

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

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016
FOR
CITY GATEWAY**

TUESDAY



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30/05/2017
COMPANIES HOUSE

City Gateway**Contents of the financial statements for the year ended 31 August 2016**

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City Gateway

Trustees Report for the year ended 31 August 2016

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2016.

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

Registered Company number

03760619 (England and Wales)

Registered Charity number

1078360

Registered office

32 Mastmaker Court,
Mastmaker Road,
London,
E14 9UB

Trustees

Dirk Paterson	
Rachel Duncombe-Anderson	
James Bishop	
Wei-Lynn Lum	
Jackie Gooding	(resigned 5th September 2015)
Simon Kempson	(resigned 20th January 2016)
David Shosanya	(appointed 30th April 2015, resigned 21st June 2016)
Nathan Oley	(appointed 21st July 2016)
Alex Harris	(appointed 21st July 2016)
Sean Greathead	(appointed 21st July 2016)
Lea Milligan	(appointed 24th August 2016)
Rebecca White	(appointed 18th August 2016, resigned 30th September 2016)
Katherine Monkhouse	(appointed 20th October 2016)

Chief Executive

Eddie Stride (to 6 April 2016)
Rebecca White (Interim from 11 April 2016 to 31 August 2016)

David Wesson (from 8 September 2016)

Auditor

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

City Gateway
Trustees Report for the year ended 31 August 2016

Bankers

National Westminster Bank
P O Box 282
216 Bishopsgate
London
EC2M 4QB

OBJECTIVES AND ACTIVITIES

CITY GATEWAY – OUR ETHOS

At City Gateway, we believe everyone is made equal and in the image of God. So we strive to follow the example of Jesus in loving our neighbours and helping those excluded and in need in our society. We treat everyone inclusively, no matter what their faith is or if they have one.

CITY GATEWAY – OUR MISSION

City Gateway exists to transform the life chances of children (under 5s), young people (10 – 24) and women, in East London communities most impacted by social and economic inequality.

We deliver programmes that enable positive outcomes in education, employment and enterprise.

WHY WE DO IT

We believe we are called to demonstrate the love of God in practical ways by addressing the enormous inequality of opportunity in London. 2.25 million Londoners are living on low incomes - more people than the entire populations of Manchester, Liverpool, Sheffield and Leeds combined. London contains the highest proportion of people in the poorest tenth percentile nationally. 117,000 of 16-24 year olds are unemployed, of whom 25% are economically inactive. 16% of 19 year olds have not achieved a level 2 qualification (GCSE A-C) which is vital for employment.

OUR APPROACH

City Gateway aims to provide the gateway for our service users between a place of social and economic inequality and further education or work.

Our approach is underpinned by early intervention strategies that tackle the root causes of the inequalities our service users face.

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

OUR IMPACT

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

EMSI Economic Impact Report, 2016

PROVISIONS AND SERVICES

City Gateway supports those who are most in need – often isolated individuals who lack the skills and support to access opportunities to break out of poverty and improve their quality of life. Our service-users often have multiple safeguarding needs including: being in care/care-leavers, young people at risk of sexual exploitation, ex-offenders, those involved in local gang culture, those with substance misuse issues, physical or mental health problems or learning difficulties and people who have experienced domestic abuse. Many of our beneficiaries have been excluded from mainstream services and lack confidence and skills to progress towards a better future.

Our delivery is divided into two areas: Young People's Education, Training and Progression AND Community Programmes (Under 5s, Youth Work, Women).

We additionally run an Apprenticeship Training Agency, which offers services to employers to source and host their apprenticeships.

We work with the belief that by dealing with the root causes rather than the costly after-effects of social and economic disadvantage, exploitation and exclusion, we can enhance a person's ability to transition and navigate life's challenges more effectively. There is increasing evidence showing that early intervention has the greatest impact in the long-term for tackling the root causes of such problems; and can generate substantial savings for public services and the economy, as well as improved livelihoods.

This approach can significantly remove related barriers in regard to education, health, employment, social mobility and community integration.

We provide a wholly supportive service, tailored to ensure that our service user community are enabled to respond to and benefit from their changing environments long-term.

We measure our success by asking if our work adds value through:

Intervention - Has our work provided the whole person with:

- A stronger foundation for learning at school;
- An easier transition into adulthood;
- Better job prospects;
- Healthier relationships;
- Improved mental and physical health

Enablement - Has our work added value to the whole community, by:

- Advancing community cohesion;
- Generating long-term savings to public services;
- Increasing social mobility;
- Adding value to the economy (local and national)

WHAT PEOPLE SAY ABOUT US

"Learners at the Women's Project make exceptional progress in developing their literacy skills through a wide range of relevant courses. Many of these learners progress rapidly through several levels and then into vocational qualifications... The wider benefits to these learners in relation to building their confidence and self-esteem are outstanding. The contribution that this project makes to local community cohesion is excellent."

Ofsted report 2015

CASE STUDY: FAMINA AND GOPA

*"City Gateway has changed my life. I did an apprenticeship with City Gateway, and now I am working for BARTS NHS Health Trust...I tell everyone that everything is possible because of City Gateway." Famina**

*"I'm very grateful to City Gateway, I don't know how to thank City Gateway for giving me these opportunities, there are no words to describe it, not enough words to thank you." Gopa**

*Names changed to protect identities

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

City Gateway is a company limited by guarantee governed by its Memorandum and Articles of Association dated 28th April 1999. It is registered as a charity with the Charity Commission. Each Trustee has agreed to contribute any amount not exceeding £1 in the event of the charity winding up.

APPOINTMENT OF TRUSTEES

Trustees are appointed on the basis of their skills and experience as well as their desire and passion to further City Gateway's mission and ethos. A mix of different skills and backgrounds is sought on the board and sub groups and recruitment is based on needs of the roles which need to be fulfilled.

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

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

TRUSTEE INDUCTION AND TRAINING

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

City Gateway

Trustees Report for the year ended 31 August 2016

ORGANISATION

Trustees are responsible for setting general policy, finalising and approving the annual plan and budget, monitoring the charity and taking major decisions about the strategic direction of the charity and the capital expenditure. Trustees appoint the Chief Executive Officer of City Gateway to manage and lead the charity and agree a level of delegated authority. The CEO is accountable to the board of Trustees through the Chair who has regular supervision meetings with the CEO. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The remuneration of the Chief Executive Officer and other key management personnel is approved annually by the Trustees.

The remuneration of the Chief Executive Officer and other key management personnel is approved annually by the Trustees at the time of the approval of the budget for the following financial year.

EMPLOYEE INVOLVEMENT

City Gateway continues to operate an internal communications policy with the aim of engendering greater staff involvement in the charity's activities.

EQUAL OPPORTUNITY

The charity's policy is to promote equal opportunity in employment regardless of gender, race, and colour or disability subject only to capability and suitability for the task and legal requirements. Where existing employees become disabled it is the charity's policy to provide continuing employment under terms and conditions and to provide equal opportunity for promotion for disabled employees wherever appropriate.

RISK MANAGEMENT

We continue to assess, review, monitor and plan for all risks which the organisation may face, now or in the future. Our Risk Management Strategy comprises a risk register of all aspects of the organisation and its activities, and for each project we undertake, outlining possible risks which may occur, procedures to mitigate the risks identified, and regular re-assessments both of the risks already outlined on the register and of projects and activities for potential new risks. All new projects and activities developed and run by City Gateway undergo a risk assessment before they begin. This process has heightened awareness to the potential risks faced and will assist with the development of robust contingency plans.

Key risks and the mitigating actions required are as follows:

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

Apprenticeship Levy: The introduction by the Government of the Apprenticeship Levy in 2017 will undoubtedly raise the profile of Apprenticeships in the UK. In a time of change, it will be important for us to continue to present and clearly articulate the significant continued advantages to employers and society at large of our Young People as Apprentices.

PUBLIC BENEFIT STATEMENT

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

OUR PARTNERS

City Gateway's success relies on the organisations that partner with us to bring hope to local communities: providing volunteers, funding and apprenticeships. Each has made a very significant contribution to changing lives in London and we are truly grateful to all of them.

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

Impetus PEF	Savills	PwC
BIG Lottery Fund	Henry Smith Charity	Allianz
Royal Bank of Scotland	Linklaters	JP Morgan
Charles Hayward Foundation	ISG	Societe Generale
City Bridge Trust	Rothschild	Standard Chartered
Credit Suisse	Ocean Regeneration Trust	State Street
Coutts Foundation	London Stock Exchange	SThree
Dentons	Man Group	Trust for London
DM Thomas Foundation	NSPCC	

Plans for future periods:

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

In the coming years, we plan to develop our service to help Young People into work or further education by launching a Coaching and Progression service for all our learners aged 16 to 24. We will also be developing and building our partnerships with Employers, both in Apprenticeships and entry-level employment, to give our service users the best possible opportunities to transform their life chances.

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

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

FINANCIAL REVIEW

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

2015/16 REVIEW

The Trustees report a year of significant activity in 2015/16. Throughout this year we set about separating City Gateway Trust and City Gateway Alternative Provision School into two legal entities. Despite this being a large transition for the organisation, we are pleased to report that this was successfully completed on 1 September 2016 and both entities are now operating well. In tandem with this transition, we completed another successful year for our learners at City Gateway.

The Statement of Financial Activities shows City Gateway's gross income from all sources and how this income was expended and the split of financial activity between restricted and unrestricted funds.

- **Income £7.6 million**
- **Expenditure £8.2 million**

These figures represent increased costs due to the restructure and the transfer of staff to City Gateway Alternative Provision from 1st September 2016.

LOOKING FORWARD INTO 2016/17

Given the legal separation of City Gateway Trust and City Gateway Alternative Provision School on 1st September 2016, City Gateway Trust, moving forward from 1st September 2016 into financial year 2016/17, is a smaller entity with annual revenue and expenditure in the region of £2.8m.

City Gateway Trust and City Gateway Alternative Provision School continue to share the same Ethos, Mission and Values (the ultimate responsibility and ownership for which rests with City Gateway Trust) and operate extremely closely together as one organisation in the operational service of sustainable outcomes in coaching and positive progression for the young people who attend City Gateway Alternative Provision School. There are Service Agreements in force between both entities.

RESERVES POLICY

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

The accounting for reserves has been changed to more clearly show the level of reserves available to fund the organisation's general ongoing activities. The new designated Fixed Assets reserve represents the value of unrestricted reserves tied up in fixed assets. The new Income Received in Advance reserve represents amounts which have been received to fund specific work in subsequent years but which under accounting standards have to be accounted for as income in the year of receipt. As a result, General Reserves represent the amount of free reserves at the end of the year.

City Gateway

Trustees Report for the year ended 31 August 2016

The reserves policy is to aim to maintain sufficient general reserves to cover at least 3 months of future expenditure. These funds are maintained in order to ensure continuity of delivery and sustainability.

General Reserves at 31 August 2016 totalled £557,000 which represents 2.6 months of future expenditure (compared to 2 months at 31 August 2015). The Trustees and Executive team have already taken actions to increase resources further in the coming year 2016/17 in line with the reserves policy. This has included some further cost reductions.

This policy is regularly reviewed to ensure that it continues to be appropriate and sufficient.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

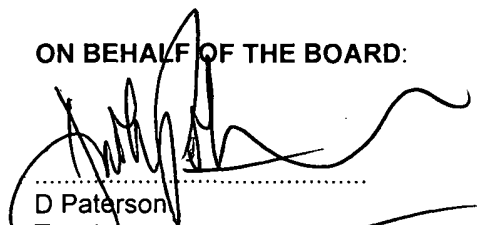
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

ON BEHALF OF THE BOARD:



.....
D Paterson
Trustee

Date: 27/4/17

City Gateway Trustees Report for the year ended 31 August 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF CITY GATEWAY

We have audited the financial statements of City Gateway for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated (and Parent Charity) Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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. This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 August 2016 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on the other matter prescribed by the Companies Act 2006

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

City Gateway
Trustees Report for the year ended 31 August 2016

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charity's 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.

N J Wakefield

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date *19 May 2017*

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

City Gateway

Statement of Financial Activities for the year ended 31 August 2016

		General Funds	Designated Funds	Restricted funds	2016 Total Funds	2015 Total Funds (restated) (Note 20)
	Note	£	£	£	£	£
INCOME						
Donations and legacies	2	68,469	-	-	68,469	95,606
Income from investments		3,141	-	-	3,141	5,567
Income from charitable activities	3	7,031,568	-	530,574	7,562,142	7,507,112
Total income		7,103,178	-	530,574	7,633,752	7,608,285
EXPENDITURE						
Charitable Activities	4	7,676,129	-	498,232	8,174,361	7,294,659
Total expenditure		7,676,129	-	498,232	8,174,361	7,294,659
NET(EXPENDITURE) / INCOME BEFORE TRANSFERS		(572,951)	-	32,342	(540,609)	313,626
Transfers between funds		1,101,406	(1,101,406)	-	-	-
NET MOVEMENT IN FUNDS		528,455	(1,101,406)	32,342	(540,609)	313,626
RECONCILIATION OF FUNDS						
Total funds brought forward (restated)	1	28,519	1,210,000	75,978	1,314,497	1,000,871
TOTAL FUNDS CARRIED FORWARD	12, 13	556,974	108,594	108,320	773,888	1,314,497

£4,706,339 of the income and expenditure for 2016 (2015:£4,028,509) relates to the operation of City Gateway Alternative Provision (CGAP) which, from 1st September, will be operated by a separate organisation.

In addition, two restructures, one completed prior to 31st August 2016 as part of the separation from CGAP and one completed in November 2016 including closing one of the two Women's Projects in March 2017, have reduced costs by £217,458 per annum going forward.

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

City Gateway
Consolidated Balance Sheet as at 31 August 2016

		2016	2015 (restated)
	Note	£	£
FIXED ASSETS			
Tangible assets	8	90,173	83,352
Intangible assets	8	18,421	18,216
Investments	9	<u>621</u>	<u>621</u>
		109,215	102,189
 CURRENT ASSETS			
Debtors: amounts falling due within one year	10	526,924	981,307
Cash at bank and in hand		<u>787,077</u>	<u>1,272,499</u>
		1,314,001	2,253,806
 CREDITORS			
Amounts falling due within one year	11	<u>(649,328)</u>	<u>(1,041,498)</u>
 NET CURRENT ASSETS		<u>664,673</u>	<u>1,212,308</u>
 NET ASSETS		<u>773,888</u>	<u>1,314,497</u>
 FUNDS			
General Funds	12	556,974	28,519
Designated fund	12	108,594	1,210,000
Restricted funds	12	<u>108,320</u>	<u>75,978</u>
TOTAL FUNDS		<u>773,888</u>	<u>1,314,497</u>

The financial statements were approved by the Board of Trustees on 27/4/17 and were signed on its behalf by:

Dirk Paterson

Trustee

City Gateway
Charity Balance Sheet as at 31 August 2016

		2016	2015 (restated)
	Note	£	£
FIXED ASSETS			
Tangible assets	8	90,173	83,352
Intangible assets	8	18,421	18,216
Investments	9	621	621
Investment in subsidiary	9	100	100
		<u>109,315</u>	<u>102,289</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	740,526	1,210,937
Cash at bank and in hand		<u>398,789</u>	<u>782,528</u>
		<u>1,139,315</u>	<u>1,993,465</u>
CREDITORS			
Amounts falling due within one year	11	<u>(573,700)</u>	<u>(793,022)</u>
NET CURRENT ASSETS		<u>565,615</u>	<u>1,200,443</u>
NET ASSETS		<u><u>674,930</u></u>	<u><u>1,302,732</u></u>
FUNDS			
General Funds	12	458,016	16,754
Designated fund	12	108,594	1,210,000
Restricted funds	12	<u>108,320</u>	<u>75,978</u>
TOTAL FUNDS		<u><u>674,930</u></u>	<u><u>1,302,732</u></u>

The financial statements were approved by the Board of Trustees on 27/4/17 and were signed on its behalf by


Dirk Paterson

Trustee

City Gateway
Consolidated Statement of Cash Flows for the year ended 31 August 2016

	Note	Total Funds 2016 £'000	Total Funds 2015 (restated) £'000
Cash flows from operating activities:			
<i>Net cash (used in) / generated from operating activities</i>	A	(415,790)	164,462
Cash flows from Investing activities:			
Dividends, interest and rents from investments		3,141	5,567
Purchase of property, plant and equipment		(72,773)	(74,892)
<i>Net cash (used in) investing activities</i>		(69,632)	(69,325)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(485,422)	95,137
Cash and cash equivalents at the beginning of the year		1,272,499	1,177,362
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		787,077	1,272,499

Note A

Reconciliation of cash flows from operating activities

	2016 £'000	2015 £'000
Net (expenditure) / Income for the year (as per the statement of financial activities)	(540,609)	313,626
Adjustments for:		
Depreciation charges	54,259	55,749
Amortisation	11,488	11,488
Dividends, interest and rents from investments	(3,141)	(5,567)
Decrease in debtors	454,383	190,590
(Decrease) in creditors	(392,170)	(401,424)
Net cash (used in) / generated from operating activities	(415,790)	164,462

1 ACCOUNTING POLICIES

Accounting convention

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

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

Under s408 of the Companies Act 2006 the charitable company is exempt from the requirement to present its own Statement of Financial activities. The deficit for the year for the charitable parent company was £627,802 (2015: surplus of £93,292).

The charity has also taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions with its wholly owned subsidiary company.

Income

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

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

Expenditure

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

Intangible Fixed Assets

Software costs have been capitalised at historic cost and amortised on a straight line basis between 2 years and 5 years.

Tangible fixed assets

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

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

Taxation

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

Fund accounting

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

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

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

Operating leases

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

Pension scheme

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

Transition to FRS 102

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. The opening fund balances at the date of transition have been restated for the following items :

- Liability for holiday pay (short term compensated absences);
- Reclassification of website and software costs as intangible fixed assets

No subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 September 2014.

Reconciliation of fund balances

	2016	2015
	£	£
Fund balances as previously stated	1,364,984	1,259,327
Short-term compensated absences	(50,487)	(258,456)
Fund balances as restated	1,314,497	1,000,871

2	VOLUNTARY INCOME	2016	2015
		£	£
	Individual donations & Fundraising events	43,795	94,084
	Corporate donations	784	1,522
	Other	23,890	-
		<u>68,469</u>	<u>95,606</u>
3	INCOMING RESOURCES FROM CHARITABLE ACTIVITIES		
	Statutory	5,198,845	5,319,772
	Other grants and contracts	1,206,444	1,097,601
	Apprenticeship Training Agency	1,067,360	1,008,288
	Other	89,493	81,451
		<u>7,562,142</u>	<u>7,507,112</u>

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

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

4 CHARITABLE ACTIVITIES

	Young People's Education, Training and Progression £	Community Programmes £	ATA £	2016 £	2015 (restated) £
Direct charitable activities	3,815,668	1,179,812	714,637	5,710,117	5,288,732
Support costs	1,646,680	509,157	308,407	2,464,244	2,005,927
Total	5,462,348	1,688,969	1,023,044	8,174,361	7,294,659
Support costs broken down by activity					
Senior management	239,318	73,998	44,822	358,138	644,158
Finance & contract management	434,129	134,234	81,308	649,671	327,813
ITT	113,878	35,211	21,328	170,417	142,749
Premises & Facilities	278,663	86,163	52,191	417,017	322,750
HR & Staff development	245,309	75,850	45,944	367,103	271,302
Marketing & Communication	335,383	103,701	62,814	501,898	297,155
Total support costs	1,646,680	509,157	308,407	2,464,244	2,005,927

Apportionment of support costs between activities is based on direct charitable activities.

The Apprenticeship Training Agency (ATA) offers services to employers to source, arrange and host their apprenticeships. The majority of expenditure associated with the ATA relates to the wages of hosted apprentices. City Gateway offers the employers it works with a choice of Hosted Employment of apprentices through the ATA or Direct Employment of apprentices. The value of expenditure associated with the ATA activities is dependent upon the choices made by employers.

Total expenditure related to ATA activities has decreased by £231,232 from £1,254,276 in 2015.

5a GOVERNANCE COSTS (Included In Support Costs above)

	2016 £	2015 (restated) £
Auditors' remuneration	12,279	14,370
Other costs	77,425	54,647
	89,704	69,017

5b NET EXPENDITURE / INCOME

Net resources are stated after charging:

	2016 £	2015 £
Auditors' remuneration - audit fees	12,279	11,820
Auditors' remuneration - other services	-	2,550
Depreciation - owned assets	65,749	67,237
Other operating leases	26,281	30,107

6 TRUSTEES' REMUNERATION AND BENEFITS

The Chair was paid a total of £26,033 during the year ended 31st August 2016 for services to the charity while there was no permanent Chief Executive. There were no trustees' remuneration or other benefits for the year ended 31 August 2015.

Trustees' Expenses

One trustee claimed expenses of £2,832 for the year ended 31 August 2016 (2015: £nil).

7 STAFF COSTS

	2016	2015 (restated)
	£	£
Wages and salaries	6,054,876	5,800,525
Social security	408,184	432,673
Pension	240,686	236,783
Redundancy costs	126,204	16,419
Other staff costs	128,548	109,446
	<u>6,958,498</u>	<u>6,595,846</u>

The average monthly number of employees during the year was as follows:	2016 No.	2015 No.
Apprentices and casual staff	88	80
Permanent staff	<u>206</u>	<u>190</u>
	<u>294</u>	<u>270</u>

Employees who earned more than £60,000 p.a. are as follows:	2016 No.	2015 No.
£60,001 - £70,000	2	-
£70,001 - £80,000	-	1
£110,001 - £120,000	<u>1</u>	<u>-</u>
	<u>3</u>	<u>1</u>

Key management personnel comprises the Chief Executive Officer, Deputy Chief Executive, Chief Operating Officer and Director of Finance & Resources. The total employee benefits of the key management personnel of the charity were £333,999 (2015: £275,662).

As part of the restructure of the organisation required by the transfer of staff to City Gateway Alternative Provision from 1st September 2016, settlement agreements were reached with 7 individuals based on a case by case assessment of risk. The total value of ex-gratia payments made in these cases was £56,204.

8 TANGIBLE & INTANGIBLE FIXED ASSETS

GROUP & CHARITY	Leasehold Properties	Fixtures and fittings	Computer equipment	Tangible Fixed Assets Totals	Intangible Fixed Assets Totals
	£	£	£	£	£
COST					
At 1 September 2015	-	114,823	237,656	352,479	49,092
Additions	<u>40,225</u>	<u>4,028</u>	<u>16,827</u>	<u>61,080</u>	<u>11,693</u>
At 31 August 2016	<u>40,225</u>	<u>118,851</u>	<u>254,483</u>	<u>413,559</u>	<u>60,785</u>
DEPRECIATION / AMORTISATION					
At 1 September 2015	-	85,629	183,498	269,127	30,876
Charge for year	<u>1,511</u>	<u>15,648</u>	<u>37,100</u>	<u>54,259</u>	<u>11,488</u>
At 31 August 2016	<u>1,511</u>	<u>101,277</u>	<u>220,598</u>	<u>323,386</u>	<u>42,364</u>
NET BOOK VALUE					
At 31 August 2016	<u>38,714</u>	<u>17,574</u>	<u>33,885</u>	<u>90,173</u>	<u>18,421</u>
At 31 August 2015	<u>-</u>	<u>29,194</u>	<u>54,158</u>	<u>83,352</u>	<u>18,216</u>

9 FIXED ASSET INVESTMENTS

GROUP AND CHARITY

	Listed investments £
MARKET VALUE	
At 1 September 2016 and at 31st August 2016	621
At 31 August 2016	
NET BOOK VALUE	
At 31 August 2016	<u>621</u>
At 31 August 2015	<u>621</u>

There were no investment assets outside the UK.

INVESTMENTS IN SUBSIDIARY

CHARITY

COST

At 1 September 2015 and at 31 August 2016 100

Subsidiaries included in consolidation	Activities	% of capital held	Net assets at 31 August 2016	Profit for year ended 31 August 2016
				£
	Operation of Apprenticeship Training Agency			£
City Gateway Enterprises Limited		100%	98,958	87,193

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
GROUP		
Debtors	483,052	692,405
Accrued Income	25,649	267,971
Other debtors	<u>18,223</u>	<u>20,931</u>
	<u>526,924</u>	<u>981,307</u>
CHARITY		
Debtors	388,799	397,274
Accrued Income	26,948	263,661
Other debtors	18,123	20,931
Intercompany Debtors	<u>306,656</u>	<u>529,071</u>
	<u>740,526</u>	<u>1,210,937</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2016 £	2015 (restated) £
Trade creditors	110,083	34,862
VAT	20,545	39,068
Other creditors	156,476	127,786
Accruals	285,409	248,321
Deferred Income	76,815	591,461
	<u>649,328</u>	<u>1,041,498</u>

CHARITY	2016 £	2015 (restated) £
Trade creditors	109,699	34,665
Other creditors	126,014	127,686
Accruals	266,869	243,821
Deferred Income	71,118	386,850
	<u>573,700</u>	<u>793,022</u>

12 UNRESTRICTED FUNDS

	At 1 September 2015 £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	At 31 August 2016 £
CHARITY						
Unrestricted funds						
General Funds	16,754	6,065,818	(6,725,962)	1,101,406	-	458,016
Designated Funds - Working Capital Fund	1,210,000	-	-	(1,210,000)	-	-
Designated Funds - Fixed Assets Reserve				108,594		108,594
Total unrestricted funds	1,226,754	6,065,818	(6,725,962)	-	-	566,610
	At 1 September 2015 £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	At 31 August 2016 £
GROUP						
Unrestricted funds						
General Funds	28,519	7,103,178	(7,676,129)	1,101,406	-	556,974
Designated Funds - Working Capital Fund	1,210,000	-	-	(1,210,000)	-	-
Designated Funds - Fixed Assets Reserve				108,594		108,594
Total unrestricted funds	1,238,519	7,103,178	(7,676,129)	-	-	665,568
Details of designated funds						

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

13 RESTRICTED FUNDS

GROUP AND CHARITY	At 1 September 2015	Incoming resources	Resources Expended	At 31 August 2016
	£	£	£	£
29th May 1961 Charity	5,833	7,000	(7,000)	5,833
Allen & Overy Foundation	3,000	3,000	(6,000)	-
Allianz UK	-	5,000	(5,000)	-
Chapman Charitable Trust	583	583	(1,166)	-
Charles Hayward Foundation	-	20,004	(20,004)	-
City Bridge Trust	-	1,565	(1,565)	-
City Bridge Trust (Apprenticeship)	-	24,000	(24,000)	-
Clothworkers' Foundation	14,000	10,000	(14,941)	9,059
Coutts	-	10,000	(10,000)	-
Credit Suisse	-	110,000	(110,000)	-
GDF Suez	-	16,919	(16,919)	-
ISG	10,000	10,000	(20,000)	-
Jack Petchey Foundation	-	500	(500)	-
London Borough of Tower Hamlets	-	7,579	(341)	7,238
London Catalyst	-	900	(900)	-
London Housing Federation	-	11,250	(11,250)	-
London Stock Exchange Group Foundation	36,325	16,325	(32,650)	20,000
Man Group	-	22,500	(22,500)	-
Ocean Regeneration Trust	-	74,790	(69,055)	5,735
Peabody Housing	-	3,030	(3,030)	-
Rothschild	-	8,333	(8,333)	-
Shearman and Sterling	-	12,630	(12,630)	-
SocGen Donation	-	2,000	(2,000)	-
Societe Generale	6,237	6,237	(12,474)	-
Societe General CGWP	-	2,300	(2,300)	-
St Andrew Holborn	-	6,124	(6,124)	-
State Street Foundation	-	47,122	-	47,122
The Henry Smith Charity	-	42,200	(42,200)	-
The Rayne Foundation	-	13,333	-	13,333
Tower Hamlets Homes	-	1,993	(1,993)	-
Trust for London	-	32,357	(32,357)	-
Trust Greenbelt	-	1,000	(1,000)	-
Total restricted funds	75,978	530,574	(498,232)	108,320

RESTRICTED FUNDS	
Details of restricted funds 2014-15	Restricted Funds
	29th May 1961 Charity
	Allianz UK
	Allen & Overy Foundation
	Chapman Charitable Trust
	Charles Hayward Foundation
	City Bridge Trust
	Clothworkers' Foundation
	Courts
	Credit Suisse
	GDF Suez
	ISG
	Jack Petchey Foundation
	London Borough of Tower Hamlets
	London Catalyst
	London Housing Federation
	London Stock Exchange Group Foundation
	Man Group
	Ocean Regeneration Trust
	Peabody Housing
	Rothschild
	Societe Generale
	State Street Foundation
	Shearman and Sterling
	Societe Generale CGWP
	St Andrew Holborn
	The Henry Smith Charity
	The Rayne Foundation
	Tower Hamlets Homes
	Trust for London
	Trust Greenbelt
	Funded a creative Women's Programme project
	Progression Support for Young People
	Women's Programmes' by funding our Literacy Lunch project
	Supported English language teaching for learners at City Gateway
	For apprenticeship support costs
	Languages) training
	City Gateway Women's Project - ESOL (English for Speakers of Other
	five-day residential course for young people aged 14 - 19
	Supported Youth Work by providing the funding for an Outward Bound
	project at City Gateway Women's Programmes
	Supported English language teaching by funding the Literacy for Life
	a Career project
	Supported Youth Work at City Gateway by funding the From Gangs to
	Childcare Training Courses at City Gateway Women's Project
	ESOL & Literacy at Women's project
	For Literacy Lunch
	For travel for Peabody residents to City Gateway activities
	Centre
	Supporting the City Gateway Women's Project at the Stepney Life
	For adult English and Maths teaching
	Employ course
	homelessness
	City Gateway learners who become homeless or at risk of
	Supported the Homelessness and Independent Living Scheme helping
	Hardship fund
	Various Youth Work related activities
	Awards Scheme
	Supporting Youth Work at City Gateway through the Jack Petchey
	Family and early years support
	Family and early years capital
	Supporting NEET young people into sustained employment
	Apprentices by providing wraparound support
	Supported our Apprentice Support Programme helping City Gateway
	For early years capital
	Ladder for London initiative across the City of London Corporation
	Family and early years support
	For apprenticeship support costs
	Safeguarding at Women's Project
	For apprenticeship support costs
	For apprenticeship support costs
	Description

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted Funds			Total Funds 2018	Total Funds 2015
	General Funds	Designated Funds	Restricted Funds		
Tangible Fixed Assets	-	90,173	-	90,173	83,352
Intangible assets	-	18,421	-	18,421	18,216
Investments	621	-	-	621	621
Current Assets	1,205,681	-	108,320	1,314,001	2,253,806
Creditors due within one year	(649,328)	-	-	(649,328)	(1,041,498)
Net Assets at 31 August 2016	556,974	108,594	108,320	773,888	1,314,497

15 CITY GATEWAY ENTERPRISES LIMITED

	Year ended 31 August 2016 £	Year ended 31 August 2015 £
Turnover	1,067,360	1,208,012
Cost of sales	(712,488)	(919,798)
Gross profit	354,872	288,214
Administrative expenses	(237,679)	(246,449)
Distribution	(30,000)	0
Retained in the subsidiary	87,193	41,765
Total assets of subsidiary	481,243	789,512
Total liabilities of subsidiary	(382,285)	(777,547)
Equity shareholders' funds	98,958	11,965

16 GUARANTEE STATUS

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

17 INTANGIBLE INCOME

During the year the charity received services in kind from corporate supporters. These services included room hire for various events and legal advice throughout the year as well as various other kinds of support. Legal advice has been received from Dentons UKMEA LLP, the value of this advice was £38,692 in 2015/16 (2015: £24,500). Other services have not been included in the financial statements because the trustees have not been able to accurately assess what the value of these gifts amounts to.

18 RELATED PARTY TRANSACTIONS

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

During the period, City Gateway paid £40,418 (2014: £18,614) to Tower Hamlets Community Church (THCC) in relation to the use of its Lansbury Lodge premises. A trustee of City Gateway was also a trustee of THCC for part of the year.

During the period, City Gateway engaged in the following transactions with City Gateway 14-19 Provision:

- City Gateway received £4,561,325 (2015: £4,028,510) from City Gateway 14-19 Provision in relation to the provision of education services and support services.
- City Gateway paid £20,908 (2014: £13,905) to City Gateway 14-19 Provision in relation to the rental of part of its premises.
- City Gateway paid £152,628 (2015: £157,948) to City Gateway 14-19 Provision in relation to City Gateway's share of the employment costs of staff who were jointly employed by the two entities and were paid directly by City Gateway 14-19 Provision.
- At 31 August 2016 City Gateway was owed £105,652 by City Gateway 14-19 Provision .

During the period, Danielle Kempson (the daughter of a Trustee) was employed by City Gateway as a Functional Skills Tutor.

As permitted under FRS 8, no disclosure is made in respect of transactions between the Charity and its wholly owned subsidiary.

19 PENSION COMMITMENTS

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity to the funds and amounted to £240,686 (2015 - £236,783). At the year end there were amounts outstanding of £0 (2015: £11,235).

20 Statement of Financial Activities for the year ended 31 August 2015

	General Funds	Designated Funds	Restricted funds	2015 Total Funds (restated)	2014 Total Funds (restated)
	£	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	95,606	-	-	95,606	130,247
Activities for generating funds	-	-	-	-	295
Investment income	5,567	-	-	5,567	4,022
Incoming resources from charitable activities					
Charitable Activities	6,523,696	-	983,416	7,507,112	7,902,807
Total Incoming resources	6,624,869	-	983,416	7,608,285	8,037,371
RESOURCES EXPENDED					
Charitable activities					
Charitable Activities	6,295,516	-	930,126	7,225,642	7,940,031
Governance costs	69,017	-	-	69,017	64,206
Total resources expended	6,364,533	-	930,126	7,294,659	8,004,237
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS	260,336	-	53,290	313,626	33,134
Transfers between funds	(50,000)	50,000	-	-	-
NET INCOMING / (OUTGOING) RESOURCES	210,336	50,000	53,290	313,626	33,134
Other recognised gains/losses					
Gains/losses on investment assets	-	-	-	-	30
Net movement in funds	210,336	50,000	53,290	313,626	33,164
RECONCILIATION OF FUNDS					
Total funds brought forward	(181,817)	1,160,000	22,688	1,000,871	967,707
TOTAL FUNDS CARRIED FORWARD	28,519	1,210,000	75,978	1,314,497	1,000,871

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