

Annual Report and Financial Statements for the year ending 31 December 2019

Company registration number 06550164, Charity number 1123946

Contents

Chair's Introduction.....	1
Reference and Administrative information.....	2
Report of the Trustees.....	3
Objectives, Activities and Performance	6
Structure, Governance and Management	14
Independent Auditor's Report.....	19
Statement of Financial Activities.....	23
Balance Sheet.....	24
Cash Flow.....	25
Notes to the Financial Statements.....	26

Chair's Introduction

2019 was a busy and productive year for Youth Business International. We grew our membership, built our partnerships and focused on furthering our impact for underserved young people and their communities around the world.

Five impressive organisations, two in Palestine and three in Kenya, joined our growing network this year. Working together, our members and partners supported 120,030 young people to develop the entrepreneurship skills they need to thrive. Our members continued to deliver high quality, holistic support including training, mentoring, access to finance and other business development services.

We launched a new partnership with the IKEA Foundation to accelerate youth-led businesses in Bangladesh and India. We also announced our Global Commitment to Decent Jobs for Youth, joining many others in this UN-wide initiative. Meanwhile, we continued to deepen our longstanding partnerships with Accenture, Citi Foundation, Argidius Foundation and IDB Labs.

We ran successful campaigns for International Women's Day and Global Entrepreneurship Week profiling the work of our members and the positive impact of youth entrepreneurship. We published and widely shared a flagship research study on the soft skills that young entrepreneurs need to navigate today's rapidly changing job market.

Throughout 2019 we convened our members online and face to face to share their learning and insight. A key highlight for the year was our Global Youth Entrepreneurship Summit held in Colombia during which members and leading global experts explored new ideas and sparked new collaborations. We also convened regional learning events in Europe, Africa, Latin America and the Caribbean.

In 2020, we have had to pivot our plans quickly to adapt to the changing circumstance of the COVID-19 pandemic, particularly the economic impact on the young entrepreneurs our network supports. Our focus has been two fold. First, through our Rapid Response and Recovery Programme, we are supporting members to deliver crisis support to micro and small business owners to navigate the crisis and in future to help them recover. Second, we are supporting our members globally to quickly digitalise their support and deliver crisis-oriented mentoring across the network. Throughout 2020, we will continually review and adapt our approach to best meet the needs of members and young entrepreneurs. My thanks go to all who make our work possible, especially our partners and members for their support and dedication.

Sir Malcom Williamson
Chair
24th June 2020

Reference and Administrative Information

Status Youth Business International is a registered charity and is Incorporated under the Companies Act as a company limited by guarantee not having a share capital. The company is governed by its Memorandum and Articles of Association dated 5th March 2008, under which each member has undertaken to contribute to the assets in the event of winding-up a sum not exceeding £5.

Company number 06550164

Charity number 1123946

Registered office 11 Belgrave Road, London, SW1V 1RB. During this period the organisation also had office in Bogota, Colombia.

The Trustees

The Trustees who are also Directors under company law, who served during the year and up to the date of this report are as follows:

Sir Malcolm Williamson (Chair)	Ramanie Kunanayagam	Boris Tkachenko
Timothy Copnell	Crispin Rapinet	Caroline Adeyemi
Jeannie Arthur	Fadi Sarkis	Romeo Effs
John Downie	Marie Staunton	
Andrew Smart	Anita Tiessen	

Chief Executive Anita Tiessen

Bankers Lloyds Bank Plc
Victoria Branch, Westminster, London SW1E 5JL

Auditor Sayer Vincent LLP, Chartered Accountants and statutory auditor
Invicta House, 108-114 Golden Lane, London, EC1 0TL

Report of the Trustees

The Trustees of Youth Business International have pleasure in presenting their report together with audited financial statements of the company and group for the year ending 31st December 2019.

The financial statements have been prepared in accordance with Statement of Recommended Practice 2015 (FRS102), Accounting and reporting by Charities issued by Charity Commission.

Youth Business International (YBI) is a global network of 54 independent, locally led organisations (our ‘members’) supporting underserved young entrepreneurs to turn their ideas into successful businesses, creating jobs and strengthening communities. The network is supported by a dedicated Network Team based in London and Bogota.

Our Vision and Mission

We believe that young people are critical to the future of economic development. However, with 66 million young people currently unemployed worldwide and 145 million working but living in poverty, their potential is not being fully realised.

Empowering young people to succeed in setting up their own businesses is a critical part of the solution; young entrepreneurs create new jobs and shape local economies and young people equipped with entrepreneurship skills are better able to navigate the challenges of today's rapidly changing job market.

Our vision is that all young people who want to set up a business are able to fulfil their potential. We are ambitious. By 2025, we aim to support one million underserved young entrepreneurs to access the support they need to start, strengthen and grow sustainable businesses.

Our Network Approach

As a network we develop and scale new solutions to the critical challenges facing underserved young entrepreneurs. Our members learn, innovate and influence together. As a result, they are able to deliver better quality support to more young people around the world.

Learn: Our members have diverse expertise across the full range of youth entrepreneurship support services. To support them in their work, we deliver capacity development services, facilitate member learning exchanges and connect members to partners with the relevant expertise.

Innovate: By convening the collective expertise of the network, we can identify gaps in support for young entrepreneurs around the world. Using these insights, we work with members to develop new solutions for youth entrepreneurship support.

Influence: As a global network we are well positioned to advocate the benefits of youth entrepreneurship. We work with members to generate and share evidence on priority themes, and use the insight generated to drive change in policy and practice.

During 2019, five new members joined the network, expanding our reach to 54 countries across six continents. Three members left the network due to the cessation of the organisation or change in strategic direction.¹ During 2019, 13 members went through our rigorous accreditation process. At the close of the year, 38 members were fully accredited, 11 were pre-accredited and five were conditionally accredited or under review.

Our Partners

To grow and nurture a sustainable network that drives impact for young entrepreneurs on a global scale, we partner with corporates, governments, international development agencies, charitable foundations and individuals. In 2019, our partners included Accenture, Citi Foundation, IKEA Foundation, the Innovation Laboratory of the Inter-American Development Bank (IDB Lab), the European Union and Argidius Foundation.

The trustees are indebted to all partners for their support, both financial and otherwise, without whom it would not have been possible to achieve all that we did.

Accenture

YBI's three-year programme with Accenture (2018-2021) has continued to go from strength to strength. In 2019, 65,646 young people have been supported by YBI with the skills to start and grow a business, taking us to a total of 81,731 young people supported at this midway point of this partnership. In addition, 13,670 businesses were supported in 2019, for a total of 15,248 businesses supported to date. The partnership with Accenture has included building the innovation and digital capability of YBI at global and member level, including through innovation challenges, our expanding digital accelerator programme and through support for our Global Entrepreneurship Summit.

Citi Foundation

Our current partnership with Citi Foundation has a specific focus on supporting young female entrepreneurs across Europe. This programme brings together a consortium of eleven YBI members², building regional collaboration and supporting young people to start and strengthen businesses. By the end of 2019, our partnership had supported 9,040 young people to develop their entrepreneurship skills.

¹ Members joining in 2019: PSC (Palestine), FATEN (Palestine), SOMO (Kenya), CAP Youth Empowerment Institute (Kenya), Sinapis (Kenya). Members leaving in 2019: YBSL (Sri Lanka), UnLtd (UK) and Tejar Dubai.

² Adie (France), Inner City Enterprise (ICE), KIZ (Germany), microStart (Belgium), MOST Incubator (Kazakhstan), NyföretagarCentrum Sverige (Sweden), PerMicrolab (Italy), Positive Planet (France), Qredits (Netherlands) Youth Business Russia (Russia) and Youth Business Spain (Spain),

IDB Lab

In late 2019, YBI closed the five-year Youth Entrepreneurship Programme (YEP), a collaboration between the IDB Lab and 10 members across Latin American and the Caribbean³. The programme provided direct support to young entrepreneurs in 10 countries while also strengthening the capacity of the organizations serving young entrepreneurs and building a knowledge base for continuous improvement. YEP supported over 60,000 young people to develop entrepreneurship skills, fostered a thriving network of members in the region, catalysed key YBI initiatives such as the digital accelerator, and supported several research studies.

European Union

In 2019, the Network for Migrant Entrepreneurs to Scale-Up and Grow (M-UP) moved into its second year. YBI is one of five consortium members working to improve the climate for migrant entrepreneurs to thrive in Europe. There were many successes throughout the year, including a successful conference on access to finance for migrant entrepreneurs and a six-week series of virtual learning labs around core themes and best practice for delivering migrant entrepreneurship programmes attended by nearly 100 people.

Argidius Foundation

Our partnership with Argidius Foundation began in late 2018. Working with members ICCO Uganda and Enterprise Uganda, we are supporting young entrepreneurs in Uganda and convening a broader community of practice engaging members across Sub-Saharan Africa. The programme focuses on young entrepreneurs with a business who are looking to grow it to the next level. In 2019, 240 young entrepreneurs in Uganda were supported through the programme and a sustainability workshop was held, attended by seven members.

IKEA Foundation

In 2019, YBI launched our partnership with the IKEA Foundation to accelerate youth-led businesses in the digital era in Bangladesh and India with our members BYEAH and BYST. The programme aims to support young entrepreneurs to start and scale their businesses and to unlock the digital potential of young entrepreneurs and the organisations that support them. As part of this programme we will also be looking at creating decent work and positive employment opportunities for youth-led business.

European Economic Agreement and Norway Grants

YBI is part of the expert pool of partners of the ‘Young Entrepreneurs Succeed (YES!)’ programme. This programme is funded by Norway, Lichtenstein and Iceland as part of their European Economic Agreement. It supports peer learning so that partners in four countries⁴

³ Acción Emprendedora (Chile), Aliança Emprendedora (Brazil), Barbados Youth Business Trust, Fundación Paraguaya (Paraguay), Jamaica Youth Business Trust, Manq'a (Bolivia), Perspektiva (Peru), Yo Quiero Yo Puedo (Mexico), Youth Business Trinidad & Tobago, and an external partner Confecámaras (Colombia)

⁴ Greece, Italy, Spain and Poland

in Europe can identify shared challenges and inspire each other to debate, research and provide solutions for the pressing problem of youth unemployment. In 2019, activities included YBI leading a workshop in Crete on the theme of “Trust-based partnership models”.

Objectives, activities and performance

YBI's objects for the public benefit are:

To act as a resource for young people aged 18-35 by providing mentoring, advice, and financial assistance through the Youth Business Programmes as a means of:

- a) Advancing in life and helping young people by developing their skills, capacities, and capabilities to enable them to participate in society as independent, mature and responsible individuals
- b) Advancing education through mentoring, training, advocacy and the efficient sharing of knowledge through the network of Youth Business Programmes
- c) Relief of unemployment

To encourage sustainable development which meets the needs of the present without compromising the ability of future generations to meet their own needs and to promote it for the benefit of the public by:

- d) The relief of poverty and the improvement of the conditions of life in socially and disadvantaged communities
- e) The promotion of sustainable means of achieving economic growth and regeneration

YBI measures its impact using a set of Key Performance Indicators that assess progress and outcome attribution at three levels: the Network; member; and young entrepreneur.

At the Network level, we saw strong performance. Of those with sufficient time to judge, YBI fully or partially met 95% of its members' top priorities for being in the Network, 179 member collaborations occurred and 92% of our members were engaged through peer learning initiatives.

Driving change for young people and their communities is YBI's mission. In 2019 our Network supported 120,030 young people to develop their entrepreneurship skills. We are also able to report that, 9,376 have strengthened their business and 14,920 have started a new business. A further 13,401 found employment following the support they received while 48,405 additional jobs were created by the young entrepreneurs supported.

2019 Achievements

Learn: Building impactful organisations and programmes

Over the course of the year we supported our members to come together and learn from each other and sector experts to enhance their support services for young entrepreneurs.

YBI's Global Summit

In June, we held our Global Youth Entrepreneurship Summit in Cartagena, Colombia bringing together over 100 members, partners and supporters from 75 organisations across 35 countries. The theme for this year was 'Innovation for Impact'. The Summit was a unique opportunity to deepen connections, explore new ideas and spark collaborations in support of our work with young entrepreneurs. Discussions ranged from the impact of technology on today's changing world to the importance of storytelling and building human connections to the role of innovation in driving change, and much more.

Youth Entrepreneurship Summit in Latin America and the Caribbean

In June, YBI members taking part in the Youth Entrepreneurship Programme (YEP) supported by the IDB Lab gathered in Cartagena, Colombia, to attend the YEP Summit to share and explore good practice in supporting young entrepreneurs in Latin America and the Caribbean. Members then attended the Global Youth Entrepreneurship Summit, where they had a chance to connect and share learning with the wider YBI network.

Youth Business Europe collaboration through regional workshops

The Youth Business Europe programme supported by Citi Foundation held two workshops in 2019, in January (Dublin) and May (Naples). Both were opportunities for members in Europe to collaborate and share their knowledge and expertise on youth entrepreneurship support. In November, YBI renewed its partnership with the Citi Foundation and two new members⁵ joined the programme.

Building YBI's Africa Community of Practice

In February, nine members gather in Kampala Uganda for their first regional workshop, funded by the Argidius. The three-day event aimed to generate learning and foster joint working and fundraising for increased impact for young entrepreneurs in Sub Saharan Africa.

Innovate: Developing new and improving existing products and services

In 2019 we continued to build our work around innovation, piloting new approaches and leveraging technology to reach and engage more members.

⁵ Youth Business Russia and MOST Business Incubator (Kazakhstan)

Innovation Challenge

Using the learnings from our previous Innovation Challenge, we launched our second Innovation Challenge. Two winners were selected, Qredits (YBI's member in the Netherlands) and ICCO Uganda. The first instalment of ring-fenced funding was released to the winners and consulting support and mentoring was provided to support the development of their ideas.

Business Model Innovation Programme

Over recent years, YBI members have increasingly noted sustainability and growth as key priorities. Having the right business model is critical to scaling services. Many members are seeking to reduce reliance on limited revenue streams (primarily grant finance) and move beyond traditional business models. In response to this, in 2019 YBI developed a set of practical tools to support members to scale. Structured support was provided to five members to apply these tools and other methods to create innovative, scalable business models.

Embedding a digital mindset in youth entrepreneurship support

In 2019, we consolidated our lessons from the Digital Accelerator pilot that took place in 2018. We drew on this insight to launch a new round with six members.⁶ The programme supports each member to develop a clear digital strategy and a digital solution to a challenge they face in their programming. YBI is working closely with Accenture and the programme runs until August 2020. Three distinct delivery models are being used: in-person, fully remote and a blended approach.

Influence: Generating and leveraging evidence

In 2019 we profiled our members and the young entrepreneurs they support in key campaigns as we continued to build the evidence base in support of youth entrepreneurship.

Launching the Entrepreneurial soft skills for the future research

In October, we launched our new research, Entrepreneurial soft skills for the future: a scoping study. This study identifies the soft skills that young entrepreneurs need to best navigate the challenges of a rapidly changing job market. We have used the research findings to inform our new soft skills training curriculum, which has been developed in partnership with five YBI members. The report was launched at the Global youth Economic Opportunities Summit in Washington and presented to the ANDE network via a webinar.

⁶ Youth Business Spain, Spark Rwanda, FATE Foundation Nigeria, FATEN Palestine, B'YEAH in Bangladesh and BYST in India.

International Women's Day campaign

In March, we celebrated International Women's Day showcasing the extraordinary work our network is doing to empower young women around the world to fulfil their entrepreneurial potential. In 2019 we shared the stories of ten women, highlighting their businesses and the impact they are having. We also invited female CEOs from across the network to share their thoughts on the campaign theme, #BalanceforBetter. We shared videos, success stories and contributions from members via an online campaign.

Global Entrepreneurship Week campaign

In November, we joined the annual global celebration of entrepreneurs and the partners who support them. Involving many of our members, this year we showcased the many activities the YBI network was coordinating as part of a weeklong online campaign. During the week we also launched two new partnerships: 1) with IKEA Foundation to support young entrepreneurs in India and Bangladesh, and 2) with the Citi Foundation to support young entrepreneurs across Europe, Russia and Kazakhstan. Social media content around the campaign was seen almost 20,000 times across our channels.

Launching our commitment to the Global Initiative on Decent Jobs for Youth

In May, we launched our commitment to the Global Initiative on Decent Jobs for Youth, which strives to impact youth employment in support of the 2030 Agenda for Sustainable Development. Launched in 2016 as a UN system-wide effort, this is a global, multi-stakeholder initiative that brings together governments, social partners, the private sector, youth and civil society organisations. YBI is working across the network to develop new solutions to the critical challenges facing young entrepreneurs around the world.

Plans for the year ahead

We will continue to focus on growing and adding value to our Network. We will be guided by, and seek to contribute to, the Sustainable Development Goals. Over the year ahead we aim to deepen our current partnerships and continue to expand and diversify our portfolio of funders.

In 2020 we expect membership to continue to grow, with a focus on Sub-Saharan African and the Middle East. Of our existing members, 33 will go through some form of accreditation process, with 18 full assessments and 15 reviews planned.

- **Learn:** We will seek to develop new insight and encourage learning across the network through initiatives including the new Business Model Innovation pilot and the scale up of the Digital Accelerator Programme. We will promote member learning exchange through the Community, virtual learning labs, and through face to face events (when international travel becomes possible).

- **Innovate:** We will continue to spur innovation through our network, building on the experience of our Innovation Challenges supported by Accenture. We will also explore how to improve and incentivise sharing and transfer of knowledge, solutions and ideas between members in a way that is frictionless, engaging and affordable. This will involve developing the Network Team's innovation capability.
- **Influence:** We will launch new research on the topical issue of young refugee and other migrant entrepreneurship and, as part of our IKEA Foundation partnership, generate new learning on decent work. We will share this insight in key fora and support our members on campaigns, continuing to position entrepreneurship as a critical part of the solution to addressing the global youth employment crisis.

Impact of COVID-19 on the organisational activities

In the face of the current global pandemic, we have quickly pivoted our plans for 2020 to meet the immediate needs of our members during the crisis, while also thinking about how we can be most helpful to the network during the recovery phase and building resilience in the long term.

We are fortunate that the overall intention of our 2020 business plan, including the objectives of activities planned under delivery grants, are aligned with current and emerging needs. Our current funding is secure, and we have forged a new partnership with Google.org in April 2020 which is providing \$5m emergency relief funding for our 17 members and 17 new delivery partners operating in 32 countries around the world.

The open dialogue and flexibility on the part of our partners, as well as the innovation and design thinking skills we've built through our partnerships over the years, have been key to the rapid response we have been able to execute since the start of the pandemic in early 2020.

We have had to make adjustments, mainly in delivery mechanisms and timelines as some of our face-to-face events have been cancelled or moved to digital delivery, but we have been able to maintain the spirit of our mission and indeed even accelerate the speed at which we are moving forward with longer term goals around innovation and developing a digital mindset. We have been fortunate to maintain all our current employees and we have added a number of new positions in 2020.

We are making things happen quickly, out of necessity and driven by our desire to do our best for our members and the entrepreneurs they support. This has meant that we are simplifying ways of doing some things, working in a more joined up way on others.

The current situation is presenting both challenges and opportunities in terms of fundraising and sustainability for the organisation and our network. The situation is fast moving, and we need to be responsive, adaptive, and seize the opportunities presented quickly. In response we have organized our current and future strategy around four areas:

- 1) **Global, integrated offers:** we are developing global offers for our members, largely around virtual/digital, that integrate our different services, including mentoring and soft skills training, addressing priority needs and help to propel us further.
- 2) **Going digital:** the imperative of going digital/virtual is a huge opportunity for YBI to become more of a digital delivery organisation and to have a broader, integrated approach to our digital support to members. We have an opportunity to put into action the idea of working with technology providers and move forward quickly.
- 3) **YBI positioning:** the current crisis offers an opportunity to profile the incredible work of our members in supporting young entrepreneurs affected by the crisis and to leverage our collective insight to help shape broader policy and practice. We are delivering dynamic communications highlighting our rapid response and recovery effort and will continue to build on this.
- 4) **Finance and Funding:** we are in uncertain times and are undertaking regular review of our finances. This includes engaging with existing and new partners and laying strong foundations for future funding.

Financial performance

Income

The Group's total incoming resources for the year were £4.2m (2018: £5.6m) of which £0.5m was unrestricted (2018: £1.3m) and £3.7m (2018: £4.3m) was restricted. All of this income is recorded in the Charity. The Group's incoming resources were lower than previous year due to a successful completion and ending of a five year grant project funded by IDB Lab in Latin America.

During 2019 grant funds were received as follows; £0.5m from Citi Foundation (2018: £0.7m), Accenture £1.7m (2018: £2.0m), the Inter-American Development Bank (IDB Lab) £0.5m (2018: £1.1m) and IKEA £0.8m made up 85% of total income. These are all multi-year and multi-project grants demonstrating the success of our strategic focus towards long-term relationships.

The main sources of funds in 2019 were Corporate Donors at 76% (2018: 51%), Governmental/ Multilateral organisations which contributed 13% (2018: 20%). The remainder was received from a mixture of individual giving, donated services and foundations and trusts.

Expenditure

The Charity's total resources expended for the year were £3.5m (2018: £4.8m), of which £0.5m (2018: 1.6m) was unrestricted and £3.0m (2018: £3.2m) was restricted.

The budgeted core costs of the team are agreed in advance each year, and as resources and individuals are assigned to specific projects towards which donors have directed their grants we recover these costs and show them as expenditure against the restricted income.

Remaining unallocated costs and overheads are shown as unrestricted expenditure.

During the 2019 expenditure on charitable activities is comprised of;

- Cost of raising funds which forms 8% of our overall expenditure.
- Membership Services and Engagement team shape and develop services for the network members including the successful organisation of Global Summit in Cartagena in June. Their cost forms 20% of the overall 2019 expenditure.
- Learning and influence team are focused on several communications campaigns during the year and produced the flagship research on soft skills. This expenditure totalled 18%
- Programme & Business Development work on both new partnership development and delivery of current programmes. The expenditure totalled 54% and includes a disbursement of subgrants to network members of £578,847.
- Support and governance cost in 2019 added up to 20% of the overall expenditure.

Our expenditure in 2019 was lower than our expenditure in 2018 due to number of factors, but primarily the ending of the IDB lab grant and the new partnership with IKEA Foundation coming on board towards the end of the year. Unrestricted expenditure decreased from £1.3m in 2018 due to less donated services received and improved cost recovery than in previous years.

Looking forwards, YBI seeks to increase unrestricted income and further reduce the proportion of unrestricted expenditure, through a combination of expenditure reviews and cost recovery improvements.

Reserves Policy and Going Concern

The charity holds unrestricted reserves in order to continue to operate in the event of a downturn in income. In 2019, the charity's aim was to maintain unrestricted free reserves equivalent to between three and nine months of unrestricted committed expenditure which based on the expenditure in the year to 31 December 2019 amounts to £450k lower target and £1,350k upper target.

The Board reviews and approves the reserves policy on an annual basis.

In 2019 the charity maintained its unrestricted resources at the same level as in previous years in order to continue to provide general support to our Network. As at 31 December 2019 unrestricted free reserves come to £649k and are comfortably within the reserve target range.

Trustees have taken a number of steps to ensure the charity's financial sustainability. These are:

- Completion of a Fundraising Strategy with a focus on securing sustainable unrestricted income streams
- Detailed expenditure review and reduction of ongoing operating expenses

- Strategy review process and quarterly budget reforecasts to ensure organisational resources are aligned to organisational priorities

After reviewing the charity's forecasts and projections, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

YBI's Reserve Policy forms part of the Financial Statements and is reviewed annually.

Risk Management

The Trustees have delegated day-to-day responsibilities for the management of the risks to the Senior Management Team. An ongoing risk management process assesses business risks and implements risk management strategies. Major risks faced by the charity are identified and prioritised in terms of their potential impact and likelihood of occurrence and means of mitigating the risks are identified.

During 2019, the three main risks to the organisation were as follows:

- Strategic: Risk that the charity is unable to diversify and grow unrestricted funding in short and long term. The new Development and Programmes Team has been created and strengthened and they are developing a number of proposals for new partnerships and other fundraising opportunities.
- Operational: Risk that charity is unable to meet members demand for capacity development and not managing grant delivery. The new Membership Services & Engagement Team has been created and strengthened and are working on a membership strategy, capacity building and network strengthening.
- Financial: Exchange rate fluctuations and effect of Brexit on value of sterling. Treasury, cashflows and reserves are reported to the Trustees on quarterly basis and with careful treasury management we able to accrue bank interest income and mitigate some of the ex/rate losses.

A review of all risks, and progress against mitigating these, is completed quarterly by the Executive Directors, and reviewed by the Audit & Risk Committee and the Board. Where appropriate, risks are covered by insurance.

Structure, Governance and Management

Trustee and organisational structure

Youth Business International (YBI) is a charitable company, limited by guarantee and governed by its Memorandum and Articles of Association dated 5th March 2008. The governing Board of the charity is a Board of Trustees who met formally quarterly.

The Board of Trustees approve all the major strategic decisions for the organisation. The Board of Trustees delegate the day-to-day operational decision making to the Chief Executive Officer who with the Senior Management Team (SMT) runs the organisation and is responsible for all the contracts.

There are three further sub-committees;

- Accreditation Committee to define and review accreditation status of the Members of YBI Network. The committee comprises two Trustees and two non- YBI members or staff. Chair: Crispin Rapinet
- Remuneration committee to determine the remuneration of Chief Executive Officer and the organisation's remuneration policy. The Remuneration committee comprises three Trustees including the Chairman of the Board. Chair: Timothy Copnell
- Audit and Risk Committee (ARC) to provide assurance to the Board that an effective internal controls and risk management system is maintained and that finances are being managed effectively. ARC comprises three Trustees, Chief Executive Officer and Director of Finance and Operations (non - voting). Chair: Timothy Copnell

Trustee Recruitment and Training

New trustees are recruited for their skills in areas relevant to organisational strategy and objectives. They are recruited in variety of ways including public advertisements and/or by recommendations from those working with YBI, or from existing trustees. Candidates are scrutinised by the Nominations and Remuneration Committee supported by the CEO as necessary.

All new trustees are given a structured induction to the organisation by the Chief Executive and the Chairman. As part of the induction, meetings are arranged with key employees, other trustees and relevant external contacts. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. Training requirements are reviewed regularly.

Related parties

Any connection between a trustee or senior manager of the charity or any other contractual relationship with a related party, must be disclosed to the full Board of Trustees. Other

than Control of the Fundación YBI Latinoamérica y Caribe, there were no related party transactions in 2019.

Public Benefit

The trustees have a duty to report on public benefit by explaining:

- The significant activities undertaken in order to carry out our aims for the public benefit
- Achievements measured against those aims

The trustees confirm that they have had regard to the Charity Commission's guidance on public benefit reporting on YBI's vision and mission, and on the objectives, achievements and plans.

Core Policies

YBI inducts all new staff to enable them to have good understanding of the organisational structure, policies and procedures and other role relating information. YBI core policies; Code of Conduct, Safeguarding policy, Anti -Bribery and Anti-Corruption policy, Conflict of Interest policy, Whistleblowing policy and Confidentiality policy are shared with all YBI staff members. Senior Managers and Finance staff are also inducted with other finance and people management related policies.

People

Network Support Team based in London and Bogota totalled 26 people during the year. In addition, the charity has benefited greatly from the help of volunteers, both experienced professionals and interns.

Income recognition

YBI income is partly raised by project-based grants and contracts. Income on these projects is recognised in line with performance and at the same time as the expenses, meaning in the same fiscal period. The method used by YBI to recognise income from project- based grants is by using the proportion of cost incurred for work performed to date.

YBI also raises a portion of its income from philanthropists, individuals and private corporations. Income from these sources is reported in the year in which it was received as opposed to when the expenditure occurs.

Since the latter type of income is almost always received in advance of expenditure occurring, it results in surplus or deficits showing in the organisations statement of financial activity. Deficits signify that income for expenses incurred in current fiscal period were recognised in the year prior and surpluses are carried over as part of reserves for use in the next fiscal period.

This is in line with 'Statement of Recommended Practice (SORP) accounting guidance for charities which YBI must follow.

Fundraising Standards Information

YBI does not raise funds through challenge events, telephone fundraising, digital fundraising or community groups and has only one regular donor. YBI does not use any professional fundraisers or commercial participators in the carrying out of such activities. We employed a team of three full time paid staff members to carry out our fundraising activities. YBI is not a member of a fundraising regulatory board as 99% of income is raised from corporate partners and institutional/multilateral funders.

We have complied with GDPR and other fundraising codes. We do not have a policy to protect vulnerable donors as due to the nature of our fundraising activities however we do have a safeguarding policy covering all aspects of our work.

Fundraising performance was as expected in raising the necessary income for our activities. The fundraising cost in 2019 relates to income for current and future years and is largely related to multi-year grants.

Remuneration policy for key management personnel

YBI Remunerations Committee is responsible for reviewing and reporting to the Board on all matters pertaining to the organisational remuneration policy.

The Remuneration Committee is authorised to determine and recommend organisational remuneration policy, determine the remuneration and pay increases for Chief Executive Officer and Senior Management Team. This is done on annual basis.

Trustees' Responsibilities Statement

The trustees (who are also directors of Youth Business International) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102, the Financial Reporting Standards applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal controls

The trustees have overall responsibility for ensuring that the charity has an appropriate system of control, financial and otherwise.

They are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006.

These systems of internal control are designed to provide assurance against material misstatement or loss. They include:

1. A strategic plan, an annual operating plan and an annual budget all approved by the Board
2. Regular consideration by the Board of financial results and variance from budgets
3. The use of the Audit & Risk Committee in overseeing of the company's financial reporting process, including related risks and controls as well as working with the company's external auditors
4. Appropriate identification and management of risk

As part of this process, trustees continue to review the adequacy of the charity's internal controls. They consider whether controls are sufficient on an annual basis.

Disclosure of Information to the Auditor

As so far as each of the Trustees in office at the date of the Trustee report is aware

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

The Trustees' Report was approved and signed on behalf of the Board of Trustees on 24th June 2020 by:

Timothy Copnell

Trustee and Chairman of the Audit and Risk Committee

Independent Audit Report

Opinion

We have audited the financial statements of Youth Business International (the ‘charitable company’) for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company’s affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements

and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Noelia Serrano (Senior statutory auditor)

13 July 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from:							
Donations and legacies	2	451,061	–	451,061	1,166,647	–	1,166,647
Charitable activities	3	59,795	3,674,144	3,733,939	143,368	4,356,102	4,499,470
Investments		27,112	–	27,112	1,599	–	1,599
Total income		537,968	3,674,144	4,212,112	1,311,614	4,356,102	5,667,716
Expenditure on:							
Cost of raising funds	4	52,268	225,327	277,595	95,462	162,440	257,902
Charitable activities							
Membership services & Engagement	4	148,459	553,211	701,670	691,813	625,304	1,317,116
Programme & Business Development	4	196,150	1,744,206	1,940,356	541,278	1,682,528	2,223,806
Learning & Influence	4	132,704	492,809	625,512	270,995	728,822	999,817
Total expenditure		529,581	3,015,553	3,545,133	1,599,547	3,199,094	4,798,641
Net income / (expenditure) for the year	6	8,387	658,592	666,979	(287,933)	1,157,008	869,075
Transfers between funds		(3,123)	3,123	–	270,673	(270,673)	–
Net income / (expenditure) before other		5,264	661,715	666,979	(17,260)	886,335	869,075
Net movement in funds		5,264	661,715	666,979	(17,260)	886,335	869,075
Reconciliation of funds:							
Total funds brought forward		644,394	1,893,886	2,538,280	661,654	1,007,551	1,669,205
Total funds carried forward		649,658	2,555,601	3,205,259	644,394	1,893,886	2,538,280

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19a to the financial statements.

Balance sheets

Company no. 06550164

As at 31 December 2019

	Note	The group 2019 £	2018 £	The charity 2019 £	2018 £
Fixed assets:					
Tangible assets	11	16,285	23,710	16,285	23,710
Investments		–	–	–	–
		<u>16,285</u>	<u>23,710</u>	<u>16,285</u>	<u>23,710</u>
Current assets:					
Debtors	14	253,786	669,536	457,920	669,820
Cash at bank and in hand		3,194,383	2,207,646	3,192,888	2,207,583
		<u>3,448,169</u>	<u>2,877,182</u>	<u>3,650,808</u>	<u>2,877,403</u>
Liabilities:					
Creditors: amounts falling due within one year	15	(250,780)	(354,198)	(250,420)	(354,480)
		<u>3,197,389</u>	<u>2,522,984</u>	<u>3,400,388</u>	<u>2,522,923</u>
Net current assets		<u>3,197,389</u>	<u>2,522,984</u>	<u>3,400,388</u>	<u>2,522,923</u>
Total assets less current liabilities		<u>3,213,674</u>	<u>2,546,694</u>	<u>3,416,673</u>	<u>2,546,633</u>
Creditors: amounts falling due after one year	16	(8,414)	(8,414)	(8,414)	(8,414)
Total net assets		<u>3,205,259</u>	<u>2,538,280</u>	<u>3,408,259</u>	<u>2,538,219</u>
Funds:	20				
Restricted income funds		2,555,601	1,893,886	2,538,218	1,893,886
Unrestricted income funds:					
General funds		649,658	644,394	870,040	644,332
Total unrestricted funds		<u>649,658</u>	<u>644,394</u>	<u>870,040</u>	<u>644,332</u>
Total funds		<u>3,205,259</u>	<u>2,538,280</u>	<u>3,408,259</u>	<u>2,538,218</u>

Approved by the trustees on 24th June 2020 and signed on their behalf by

Timothy Copnell
Trustee and Chairman of the Audit and Risk Committee

Consolidated statement of cash flows

For the year ended 31 December 2019

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Cash flows from operating activities				
Net income for the reporting period (as per the statement of financial activities)	666,979	869,075	870,040	869,015
Depreciation charges	11,247	10,674	11,247	10,674
(Gains)/losses on investments	–	–	–	–
Dividends, interest and rent from investments	(27,112)	(1,599)	(27,096)	–
Purchase of property, plant or equipment	(3,822)	–	(3,822)	–
Decrease / (Increase) in debtors	415,750	(268,543)	211,900	(215,466)
(Decrease) / Increase in creditors	(103,418)	209,181	(104,060)	215,160
Net cash provided by operating activities	959,624	818,788	958,209	879,383
Cash flows from investing activities:				
Dividends, interest and rents from investments	27,112	1,599	27,096	–
Net cash provided by investing activities	27,112	1,599	27,096	–
Change in cash and cash equivalents in the year	986,736	820,387	985,305	879,383
Cash and cash equivalents at the beginning of the year	2,207,646	1,387,257	2,207,583	1,328,200
Change in cash and cash equivalents due to exchange rate movements	–	–	–	–
Cash and cash equivalents at the end of the year	3,194,383	2,207,646	3,192,888	2,207,583

1 Accounting policies

a) Statutory information

Youth Business International is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 11 Belgrave Road, London, SW1V 1RB.

b) Basis of preparation

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

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Fundación YBI Latinoamérica y Caribe (company number 900785397, incorporated in Colombia) on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as a summary of the result for the year is disclosed in the notes to the accounts.

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

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

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

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of direct charitable activities undertaken and grants payable to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

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

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-------------------------|---------------|
| • Office improvements | life of lease |
| • Fixtures and fittings | five years |
| • IT equipment | three years |

1 Accounting policies (continued)

n) Debtors

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

o) Cash at bank and in hand

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

p) Creditors and provisions

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

q) Financial instruments

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

r) Pensions

The charity operates a defined contribution pension scheme for staff. Contribution costs are charged to the statement of financial activities in the year in which they are payable.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Individuals	70,204	–	70,204	119,375	–	119,375
Donated services	380,857	–	380,857	1,047,272	–	1,047,272
	<u>451,061</u>	<u>–</u>	<u>451,061</u>	<u>1,166,647</u>	<u>–</u>	<u>1,166,647</u>

Donated services in 2019 are valued as £380,857 (2018: £1m) and are recognised within incoming resources as donated services. An equivalent charge is included within outgoing expenses.

The charity is grateful to:

- Hogan Lovells for their general legal advice. Their contribution is valued at £99,859 (2018: £127,092).
- The Worshipful Company of Management Consultants whose members have continued in 2019, as in previous years, to undertake all the independent accreditations, together with some specific follow up projects. Their contribution is estimated to be valued at £121,500 in 2019 (2018: £133,500).
- Accenture have provided several consultants over the course of 2019 to YBI as part of Digital Acceleration project in Latin America. Their contribution is valued at £159,498 (2018: £771,494).

3 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Corporate donors	44,257	3,131,014	3,175,271	1,843	2,863,115	2,864,958
Multilaterals	–	543,130	543,130	–	1,122,637	1,122,637
Government support	–	–	–	–	8,247	8,247
Charitable foundations and trusts	11,000	–	11,000	115,000	362,103	477,103
Recharge of services to the network	–	–	–	26,525	–	26,525
Other income	4,538	–	4,538	–	–	–
Total income from charitable activities	<u>59,795</u>	<u>3,674,144</u>	<u>3,733,939</u>	<u>143,368</u>	<u>4,356,102</u>	<u>4,499,470</u>

4a Analysis of expenditure (current year)

	Cost of Raising funds £	Charitable activities			2019 Total £
		Membership services & Engagement £	Programme & Business Development £	Learning & Influence £	
Staff costs (Note 7)	196,279	390,105	171,482	200,305	958,171
Direct activity costs*	26,190	172,225	804,705	300,991	1,304,111
Grants to members (note 5)			578,847		578,847
	222,469	562,330	1,555,034	501,296	2,841,129
Support costs**	54,045	136,609	377,766	121,783	690,204
Governance costs	1,081	2,731	7,553	2,435	13,800
Total expenditure 2019	277,595	701,670	1,940,353	625,514	3,545,133

*Direct staff cost includes donated services valued at £380,857

**Support costs include £13,800 external audit fee.

Analysis of the Network support costs

	Cost of Raising funds £	Charitable activities			2019 Total £
		Membership services & Engagement £	Programme & Business Development £	Learning & Influence £	
Management and admin staff costs (Note 7)	26,142	66,079	182,730	58,907	333,858
Office, IT & business support	25,021	63,246	174,894	56,382	319,543
Travel & relationship building	2,001	5,058	13,986	4,509	25,554
Depreciation	881	2,226	6,156	1,985	11,249
	54,045	136,609	377,766	121,783	690,204

4b Analysis of expenditure (prior year)

	Raising funds £	Charitable activities			2018 Total £
		Membership services & Engagement £	Programme & Business Development £	Learning & Influence £	
Staff costs (Note 7)	128,306	1,226,057	385,985	334,441	2,074,789
Direct activity costs	34,134	480,619	233,527	416,547	1,164,827
Grants to members (note 5)	–	794,538	–	–	794,538
	162,440	2,501,214	619,512	750,988	4,034,154
Support costs	86,455	125,788	280,975	243,403	736,621
Governance costs	9,007	7,230	6,203	5,426	27,866
Total expenditure 2018	257,902	2,634,232	906,690	999,817	4,798,641

Direct staff cost includes donated services valued at £1,047k

Network support costs include £25k external audit fee.

Analysis of the support costs

	Raising funds £	Charitable activities			2018 Total £
		Membership services & Engagement £	Programme & Business Development £	Learning & Influence £	
Management and admin staff costs	65,556	50,513	123,371	107,920	347,360
Office, IT & business support	525	64,827	139,857	122,340	327,549
Travel & relationship building	19,762	5,562	13,715	11,999	51,038
Depreciation	612	4,886	4,032	1,144	10,674
	86,455	125,788	280,975	243,403	736,621

5 Grant making

	2019 £	2018 £
Cost		
MOST Kazakhstan	33,388	33,313
IBLF	104,911	104,699
Associazione PerMicroLab Onlus	35,942	34,750
Inner City Enterprise (ICE) Ireland	46,754	57,119
ADIE (France)	39,144	44,989
NyforetagarCentrum Sverige	39,839	42,032
Youth Business Spain	42,556	35,699
Qredits	52,104	42,039
MicroStart Support (Belgium)	27,663	88,814
Positive Planet	39,591	42,032
Associacao Allianca Empreendedora (Brazil)	–	30,866
Youth Business America	–	38,088
Manq'a Sostenible Sociedad Civil Bolivia	18,870	–
Youth Business Spain	–	12,594
KIZ Sinnova (YBGermay)	30,851	85,210
ICCO (Burundy)	9,000	–
Corporacion Minuto de Dios	–	12,895
Instituto Mexicano De Investigation De Familia y Poblacion	27,255	–
ICCO (Uganda)	30,979	57,421
Enterprise Uganda	–	31,978
At the end of the year	578,847	794,538

The grants Youth Business International provides to its members are aimed at strengthening their ability to support your entrepreneurs. They are either operational or innovation grants.

6 Net income for the year

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	11,247	10,674
Operating lease rentals:		
Property	68,500	68,500
Auditor's remuneration (excluding VAT):		
Audit	13,800	24,540
Legal services	1,800	1,100
Foreign exchange losses	58,811	24,016

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

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	1,072,866	1,170,484
Redundancy and termination costs	18,635	–
Social security costs	143,728	124,369
Employer's contribution to defined contribution pension schemes	56,802	84,636
	1,292,031	1,379,489

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	–	2
£70,000 – £79,999	2	1
£80,000 – £89,999	1	–
£90,000 – £99,999	1	1
£100,000 – £110,000	1	–

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £525,664 (2018: £539,720).

Anita Tiessen, CEO and Trustee, was paid £96,390 (2018: £91,038) in her role as an employee and CEO of YBI. No other charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,426 (2018: £nil) incurred by one (2018: nil) trustee in the course of management duties.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 26 (2018: 28).

Staff are split across the activities of the charity as follows:

	2019 No.	2018 No.
Management, administration and raising funds	8.0	9.0
Direct charitable activities	18.0	19.0
	26.0	28.0

9 Related party transactions

There are no related party transactions to disclose for 2019 further to those disclosed in note 7 (2018: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. Aggregate donations from related parties totalled £50,000 (2018: nil).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

The group and charity

Cost

	Office Improvement £	Fixtures and fittings £	Computer equipment £	Total £
At the start of the year	92,118	10,420	34,512	137,050
Additions in year	–	–	3,822	3,822
Disposals in year	–	–	–	–
At the end of the year	92,118	10,420	38,334	140,872

Depreciation

At the start of the year	68,408	10,420	34,512	113,340
Charge for the year	10,674	–	573	11,247
Eliminated on disposal	–	–	–	–
At the end of the year	79,082	10,420	35,085	124,587

Net book value

At the end of the year	13,036	–	3,249	16,285
At the start of the year	23,710	–	–	23,710

All of the above assets are used for charitable purposes.

12 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Fundación YBI Latinoamérica y Caribe, a company registered in Colombia. The company number is 900785397.

YBI has the power to appoint or remove trustees and as such controls the Foundation.

A summary of the results of the subsidiary is shown below:

	2019 £	2018 £
Incoming resources	5,667	843
Incoming resources through contribution from YBI	190,505	209,527
Operating expenditure	(195,037)	(267,393)
Cost of sales related to purchases from parent undertaking	–	–
Surplus/(deficit) in the year	1,135	(57,023)
Total net assets brought forward	–	57,372
Total net assets carried forward	1,135	349
The aggregate of the assets, liabilities and reserves was:		
Assets	1,495	349
Liabilities	360	–
Reserves	1,135	349

Amounts owed to/from the parent undertaking are shown in note 14.

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2019 £	2018 £
Gross income	4,206,446	5,666,872
Result for the year	870,040	869,015

14 Debtors

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	325	442	325	443
Other debtors	148,145	1,717	148,145	1,713
Amounts due from group undertakings	–	–	204,134	–
Gift Aid	19,373	39,375	19,373	39,375
Prepayments and accrued income	85,943	628,002	85,943	628,289
	<u>253,786</u>	<u>669,536</u>	<u>457,920</u>	<u>669,820</u>

15 Creditors: amounts falling due within one year

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	25,480	121,669	25,120	121,669
Taxation and social security	35,968	35,576	35,968	35,576
Grants payable	–	–	–	–
Other creditors	4,513	3,931	4,513	4,213
Accruals and deferred income (note 18)	184,819	193,022	184,819	193,022
	<u>250,780</u>	<u>354,198</u>	<u>250,420</u>	<u>354,480</u>

16 Provisions for liabilities

Provisions for liabilities relates to dilapidations provisions

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Balance at the beginning of the year	8,414	8,414	8,414	8,414
Amount released in the year	–	–	–	–
Increase in provision in the year	–	–	–	–
Balance at the end of the year	<u>8,414</u>	<u>8,414</u>	<u>8,414</u>	<u>8,414</u>

17 Deferred income

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Balance at the beginning of the year	–	119,531	–	119,531
Amount released to income in the year	–	(119,531)	–	(119,531)
Amount deferred in the year	–	–	–	–
Balance at the end of the year	–	–	–	–

18a Analysis of group net assets between funds (current year)

	General unrestricted	Restricted funds	Total funds
	£	£	£
GROUP			
Tangible fixed assets	16,285	–	16,285
Debtors	212,165	41,621	253,786
Cash at Bank	625,810	2,568,573	3,194,383
Creditors falling due within one year	(196,187)	(54,593)	(250,780)
Creditors falling due after more that one year	(8,414)	–	(8,414)
Net assets at 31 December 2019	649,658	2,555,601	3,205,259
	General unrestricted	Restricted funds	Total funds
	£	£	£
CHARITY			
Tangible fixed assets	16,285	–	16,285
Debtors	416,299	41,621	457,920
Cash at Bank	641,290	2,551,598	3,192,888
Creditors falling due within one year	(195,481)	(54,939)	(250,420)
Creditors falling due after more that one year	(8,414)	–	(8,414)
Net assets at 31 December 2019	869,979	2,538,280	3,408,259

18b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
GROUP			
Tangible fixed assets	23,710	–	23,710
Debtors	166,947	502,589	669,536
Cash at Bank	550,469	1,657,177	2,207,646
Creditors falling due within one year	(88,318)	(265,880)	(354,198)
Creditors falling due after more that one year	(8,414)	–	(8,414)
Net assets at 31 December 2018	644,394	1,893,886	2,538,280
	General unrestricted £	Restricted funds £	Total funds £
CHARITY			
Tangible fixed assets	23,710	–	23,710
Debtors	166,956	502,864	669,820
Cash at Bank	550,469	1,657,114	2,207,583
Creditors falling due within one year	(88,389)	(266,092)	(354,481)
Creditors falling due after more that one year	(8,414)	–	(8,414)
Net assets at 31 December 2018	644,332	1,893,886	2,538,218

19a Movements in funds (current year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
Accenture Grant 6 (2018 – 2021)	1,211,921	1,727,524	(1,583,902)	(122)	1,355,420
Accenture Innovation	31,522	–	(31,644)	122	–
Argidius Foundation	247,279	–	(107,861)	–	139,418
Citi Foundation	410,288	554,148	(667,108)	–	297,328
IKEA Foundation	–	849,342	(90,845)	–	758,497
EEA Active Youth	(2,653)	51,664	(35,148)	–	13,863
EC COSME (Secured) *	(4,470)	21,613	(26,068)	–	(8,925)
IADB MIF (Secured)	–	469,853	(472,976)	3,123	–
Total restricted funds	1,893,886	3,674,144	(3,015,552)	3,123	2,555,601
Unrestricted funds:					
General funds	644,394	537,969	(529,583)	(3,123)	649,658
Total unrestricted funds	644,394	537,969	(529,583)	(3,123)	649,658
Total funds	2,538,280	4,212,113	(3,545,135)	–	3,205,259

* EC Cosme is funded in arrears. Income relating to second part of 2019 activities was received in January 2020. The narrative to explain the purpose of each fund is given at the foot of the note below.

19b Movements in funds (prior year)

	At 1 January 2018	Income & gains	Expenditure & losses	Transfers	At 31 December 2018
	£	£	£	£	£
Restricted funds:					
Accenture Grant 4 (2015 – 2018)	488,090	176,923	(665,013)	–	–
Accenture Grant 5 (2015 – 2018)	–	1,836,335	(542,969)	(81,445)	1,211,921
Accenture Innovation	–	108,709	(77,187)	–	31,522
Argidius Foundation	–	362,103	(108,758)	(6,066)	247,279
Citi Youth Business Europe (2017–20)	395,673	472,825	(551,095)	–	317,403
Citi Youth Business LatAm (2017–20)	87,172	–	(87,172)	–	–
Citi Foundation	–	230,897	(138,012)	–	92,885
CVC Capital	–	37,426	(38,088)	662	–
DFID Uganda	36,616	–	–	(36,616)	–
EEA Active Youth	–	–	(2,653)	–	(2,653)
EC COSME (Secured)	–	8,247	(11,941)	(776)	(4,470)
IADB MIF (Secured)	–	1,122,637	(976,206)	(146,431)	–
Total restricted funds	1,007,551	4,356,102	(3,199,094)	(270,673)	1,893,886
Unrestricted funds:					
General funds	661,654	1,311,614	(1,599,547)	270,673	644,394
Total unrestricted funds	661,654	1,311,614	(1,599,547)	270,673	644,394
Total funds	1,669,205	5,667,716	(4,798,641)	–	2,538,280

Transfers to unrestricted funds relate to overhead cover provision as per donor grant agreements

Purposes of restricted funds

Accenture Grant 6 (2018 – 2021)– strategic grant to enable young entrepreneurs to thrive in a digital economy

Accenture Innovation– pilot project to test whether an innovation challenge might successfully nurture innovation

Argidius Foundation– supporting high growth potential businesses in sub Saharan Africa

Citi Foundation–supporting and celebrating young entrepreneurs across Europe

EEA Active Youth– scaling trust-based partnerships to recharge entrepreneurship through innovation

EC COSME (Secured), developing a network for migrant entrepreneurs to scale up and grow

IADB MIF (Secured)– developing a Youth Entrepreneurship programme in Latin America and Caribbean

IKEA – Accelerating youth–led businesses in South Asia

20 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Charity and Group Operating lease rentals – other	
	2019 £	2018 £
Less than one year	68,500	68,500
One to five years	13,700	82,200
	<u>82,200</u>	<u>150,700</u>

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.