

COMPANY REGISTRATION NUMBER 06725535
REGISTERED CHARITY NUMBER 1126951

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

31ST DECEMBER 2015

BELL TINDLE WILLIAMSON LLP

Chartered Accountants & Registered Auditors
The Old Post Office
63 Saville Street
North Shields
Tyne and Wear
NE30 1AY



THE DERWENT INITIATIVE LIMITED
(A COMPANY LIMITED BY GUARANTEE)
YEAR ENDED 31ST DECEMBER 2015

CONTENTS PAGE

	<u>Page</u>
Report of the Trustees	1 - 8
Independent Examiners' Report to the Trustees	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 - 19
 <i>The following page does not form part of the financial statements</i>	
Detailed Analysis of Income and Expenditure	20

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st December 2015.

Reference and Administrative Details

Charity Name: The Derwent Initiative

Charity Registration 1126951

Company Registration Number: 06725535

**Registered Office and
Operational Address:** The Old Casino
1-4 Forth Lane
Newcastle upon Tyne
NE1 5HX

Bankers : The Co-operative Bank
Norfolk House
84-86 Grey Street
Newcastle upon Tyne

Independent Examiner: E. J. Hartshorne-Ferguson BA ACA
Bell Tindle Williamson LLP
The Old Post Office
63 Saville Street
North Shields
NE30 1AY

Chief Executive: Ms D. M. Jenkins MBE

Directors and Trustees:

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report and the financial statements are collectively referred to as the trustees.

The trustees who served during the period were as follows:

Elected Trustees: Ms L. V. W. Armstrong (Chair)
Prof D. Grubin *Resigned 21.12.15*
Ms S. M. Winfield OBE
Ms C. J. Sowerby
M. H. Brown FCA

The company secretary was as follows:

Company Secretary Ms D. M. Jenkins MBE

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Foreword from the Chief Executive and Trustees

The first full year of operating our new business model has gone well. Overall, although the central team only consists of three part-time staff working with less than half a dozen associates, we have been more productive than in many previous years, and have more or less hit our targets for income and expenditure. Leisurewatch members and training clients give very positive feedback, and we were pleased to be able to progress some of the other project strands, however modestly.

The continuing squeeze on public expenditure, rather than any major changes, continues to be a risk for us, especially in relation to Leisurewatch membership, and we have lost a number of sites due to local authorities either closing facilities or handing them over to community trusts which are not necessarily ready to take on our contracts. However, the actual reduction was less than we had budgeted for, and we have been able to make up the numbers with new members. We also expected the local government reorganisation in Northern Ireland, where we have a lot of coverage, to result in quite a few withdrawals, whereas in fact the new combined authorities are tending to increase their membership to bring in new sites.

In general, the wholesale transfer of public services to private or third sector providers has continued to slow down areas of our work, especially the specialist training. There is a lot of churn amongst managers and decision-makers, and even where an organisation is inclined to book training or consider a project, we are low on their list of priorities and tend to get forgotten about.

Despite this, we are finding that we are not really much affected by anything we didn't expect, and are achieving most of our outcomes, if in a different order and at a different pace than we planned.

Structure, Governance and Management

Governing Document

The Derwent Initiative is a charitable company limited by guarantee, incorporated on 16 October 2008. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The present Directors, and any past Directors who served during the year, are given on Page 1, together with the names of the senior executive staff.

In the event of the company being wound up, trustees are required to contribute an amount not exceeding £10. At 31st December 2015 there were 4 trustees.

Appointment of Trustees

Trustees are recruited by recommendation to meet specific needs in the organisation for specialist expertise, business skills and professional standing within relevant fields.

Trustee Selection

During the year ended 31 December 2015 Prof D. Grubin resigned as a trustee.

Trustee Induction and Training

New trustees and Advisory Group members are individually inducted by the Chief Executive and staff.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Trustee Induction and Training (continued)

All trustees are familiar with the practical work of the Charity and have also been encouraged to consult the various Charity Commission publications signposted through the Commission's guide "The Essential Trustee" and the information sheets provided on the Commission's website.

Organisation

The board of directors meet every quarter along with executive staff to set strategic direction and review progress and priorities.

Executive staff have been granted a range of delegated authorities by the board of directors in order to run the organisation efficiently.

Risk Management

The trustees have conducted a review of the major risks to which the charity is exposed. As part of the risk management process, the trustees have implemented a risk management strategy which comprises:

- An annual review of the risks that the charity may face.
- Detailed action plans to mitigate those risks identified.
- Implementation procedures designed to minimise any potential impact on the charity should any of these risks materialise.

Related Parties

In as far as it is complementary to the charity's objects, the charity is guided by local policy and partnerships. The related parties during the financial year are shown in the notes to the financial statements.

Corporate Governance

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive staff and board of directors.

Payroll functions continue to be undertaken by Ellison Services Limited.

Our Purposes and Activities

Purposes and Aims

TDI is an independent UK charity founded in 1993 which works to improve public protection by finding creative and practical multi-agency solutions to the problems of sexual offending.

The charity's principal activities are:

- throughout the United Kingdom and overseas to reduce the likelihood of sexual offending and to minimise its effects for the benefit of the public in general; and
- to advance education for the public benefit concerning the incidence effects and treatment of sexual offences and offenders and their victims.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Purposes and Aims (continued)

We do this by designing and delivering research, consultancy, bespoke training packages and our national public protection scheme, Leisurewatch. We also aim to influence policy by bringing together those individuals with a specialist interest in the difficult issues raised by sexual offending.

Ensuring Our Work Delivers Our Aims

We review our aims, objectives and activities each year. This review looks at what we have achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits that they have brought to those groups of people we are set up to help.

The review also helps us to ensure that our aims, objectives and activities have remained focused on our stated purposes. We have referred to guidance contained in the Charity's Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The Focus of Our Work

1) Reducing the risk of sexual offending in public spaces

Working to reduce the risk of sexual offending in public spaces is our main area of activity. Leisurewatch is a membership scheme for organisations that have a responsibility for the public who are using their facilities.

Leisurewatch is an annual membership scheme which includes training for the frontline staff and managers, on-site signage and branding, a thorough assessment of the site to gauge risk, a reporting system linked directly to the Police, and mystery visits to test the resilience of the systems in place.

2) Providing specialist training and knowledge to those who have a safeguarding responsibility

We deliver specialist training for a range of organisations and sectors including faith-based organisations, the secure estate, housing associations and probation staff.

3) Working with the public to raise awareness of the issues around sexual offending and help create protective communities

We work with parents, carers and guardians to better understand sexual offending and help keep communities safe from risky sexual behaviour.

4) Influencing policy

We use our specialist expertise to help shape policy and practice in relation to sexual offending.

How Our Activities Deliver Public Benefit

1) Reducing the risk of sexual offending in public spaces

Thanks to the Leisurewatch scheme, public spaces are safer from those presenting risky sexual behaviour.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

How Our Activities Deliver Public Benefit *(continued)*

2) Better understanding the risks presented by known offenders and reducing the risk to the public

Research, consultancy and policy work helps to protect the public by increasing skills, knowledge and awareness around sexual offending at all levels.

3) Equipping specialist staff with the right tools to manage sex offender risk

Most sex offenders are managed in the community. Practitioners are given the skills and know-how to make sure those offenders do not pose a risk to the public.

Achievements and Performance

Activity

Leisurewatch is our successful membership scheme aimed at reducing the risk of sexual offending in public places. We carry out site audits, train front-line staff to spot potentially risky behaviour and managers to submit referrals to a system we set up with the local specialist branch of the police. All staff receive certificates for completing the training. We also provide venues with site manuals, badges and posters to demonstrate the scheme to the public. Once the initial set up in a venue has been completed, membership services include annual refresher training for new staff, newsletters and briefings for managers, an advice line during office hours, and the referral system in which we process incident referrals from the sites and ensure that there is appropriate recording and response. Clients, including local authorities, private leisure providers, visitor attractions and shopping centre management companies, pay for the initial setting up of the scheme, followed by an annual membership fee proportionate to the size and complexity of the venue.

Members value the quality of the training, the increase in observational and customer care skills it provides, and the support from our membership services. Staff feel more confident in tackling tricky or sensitive situations. Clients see membership of Leisurewatch as a practical, value for money approach to reducing risk and demonstrating an extra layer of care in relation to safeguarding the public who use their sites.

Since Leisurewatch began we have trained more than 10,000 people across the UK.

During the year we trained around 1,300 people and delivered more than 100 workshops as well as carrying out 26 site audits. The results are summarised below:

<i>Activity</i>	<i>January - December 2015</i>
Leisurewatch site audits	26
Mystery visits	16
Leisurewatch workshops	111
Leisurewatch referrals	57
Leisurewatch member sites	268
Non Leisurewatch sessions	7 days
Numbers trained (approximate)	1,300

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Achievements and Performance *(continued)*

Specialist Training

We have developed training for a number of different types of organisations which either definitely work with sex offenders, such as prisons, probation trusts or specialist housing providers, or may have people who present a sexual risk amongst their clients, such as general housing or care providers. Each year we carry out a small number of contracts with organisations which contact us for help. We also work on new training and support as issues arise.

During this year we delivered training to Tyne Housing and to Cornerstone, a housing and care organisation in Glasgow.

We also ran an evening debate on risky sexual behaviour in Universities and F E Colleges, and a workshop on the DRB checks system for managers from the Leisurewatch network.

We continued to carry out research for our work with churches.

Our People

Carole Howells MBE, who had chaired TDI for nearly ten years, and been on the board for more than twenty, very sadly died in the summer after a long illness. She guided us through countless funding crises over the years and always ensured that our governance was safe despite our straitened circumstances. Her last gift to us was the donations from her funeral, which were shared with another charity.

We are grateful to Lucy Armstrong for continuing to chair the board, and to Mike Brown for undertaking the role of Treasurer.

Matt Jenkins joined our central team. Initially on a temporary contract to assist Lin Green with the administration of Leisurewatch, he was successful in applying for a substantive part-time post as Research Coordinator and Administrative Assistant. Matt has written monthly blogs and produced a number of briefings for members and clients, in addition to working with other members of the team to progress projects and assisting Lin with Leisurewatch and corporate administration.

Financial Review

Following the difficult decisions that the charity made last year to change to a delivery model based on associates working on day rates, the trustees are pleased to report a surplus for the year of £13,793.

The principal sources of funding for the charity are grant funding and Leisurewatch membership income.

The charity continually reviews and manages expenditure, based on its new operating model, to ensure that costs do not exceed income. The main costs for the year were wages and salaries, rent, rates and water and training and consultancy fees.

Despite the challenging economic climate, we are fortunate to have a range of charitable trusts supporting our core activities and specific projects. We are immensely grateful to the foundations and trusts who have continued to support us during this year:

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Financial Review *(continued)*

The Esmée Fairbairn Charitable Trust.
The Tudor Trust.
The W. A. Handley Trust.
The National Council for Social Concern.
The Barbour Trust
The Peter Vardy Foundation

Investment Policy

Under the Memorandum and Articles of Association, the charity has the power to invest how the trustees wish.

Reserves Policy

TDI's reserves policy is to aim for sufficient levels of reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. The policy is reviewed annually by the trustees.

As planned, the charity now has positive unrestricted reserves once again. It is the aim of the charity to continue to increase these reserves in future financial years which should now be possible based on the new model being operated and the systems in place.

Future Periods

As we present these financial statements, we are well into the 2016 financial year, and can report that the new model is continuing to operate well. Financial constraints on our clients impose equivalent financial pressures on our operations, however we continue to plan a positive outcome for the year.

Trustees' Responsibilities in Relation to the Financial Statements

The trustees 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 as at the balance sheet date and of its incoming resources and application of resources, including the surplus or deficit for the financial year.

In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them
- Observe the methods and principles in the Charities SORP;
- Make sound judgments 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2015

Trustees (continued)

In accordance with company law, as the company's directors, we certify that:

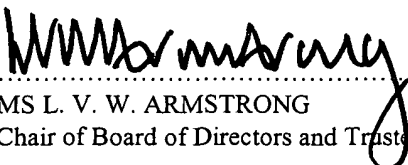
- So far as we are aware there is no relevant information of which the company's independent examiner is unaware; and
- As directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant information and to establish that the charity's independent examiner is aware of that information.

Independent Examiner

E. J. Hartshorne-Ferguson BA ACA of Bell Tindle Williamson LLP will continue in office as independent examiner for the ensuing year.

This report has 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 for Smaller Entities published on 16/07/14, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

This report was approved by the trustees on 5th September 2016 and signed on their behalf by:


.....
MS L. V. W. ARMSTRONG
Chair of Board of Directors and Trustees

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE
DERWENT INITIATIVE FOR THE YEAR ENDED 31ST DECEMBER 2015

I report on the financial statements of the charity for the year ended 31 December 2015, which are set out on pages 10 to 19.

Respective Responsibilities of Trustees and Examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements:
 - a) to keep accounting records in accordance with s386 of the Companies Act 2006; and
 - b) to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the Companies Act 2006 and the Charities Act have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



E. J. Hartshorne-Ferguson BA ACA
Independent Examiner

Bell Tindle Williamson LLP
Chartered Accountants &
Registered Auditors
The Old Post Office, 63 Saville Street,
North Shields, Tyne & Wear
NE30 1AY

5th September 2016

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2015

	<u>Note</u>	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>(12 months)</u> <u>31.12.15</u> <u>£</u>	<u>(9 months)</u> <u>31.12.14</u> <u>£</u>
INCOME:					
Donations and Legacies	2	28,616	-	28,616	47,000
<i>Income from Charitable Activities:</i>					
Leisurewatch Membership		71,140	-	71,140	5,033
Training		7,500	-	7,500	-
TOTAL INCOMING RESOURCES		<u>107,256</u>	<u>-</u>	<u>107,256</u>	<u>52,033</u>
EXPENDITURE:					
Expenditure on charitable activities	3	93,463	-	93,463	48,105
TOTAL EXPENDITURE		<u>93,463</u>	<u>-</u>	<u>93,463</u>	<u>48,105</u>
NET MOVEMENT IN FUNDS FOR THE YEAR BEFORE EXCEPTIONAL		13,793	-	13,793	3,928
Exceptional Items	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,736</u>
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR		13,793	-	13,793	(17,808)
RECONCILIATION OF FUNDS					
Total Funds Brought Forward		(5,720)	-	(5,720)	12,088
Total Funds Carried Forward		<u>8,073</u>	<u>-</u>	<u>8,073</u>	<u>(5,720)</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All incoming resources and resources expended derive from continuing activities

The notes on pages 12 to 19 form part of these financial statements.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31ST DECEMBER 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	8	524	227
CURRENT ASSETS			
Debtors	9	28,563	37,645
Cash at Bank and in Hand		<u>20,634</u>	<u>15,295</u>
		49,197	52,940
CREDITORS-DUE WITHIN ONE YEAR	10	<u>(41,648)</u>	<u>(58,887)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>7,549</u>	<u>(5,947)</u>
NET ASSETS / (LIABILITIES)		<u>8,073</u>	<u>(5,720)</u>
FUNDS			
Unrestricted Funds	12	<u>8,073</u>	<u>(5,720)</u>

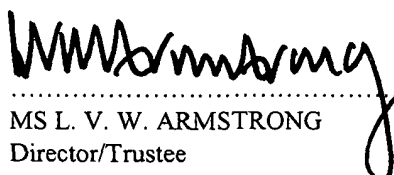
For the year ended 31st December 2015 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These financial statements were approved by the board of directors and authorised for issue on 5th September 2016, and are signed on their behalf by:


 MS L. V. W. ARMSTRONG
 Director/Trustee

Registration Number: 06725535

The notes on pages 12 to 19 form part of these financial statements.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The accounting policies have been applied consistently throughout the period and in the preceding year.

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, and 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 for Smaller Entities published on 16/07/14, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

The financial viability of the charity is dependent upon the ability to secure the forecasted levels of voluntary income and income generated contracts for services. The trustees have assessed the financial position of the charity for the year ended 31 December 2015 based on known levels of funding and reasonable assumptions of future funding, and are forecasting that the charity will continue grow the surplus earned this year in the year ended 31st December 2016

The trustees consider therefore that it is appropriate to prepare the financial statements on the going concern basis following due consideration of the present financial position, the expected prospects of the charity during the twelve months from the date of approval of these financial statements and the continued support of its bankers and stakeholders during this time.

b) Cash Flow Statement

The trustees have taken advantage of the exemption of Financial Reporting Standard Number 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

c) Tangible Fixed Assets

Tangible fixed assets costing £200 or more are capitalised and include, at cost, any incidental expenses of acquisition.

d) Depreciation

Depreciation is calculated to write off the cost of fixed assets over the expected useful lives of the assets concerned.

The principal annual rates for this purpose, which are consistent with those of the previous year, are:-

Equipment	33% Straight line
-----------	-------------------

e) Tangible Fixed Assets and Restricted Funds

When the charity receives restricted grants that can only be used for expenditure on fixed assets, it has the following policy:-

- Expenditure on the fixed asset is capitalised. The fixed asset is then depreciated over its useful economic life in accordance with the charity's accounting policy.
- Grants received specifically to finance the expenditure are credited to a restricted fund.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

f) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants and donations and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these financial statements.
- Incoming resources from charitable activities are accounted for when receivable.
- Training, directory sales and other income are accounted for in the period in which the service is provided.

g) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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. The following specific policies are applied to particular categories of expenditure:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to specific departments and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the independent examiner fee and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

h) Operating Lease Agreements

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the SoFA as incurred.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

i) Fund Accounting

Unrestricted Funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside for individual projects.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by their donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

j) Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

k) Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

2. DONATIONS AND LEGACIES

			(12 months) <u>31.12.15</u>	(9 months) <u>31.12.14</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
The Tudor Trust	-	-	-	10,000
The Vardy Foundation	-	-	-	5,000
The W. A. Handley Trust	2,250	-	2,250	3,000
National Council for Social Concern	-	-	-	4,000
Esmee Fairbairn Foundation	25,000	-	25,000	25,000
Barbour Foundation	1,000	-	1,000	-
Donations	366	-	366	-
	<u>28,616</u>	<u>-</u>	<u>28,616</u>	<u>47,000</u>

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

3. EXPENDITURE ON CHARITABLE ACTIVITIES

			(12 months) <u>31.12.15</u>	(9 months) <u>31.12.14</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Wages and Salaries	21,720	-	21,720	11,880
Travelling, Accommodation & Subsistence	5,312	-	5,312	2,011
Rent, Rates and Water	15,309	-	15,309	11,496
Insurance	1,575	-	1,575	1,218
Consultancy - Kindling Limited (see note 15)	18,105	-	18,105	4,455
Training and Consultancy	19,350	-	19,350	6,713
IT Costs and Support	2,638	-	2,638	574
Payroll Processing Costs	308	-	308	168
Printing, Postage and Stationery	3,920	-	3,920	2,012
Room Hire, Refreshments and Catering	649	-	649	559
Leisurewatch Videos	-	-	-	3,375
Telephone	930	-	930	1,125
Office Cleaning	1,378	-	1,378	956
Advertising	25	-	25	-
Other Office Costs	13	-	13	13
Repairs and Maintenance	278	-	278	237
Independent Examiners Fee (see note 4)	1,800	-	1,800	1,200
Depreciation	153	-	153	113
	<u>93,463</u>	<u>-</u>	<u>93,463</u>	<u>48,105</u>

4. GOVERNANCE COSTS

			(12 months) <u>31.12.15</u>	(9 months) <u>31.12.14</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Independent Examiners Fee	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>1,200</u>

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

5. EXCEPTIONAL ITEMS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>(12 months)</u> <u>31.12.15</u> <u>TOTAL</u>	<u>(9 months)</u> <u>31.12.14</u> <u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Redundancy Costs	-	-	-	13,000
Consultancy - Kindling Limited (see note 15)	-	-	-	6,930
Training and Consultancy	-	-	-	1,327
IT Costs and Support	-	-	-	378
Travelling, Accommodation & Subsistence	-	-	-	101
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,736</u>

In order to preserve The Derwent Initiative and the services it provides, the trustees were forced to undertake a fundamental reorganisation and restructure of the charitable company in 2014.

The costs associated with the reorganisation are detailed in this note.

6. AGGREGATE PAYROLL COSTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>(12 months)</u> <u>31.12.15</u> <u>TOTAL</u>	<u>(9 months)</u> <u>31.12.14</u> <u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Wages and Salaries	21,720	-	21,720	11,880
Social Security Costs	-	-	-	-
	<u>21,720</u>	<u>-</u>	<u>21,720</u>	<u>11,880</u>

No employee received emoluments of excess of £60,000 during the year (2014 - £NIL)

No remuneration, directly or indirectly out of the funds of the charity, was paid or payable for the period to any trustees, nor were any expenses reimbursed to them.

Particulars of employees:

The average number of staff employed by the Charity during the financial period amounted to:

<u>(12 months)</u> <u>31.12.15</u> <u>TOTAL</u>	<u>(9 months)</u> <u>31.12.14</u> <u>TOTAL</u>
<u>1</u>	<u>1</u>

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

7. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR

	<i>(12 months)</i> <u>31.12.15</u> £	<i>(9 months)</i> <u>31.12.14</u> £
<i>Net outgoing resources are stated after charging:</i>		
Depreciation	153	113
Independent Examiners Fee	<u>1,800</u>	<u>1,200</u>

8. TANGIBLE FIXED ASSETS

	<u>Equipment</u> £
COST	
As at 1 January 2015	3,898
Additions	<u>450</u>
As at 31 December 2015	<u>4,348</u>
DEPRECIATION	
As at 1 January 2015	3,671
Charge for year	<u>153</u>
As at 31 December 2015	<u>3,824</u>
NET BOOK VALUE	
As at 31 December 2015	<u>524</u>
As at 31 December 2014	<u>227</u>

9. DEBTORS

	<u>2015</u> £	<u>2014</u> £
Trade Debtors	26,999	36,815
Prepayments	177	321
Other Debtors	1,387	509
	<u>28,563</u>	<u>37,645</u>

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

10. CREDITORS

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
Amounts due within one year:-		
Trade Creditors	729	3,669
Taxation and Social Security	139	238
Accruals and Deferred Income	40,780	54,980
	<u>41,648</u>	<u>58,887</u>

11. ANALYSIS OF NET ASSETS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>TOTAL</u>
	<u>Funds</u>	<u>Funds</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Tangible Fixed Assets	524	-	524
Current Assets	49,197	-	49,197
Current Liabilities	(41,648)	-	(41,648)
Net Assets at 31st December 2015	<u>8,073</u>	<u>-</u>	<u>8,073</u>

12. STATEMENT OF FUNDS

	<u>At 1st</u>	<u>Incoming</u>	<u>Resources</u>	<u>At 31st</u>
	<u>Jan 2015</u>	<u>Resources</u>	<u>Expended</u>	<u>Dec 2015</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Unrestricted Funds				
General	<u>(5,720)</u>	<u>107,256</u>	<u>(93,463)</u>	<u>8,073</u>

Unrestricted Funds - General

These funds can be used in anyway by the trustees in accordance with the objectives of the charity.

13. INDEPENDENT EXAMINER'S FEE

The independent examination work conducted entailed a fee of £1,800.

14. TAXATION

As a charity, TDI is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

15. RELATED PARTY TRANSACTIONS

Ms D. M. Jenkins, the Chief Executive and Company Secretary of the charity, is also a director of the company Kindling Limited. During the year Kindling Limited invoiced The Derwent Initiative £18,105 for consultancy fees (2014 - £11,385). £Nil remained unpaid at the year end and is included in creditors (2014 - £2,640).

No other transactions with related parties were undertaken such as are required to be disclosed under the Financial Reporting Standard for Smaller Entities (effective January 2015).

16. LEGAL STATUS

The Derwent Initiative is a company limited by guarantee and as such has no share capital. In the event of the charitable company being wound up, the trustees would be required to contribute an amount not exceeding £10.

17. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees, there is no ultimate controlling party of the charity other than the Board itself.

THE DERWENT INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)
DETAILED ANALYSIS OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2015

	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>(12 months)</u> <u>31.12.15</u> <u>£</u>	<u>(9 months)</u> <u>31.12.14</u> <u>£</u>
INCOME:				
Donations	366	-	366	-
<i>Grant Income:</i>				
The Tudor Trust	-	-	-	10,000
The Vardy Foundation	-	-	-	5,000
The W. A. Handley Trust	2,250	-	2,250	3,000
National Council for Social Concern	-	-	-	4,000
Esmee Fairbairn Foundation	25,000	-	25,000	25,000
Barbour Foundation	1,000	-	1,000	-
<i>Income from Charitable Activities:</i>				
Leisurewatch Membership	71,140	-	71,140	5,033
Training	7,500	-	7,500	-
TOTAL INCOMING RESOURCES	<u>107,256</u>	<u>-</u>	<u>107,256</u>	<u>52,033</u>
EXPENDITURE:				
Wages and Salaries	21,720	-	21,720	11,880
Travelling, Accommodation & Subsistence	5,312	-	5,312	2,011
Rent, Rates and Water	15,309	-	15,309	11,496
Insurance	1,575	-	1,575	1,218
Consultancy - Kindling Limited	18,105	-	18,105	4,455
Training and Consultancy	19,350	-	19,350	6,713
IT Costs and Support	2,638	-	2,638	574
Payroll Processing Costs	308	-	308	168
Printing, Postage and Stationery	3,920	-	3,920	2,012
Room Hire, Refreshments and Catering	649	-	649	559
Leisurewatch Videos	-	-	-	3,375
Telephone	930	-	930	1,125
Office Cleaning	1,378	-	1,378	956
Advertising	25	-	25	-
Other Office Costs	13	-	13	13
Repairs and Maintenance	278	-	278	237
Depreciation	153	-	153	113
Independent Examiner Fees	1,800	-	1,800	1,200
	<u>93,463</u>	<u>-</u>	<u>93,463</u>	<u>48,105</u>
Exceptional Items	-	-	-	21,736
NET RESOURCES	<u>13,793</u>	<u>-</u>	<u>13,793</u>	<u>(17,808)</u>