildings on housing estates in Church St

**CES** is Vital Regeneration's community consultation service, commissioned by Westminster, focusing on engaging residents in the regeneration of the Church st neighbourhood.

**HELP** – is Vital Regeneration's flagship employment advice and guidance programme, part funded by Westminster council, which helps people who have been homeless and are living in temporary housing, to find employment

**HELP enterprise** is Vital Regeneration's supplementary programme to the core employment offer (HELP) which supports homeless people to start their own micro-enterprises as a route out of poverty.

**Vital Invest CIC** is Vital Regeneration's subsidiary vehicle which provides affordable, micro-investment funds to support homeless entrepreneurs to start their own businesses.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**19. UNRESTRICTED INCOME FUNDS**

	Balance at 1 Jan 2016 £	Income £	Expenditure £	Balance at 31 Dec 2016 £
General Funds	319,077	395,356	(230,248)	484,185

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Tangible fixed assets & investment £	Current assets £	Current liabilities £	Total £
Restricted Income Funds	45,000	196,245	(131,400)	109,845
Unrestricted Income Funds	999	571,532	(88,346)	484,185
<b>Total Funds</b>	<b>45,999</b>	<b>767,777</b>	<b>(219,746)</b>	<b>594,030</b>

**21. OPERATING LEASE COMMITMENTS**

At 31 December 2016, the charity had total minimum lease payments under non-cancellable operating leases as set out below:

	2016 Land and buildings £	Other £	2015 Land and buildings £	Other £
Within 1 year	10,000	-	20,000	4,618

**22. RELATED PARTY TRANSACTIONS**

Residential Management Group and CityWest Homes each have the right to nominate a trustee to the board

H. McGeever, Chair of Vital Regeneration, is also a director of Residential Management Group Ltd. At the balance sheet date an amount of £nil (2015: £nil) was owing to Residential Management Group Ltd. During the year, Residential Management Group Ltd provided gifts in kind to the charity in the form of administration staff at a value of £30,000 (2015: £30,000) and office space at a value of £12,766 (2015: £12,766).

No other trustee or any other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

**VITAL REGENERATION  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**23. COMPANY LIMITED BY GUARANTEE**

The charity is a company limited by guarantee and has no share capital. The liability of the members of the charity on winding up is limited to such amounts as may be required, not exceeding £1 each.