



**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2019

FOR

CITY GATEWAY

Imagine a society where
everyone reaches their full
potential.

Where the future is not defined
by the past or determined by
the place a person starts.

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City Gateway

Trustees Report for the year ended 31 August 2019

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 2019.

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 The Pavilion 2 Clove Crescent London E14 2BE

TRUSTEES

Kenny Imafidon - Chairman
Sean Greathead
Kate Vintiner
Yvonne Bajela (appointed 23rd January 2019)
Uchechi Okereke (appointed 13th May 2020)
Clive Mills (appointed 13th May 2020)
Adam Pizzey (appointed 13th May 2020)
James Bishop (resigned 23rd January 2019)
David Pain (resigned 3rd May 2019)
Alex Harris (resigned 24th July 2019)
Nathan Oley (resigned 24th July 2019)
Kate Monkhouse (resigned 30th October 2019)
Edward Boyd (resigned 29th January 2020)
Deepak Mahtani (resigned 12th April 2020)

CHIEF EXECUTIVE

David Wesson

Auditor

Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS

Bank

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

WHY WE DO WHAT WE DO?

"City Gateway, I cannot find the words to express how grateful I am for you and your team. You taught me skills that will forever be with me for the rest of my life and gave me a home and a family. I have found an apprenticeship! City Gateway will always be in my heart." **AAK, City Gateway Masterclass 2019**

"My placement at IBM was perfect as it meant I gained experience in sales and marketing in a professional environment and enabled me to build my network professionally. It helped me mature and get closer to my end goal of becoming an entrepreneur. If I could go back and advise my younger self I'd definitely say to come to City Gateway. The coaching support is amazing and really helps you to feel supported throughout your time with City Gateway." **UK, City Gateway Trainee 2019**

"I dropped out of school prior to my A-Levels. My biggest challenge was pursuing my dreams, as when you drop out of school you don't always get offered the support you need. City Gateway is so different to school. I was accepted for who I am, and not only was I supported through my apprenticeship, the coaches also supported me through external issues I had going on in my life. City Gateway taught me that life is too short not to take care of yourself and your needs, and I'm proud to say I am now a stronger person in all aspects. I feel as though City Gateway's support was essential in order for me to progress not only professionally, but also mentally and emotionally. City Gateway has shown me no matter your background, and whether or not you take the educational route people expect you to, you can thrive in an environment where you are constantly supported and inspired." **RP, City Gateway Apprentice 2019**

"When I finished year 12 at school I didn't enjoy the subjects I was doing and didn't want to carry on with school any more. I applied for countless vacancies. That's when I came to City Gateway and got a place on their Route to Work Traineeship with a work placement at IBM. From day one at IBM I realised this was the type of place I want to work and am now really keen to do a sales apprenticeship. I like to talk a lot and think I would naturally be good in this type of role. I shadowed 5 different people at IBM and my manager really supported me and helped me improve. Since my time at IBM I've improved everything; my confidence, working in a team, my work ethic - I didn't want to leave at the end of the day as there was so much to learn! None of my friends have done anything like this and I'm really pleased I did. It's the best thing I've done since I left school". **MM, City Gateway Trainee 2019**

"I had the opportunity of partaking in a traineeship with IBM with the help of City Gateway. I worked in the marketing department for the duration of the placement. I took so much away from this experience. Now I know the path I want to pursue is in Digital Marketing. I set two targets for myself, to work in an office environment and increase my confidence, and the traineeship helped me achieve both of these things. Thank you to everyone at City Gateway for making this happen and to IBM for giving me the opportunity to work within the business." **ED, City Gateway Trainee 2019**

"I have just finished my IBM Traineeship Programme. This was a great experience. During my time at IBM I have learned new skills and have developed as an individual. I would highly recommend this traineeship to others. I would like to thank my managers and City Gateway for offering this opportunity." **MKU, City Gateway Trainee 2019**

"Towards the end of my traineeship, I felt more confident in terms of speaking in public, networking and insight into different departments. My managers were continually pushing me out of my comfort zone, which led me to grow enormously. It was such a pleasure." **JP, City Gateway Trainee 2019**



WHAT WE DO

City Gateway is a charity formed in 1999 by a group of City professionals who were concerned about unemployment in their local community.

We serve people most impacted by social and economic inequality. We seek to transform those communities by improving individuals' life chances. We specifically work with Young People aged 16 to 24 and Women of all ages from disadvantaged communities in London, delivering programmes that enable positive, sustained outcomes in education and employment.

At the same time, our work helps address first-hand the cycles of mental health, abuse, violent crime and gang culture. And we champion collaboration with socially responsible businesses to: drive equality of access to employment, increase diversity and inclusion in talent pools, seek to address future skills shortages and drive economic growth in London.

Over recent years, City Gateway has created additional services, notably an Ofsted "outstanding" Alternative Provision School and an Early Years Provision. These services have been incubated, grown and successfully hived off as standalone provisions, as the charity continues to specifically focus its mission to serve those individuals directly experiencing long term unemployment in London.

Today, the charity delivers education, training and coaching programmes for students and pathways into sustainable employment with our partner employers. We are a gateway for our students to achieve their full potential.

And we don't stop there. If we are genuinely going to impact society, we must together future-think beyond London. City Gateway plans to help create systemic change, not just for local impact in London but by leveraging our research, thought leadership and expertise with policy makers, influencers and decision makers in business and government to bring about national policy change for years to come.

ETHOS AND VALUES

At City Gateway, we believe everyone is made equal and in the image of God. We strive to follow the example of Jesus, in loving and helping those excluded and in need in society. We celebrate diversity. We treat everyone with respect and honesty. We are ambitious. We seek excellence in all we do. And we are optimistic for the future.

THE NEED

City Gateway supports those who are most in need – often isolated individuals who lack the skills and support to access opportunities to break out of poverty and improve their quality of life. Our students have often not succeeded at school, may have been in care, may be ex-offenders, involved in local gang culture, have substance misuse issues, physical or mental health problems, people who may have experienced domestic abuse or can be at risk of sexual exploitation. Our mission is to work with all our students to help them reach their full potential.

There are 90,000 Young People, aged 19-24, in London, not in education or employment ("NEET"). 36,000 of these have been that way for 12 months or more. 20,000 of these young people live in East London, where we are based.

To break the cycle of poverty and disadvantage, we work with and lay foundations with Women – the matriarchs of the household - to train, mentor, raise confidence and transform families. And we work with Young People - the next generation - through employability programmes and Apprenticeships, providing a full service for these young people from wherever they start to a sustained outcome of 12/ 18 months full time employment. City Gateway is the only provider in London delivering the full end to end support that we do.

Our vision, over the coming years, is to help all our students reach their full potential, in turn leading to a significant reduction in the 36,000 long-term unemployed young people in London. We also seek to provide forward-thinking employers with the entry level skills from a diverse and inclusive workforce. We have the programmes to do it and we can demonstrate our impact.

HOW WE DO WHAT WE DO

We believe that education and training, confidence building and employment are the keys to transforming individual's life chances.

City Gateway's training and education programmes take a unified approach, providing all the elements of functional education in English and mathematics and employability training, supported by wrap-around coaching and safeguarding support. This model helps our students to overcome educational and personal barriers in an environment that is tailored to their learning and developmental needs. In turn our students gain the confidence, skills and appropriate qualifications needed for further education or sustained full-time employment.

Our programmes last up to one year, after which we support and train some of our students throughout a 12/18 month Apprenticeship, whilst they establish themselves sustainably in the world of full-time work with one of our employer partners.

In doing what we do, we champion collaboration between the corporate and non-profit worlds to drive equality of access to employment, social mobility, diversity, inclusion and economic growth in London.

OUR IMPACT

We are proud of our impact and we aim for even more in the coming years.

We served a total of 374 students in the year 2018/19.

Our educational achievement rate in 2018/19 for our students was 89%. There are no published educational achievement benchmarks for our target population of students. However, we set our students high standards and aspire, with them, to achieve in line with the same rates (if not higher) than any other student in the UK. And they do.

Our work with Young People doubles their chances of gaining sustained employment.

"The accumulated impact of former City Gateway learners who are currently employed in the regional workforce amounts to £5.7 million in added income in the Tower Hamlets and surrounding boroughs' economy each year. Every £1 invested into learner education at City Gateway yields £5.90 in higher future wages. A 16.3% annual rate of return." [EMSI Economic Impact Report, 2016]

Shayon's story Youtube link: <https://youtu.be/dS30-K0u8D0>



OUR PARTNERS

City Gateway's impact is only possible in collaboration with the future-thinking, generous organisations who partner with us. These organisations work with us to volunteer, fund our programmes and provide Apprenticeship opportunities in their teams for our aspirational, job-ready students.

Each of our partners has made a significant contribution to changing lives in London in 2018/19 and we are truly grateful to all of them.

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



If you would like to partner with us, please contact partnership@citygateway.org.uk for more information.

City Gateway

Trustees Report for the year ended 31 August 2019

BOARD GOVERNANCE

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

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

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

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

Newly appointed Trustees are briefed on their responsibilities and legal obligations under both charity and company law, the Memorandum and Articles of Association, the current Strategic Business Plan and given an overview of the recent financial performance. Each Trustee is given a particular role on a Board Working Group and is expected to attend all Trustee meetings. Trustees are encouraged to attend appropriate external training, where this facilitates the undertaking of their role.

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 capital expenditure. Trustees appoint the Chief Executive Officer ("CEO") to manage and lead the charity and agree a level of delegated authority. The CEO is accountable to the board of Trustees through the Chairman who has regular meetings with the CEO. The CEO is responsible for ensuring that the charity delivers its mission and that key performance metrics of operational delivery are met. The remuneration of the CEO is approved annually by the Trustees.

TEAM

City Gateway has an outstanding staff team, led by David Wesson, the CEO. All our team have a passion for our students and achieving lasting transformational impact in their lives. They are just as passionate for serving our partners with excellence and for our culture of continuous improvement.

ACTIVITY IN THE YEAR 2018/19

In the last year, City Gateway has continued to serve our students and continuously improve our operating processes as we seek to serve all our stakeholders with excellence, in sector leadership, both now and in the future.

3 Year Strategic Plan

In 2018/19 City Gateway's Board and Senior leadership team completed work in preparation for a new 3 year strategic plan cycle, based on work with strategy consultants, OC&C. This detailed piece of work has set the foundations for why, what and how the organisation delivers and grows its mission in the next 3 years. As a result of this work and the ongoing work of senior management, the organization has a very clear operational model to deliver excellence for the needs of the communities it serves for the next 3 years and a sustainable growth model for the future – driving both increased performance and financial stability. This operating model has four pillars: Outreach, Education, Outcomes and Impact.

Outreach

In 2018/19, we have invested in our Outreach and Marketing resource and the mechanisms to raise awareness and the call to action for our programmes among hard to reach NEET Young People in London. This is so that we can reach more of the 36,000 Young People who have been unemployed for more than 12 months. As a result we have already doubled the number of Young people on our courses.

Education programmes for all students

In September 2018, we opened a new aspirational Young People's training facility in East India Dock to complement our state-of-the-art Women's training facility. We also launched a new curriculum for all our students based upon our research findings. This curriculum centres around education and achievement in English and maths, training in employability including work experience and coaching and enrichment activities to remove personal barriers of low confidence, resilience and poor self-awareness. This curriculum has proved hugely successful, with significant increases in participation and retention rates of students on programme.

Outcomes

In order for our students to have the best possible chance of reaching their full potential, we want to see them graduate with us and move into full time education or employment. To support this ambition, in 2018/19 we have invested in research and resource to develop our expertise in this area. We now not only seek to support all students to access career opportunities but also support them throughout the first three months of their transition into full time education or employment.

To underpin our employment outcomes strategy, we are very grateful for the support of Bain & Co. who we commissioned in the year to work with us on a detailed review of the Apprenticeship market in London. This work is vital to support our future resourcing as we seek to work alongside Employer partners to place students into Apprenticeships across London.

Impact

Data and Impact supports everything we do for our students and how we continuously improve. Having recently implemented a new IT system to manage and report on our data, we have now developed a robust suite of management reporting through data huddles and implemented these on a regular basis throughout our organisation. We have codified our Youth programme and invested in training for staff to ensure our programme is operated with fidelity. We plan to do the same at our Women's programme in the coming year.

FUTURE IMPACT PLAN FOR THE COMING YEARS

The Trustees plan, in the future, to build on our mission and grow our impact to transform the life chances of Young People and Women in London communities most impacted by social and economic inequality.

As we achieve our mission for our students and work with employers to place our students into Apprenticeship outcomes, our organization will increase financial sustainability.

We have set out to reach more of the 36,000 unemployed Young People in London and we want to continue to improve progression into full time education or employment outcomes for all our students. We especially want to support our students into Apprenticeships, which uniquely allow us to continue to support, coach and train them whilst they complete their first 12/18 months employment.

We plan to increase our impact in the coming years to serve over 1,000 students a year by 2022 and we plan to raise investment in order to adequately support this work by continuing to build our valuable partnerships with Government, Grant awarding bodies, Trusts and the Corporate sector.

City Gateway Trustees Report for the year ended 31 August 2019

FINANCIAL REVIEW 2018/19

The accounts contained in this report are 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.

The Trustees report a year of good progress in 2018/19, with investment being made especially in Outreach and Outcomes to support the future 3 year strategic plan, beginning September 2019.

City Gateway's gross income from all sources, how this income was expended and the split of financial activity between restricted and unrestricted funds is shown in detail in the following pages. Annual income was £2.5m (2017/18: £2.8m). Our annual deficit in the year was £277,877 (2017/18 deficit of £34,013). This is a direct result of costs incurred and invested now in activities we are building expertise in for the future strategic direction.

Reserves

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

Free reserves cover has decreased in the year to £98,000 which corresponds to 1 month at year end (2017/18: 2 months). This is in part due to increased investment for the future and also due to the accrual of rent-free periods under a new operating lease commitment in the year for a new delivery site. The value of the rent-free accrual is £121,000. We report a cash position at year end of £272,000. This equates to 1 months cover (2017/18: 3 month cover).

Our reserves policy is to aim to maintain sufficient cash reserves to cover at least 3 months future expenditure. This policy is regularly reviewed to ensure that it continues to be appropriate and sufficient. Whilst our year end cash reserves are below 3 months cover, we have, in the current year, financed expenditure in areas necessary for future delivery plans, as detailed above, in order to position the organisation to move forward with a compelling investment and impact plan for the coming years.

Post Balance Sheet Events

Cash cover has increased post-balance sheet to 3 months cover. In line with the new strategic direction, in the period post 31 August 2019, the organisation has won two significant contracts for future years, with a combined contract value of £3.1m (over the next 4 years).

Risk management

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

- **COVID-19**

At this point in time it is not possible to fully consider the impacts arising from COVID-19, however the trustees have considered the possible risks, through scenario modelling and sensitivity analysis, and have put in place measures to maintain income and reduce future expenditure if required. The position will be kept under constant review and the trustees will as required take necessary steps to ensure the charity continues as a going concern.

- **BREXIT**

The trustees have considered the economic impact Brexit may have on the charity in setting strategic plans, and have taken steps to address risk with appropriate budgetary restraint and other measures. Forecasting models show that although Brexit may slow progress towards achieving its objectives, the going concern of the organisation is not believed to be under threat.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

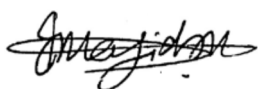
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing those financial statements, the Trustees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

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

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

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:



.....
 Kenny Imafidon
Trustee

Date: 13.05.2020

City Gateway

Report of the independent auditor to the members of City Gateway

Opinion

We have audited the financial statements of (the 'charity') for the year ended 31 August 2019 which comprise Consolidated Statement of financial activities, the Consolidated and Charity Balance sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2019 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the charity's financial statements, which is not modified, we draw your attention to the trustees' view on the impact of COVID-19 as disclosed on page 8, the consideration given in the going concern basis of preparation on page 17 and non-adjusting post balance sheet events on page 28.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the impact of which became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's operations, beneficiaries and the wider economy.

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 group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

City Gateway

Report of the independent auditor to the members of City Gateway

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' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' 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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the parent charity 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 group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

City Gateway

Report of the independent auditor to the members of City Gateway

Use of the audit report

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.



Nicola Wakefield (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS

Date: 3 June 2020

	Note	General Funds £	Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Income					
Donations and legacies	2	1,253,780	301,172	1,554,932	1,493,981
Income from Investments		355	-	355	129
Income from charitable activities	3	801,460	177,766	978,906	1,260,771
Total income		2,055,275	478,938	2,534,213	2,754,881
Expenditure					
Charitable activities	4	2,332,060	480,030	2,812,090	2,788,894
Total expenditure		2,332,060	480,030	2,812,090	2,788,894
NET MOVEMENT IN FUNDS		(276,785)	(1,092)	(277,877)	(34,013)
Total funds brought forward		375,110	1,092	376,202	410,215
Total funds carried forward	12,13	98,325	-	98,325	376,202

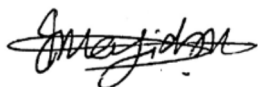
All amounts relate to continuing activities and there are no other gains or losses other than as disclosed in the statement of financial activities.

City Gateway
Consolidated Balance sheet at 31 August 2019

		2019	2018
	Note	£	£
FIXED ASSETS			
Tangible assets	8	175,727	134,242
Intangible assets	8	21,704	32,556
Investments	9	<u>621</u>	<u>621</u>
		198,052	167,419
CURRENT ASSETS			
Debtors: amounts falling due within one year 10		49,363	191,086
Cash at bank and in hand		<u>271,910</u>	<u>472,084</u>
		321,273	663,170
CREDITORS			
Amounts falling due within one year	11a	<u>(299,855)</u>	<u>(454,387)</u>
NET CURRENT ASSETS		<u>21,418</u>	<u>208,783</u>
CREDITORS			
Amounts falling due after more than one year	11b	<u>(121,145)</u>	<u>-</u>
NET ASSETS		<u>98,325</u>	<u>376,202</u>
FUNDS	12,13		
Unrestricted funds		98,325	375,110
Restricted funds		<u>-</u>	<u>1,092</u>
TOTAL FUNDS		<u>98,325</u>	<u>376,202</u>

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

The financial statements were approved by the Board of Trustees on 13.05.2020 and were signed on its behalf by:



.....
Kenny Imafidon

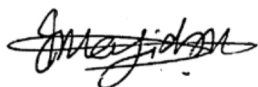
Trustee

City Gateway
Charity Balance sheet at 31 August 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	175,727	134,242
Intangible assets	8	21,704	32,556
Investments	9	621	621
Investment in subsidiary	9	<u>100</u>	<u>100</u>
		198,152	167,519
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	66,267	447,213
Cash at bank and in hand		<u>232,566</u>	<u>159,070</u>
		298,833	606,283
CREDITORS			
Amounts falling due within one year	11a	<u>(270,646)</u>	<u>(424,711)</u>
NET CURRENT ASSETS		<u>28,187</u>	<u>181,572</u>
CREDITORS			
Amounts falling due after more than one year	11b	<u>(121,145)</u>	<u>-</u>
NET ASSETS		<u>105,194</u>	<u>349,091</u>
FUNDS	12,13		
General funds		105,194	347,999
Restricted funds		<u>-</u>	<u>1,092</u>
TOTAL FUNDS		<u>105,194</u>	<u>349,091</u>

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

The financial statements were approved by the Board of Trustees on 13.05.2020 and were signed on its behalf by:



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Kenny Imafidon

Trustee

City Gateway
Consolidated Statement of Cash Flows for the year ended 31 August 2019

	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities				
Net expenditure	(277,877)		(34,013)	
Adjustments for:				
Depreciation	28,047		18,799	
Amortisation	10,852		2,477	
Loss on disposal of fixed assets	-		40,111	
Interest income	(355)		(129)	
Trade and other debtors	141,723		(83,837)	
Trade and other creditors	(33,387)		(81,932)	
	<hr/>		<hr/>	
Cash flows used in operating activities		(130,997)		(138,524)
 Purchase of property plant and equipment	 (69,532)		 (134,626)	
Purchase of intangible fixed assets	-		(32,556)	
Interest received	355		129	
	<hr/>		<hr/>	
Cash flows used in investing activities		(69,177)		(167,053)
 Net (decrease) in cash		 (200,174)		 (305,577)
Cash balance at 1 September		472,084		777,661
		<hr/>		<hr/>
Cash balance at 31 August		271,910		472,084
		<hr/>		<hr/>

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 £243,987 (2018: surplus of £29,669).

Going concern

The trustees consider that it is appropriate for these financial statements to be prepared on the going concern basis given the level of assets and the forecast results for 2019/20. As detailed in the Trustee's report, significant post balance sheet events have brought cash cover back to policy in the year 2019/20.

The trustees have reviewed detailed cash flow projections to 31 August 2021. Both sources of income and types of expenditure have been reviewed including sensitivity analysis. **The charity is expecting to return to teaching students in person from September 2020 and our current funding partners remain committed to supporting delivery of our mission in the medium to long term.** The trustees have also considered the charity's working capital and capital expenditure requirements. As a result of the foregoing the trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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 an income provision and is also included on the Balance Sheet as a creditor.

Expenditure

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

Intangible fixed assets

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

1. ACCOUNTING POLICIES (CONTINUED)

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 charity to the fund in respect of the year.

2. VOLUNTARY INCOME

	2019 £	2018 £
Individual donations & Fundraising events	34,095	31,003
Corporate donations	882,788	807,563
Gifts in kind (see note 17)	474,436	486,000
Other	<u>163,633</u>	<u>169,415</u>
	<u>1,554,952</u>	<u>1,493,981</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	2019 £	2018 £
Statutory income	708,850	905,237
Other grants and contracts	205,993	111,435
Apprenticeship Training Agency	64,063	218,153
Other	-	25,946
	<u>978,906</u>	<u>1,260,771</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. EXPENDITURE ON CHARITABLE ACTIVITIES

	Young People's education, training and progression £	Family programmes £	Apprentic- eship Training Agency £	2019 £	2018 £
Direct charitable activities	449,663	471,589	152,295	1,073,547	1,480,880
Support costs	583,889	612,305	197,511	1,393,705	1,308,014
Subcontractor costs	-	230,990	-	230,990	-
Little Miracles repayment	113,848	-	-	113,848	-
Total	1,147,400	1,314,884	349,806	2,812,090	2,788,894
Support costs broken down by activity					
Senior management	84,561	88,685	28,640	201,886	203,701
Finance & contract management	97,432	102,183	32,999	232,614	221,404
Premises, Facilities & IT	95,358	99,952	32,051	227,361	100,444
HR & Staff development	50,797	53,274	17,204	121,275	87,743
Marketing & communication	57,020	59,801	19,312	136,122	208,722
Gift in kind: Strategic review	167,543	175,712	56,745	400,000	365,000
Gift in kind: Professional services	31,178	32,698	10,560	74,436	121,000
Total support costs	583,889	612,305	197,511	1,393,705	1,308,014

Please see note 17 for details of the gifts in kind

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 £186,270 from £383,781 in 2018.

5a. GOVERNANCE COSTS (included in Support Costs above)

	2019 £	2018 £
Auditor remuneration	14,100	15,726
Other costs	-	20,768
	14,100	36,494

5b. NET (EXPENDITURE)

Net resources are stated after charging:

	2019	2018
	£	£
Auditor's remuneration – audit fees	14,100	15,726
Depreciation/amortisation - owned assets	38,899	21,276
Loss on disposal of tangible and intangible fixed assets	-	40,110
Other operating leases	<u>30,258</u>	<u>81,226</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

The Chair was not paid during the year ended 31 August 2019 or the year ended 31 August 2018. No other trustee received any remuneration during the current or prior years.

Trustees' Expenses

No trustees claimed expenses during the year ended 31 August 2019 (2018: One trustee claimed £366).

7. STAFF COSTS

	2019	2018
	£	£
Wages and salaries	1,258,246	1,681,730
Social security	113,679	134,659
Pension	83,842	86,881
Redundancy costs	-	33,905
Other staff costs	<u>61,382</u>	<u>57,899</u>
	<u>1,517,149</u>	<u>1,995,074</u>

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

	2019 No.	2018 No.
Apprentices	17	29
Permanent staff	<u>46</u>	<u>69</u>
	<u>63</u>	<u>98</u>

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

	2019 No.	2018 No.
£60,001 - £70,000	1	1
£110,001 – £120,000	-	0
£120,001 – £130,000	1	1
	<u>2</u>	<u>2</u>

Key management personnel comprises the Chief Executive Office and Directors. The total employee benefits of the key management personnel of the charity were £333,784 (2018: £300,885).

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 2018	100,503	13,776	123,908	238,187	60,570
Additions	65,383	4,149	-	69,532	-
At 31 August 2019	165,886	17,925	123,908	307,719	60,570
DEPRECIATION/AMORTISATION					
At 1 September 2018	-	-	103,945	103,945	28,014
Charge for the year	15,908	5,485	6,654	28,047	10,852
At 31 August 2019	15,908	5,485	110,599	131,992	38,866
NET BOOK VALUE					
At 31 August 2019	149,978	12,440	13,309	175,727	21,704
At 31 August 2018	100,503	13,776	19,963	134,242	32,556

9. FIXED ASSET INVESTMENTS

GROUP AND CHARITY	Listed investments
	£
MARKET VALUE	
At 1 September 2018 and at 31 August 2019	621
NET BOOK VALUE	
At 31 August 2019	621
At 31 August 2018	621

There were no investment assets outside the UK.

INVESTMENTS IN SUBSIDIARY

	£
COST	
At 1 September 2018 and at 31 August 2019	100

9. FIXED ASSET INVESTMENTS (CONTINUED)

Subsidiaries included in consolidation	Activities	% of capital held	Net assets at 31 August 2019 £	Loss for the year ended 31 August 2019 £
City Gateway Enterprises Limited	Operation of Apprenticeship Training Agency	100%	(6,778)	(6,878)

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2019 £	2018 £
Debtors	5,760	62,175
Accrued income	8,019	100,867
Other debtors	35,584	28,044
	<u>49,363</u>	<u>191,086</u>

CHARITY	2019 £	2018 £
Debtors	-	54,083
Accrued income	8,019	100,867
Other debtors	35,396	27,956
Intercompany debtors	22,852	264,307
	<u>66,267</u>	<u>447,213</u>

11a. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2019 £	2018 £
Trade creditors	68,345	132,553
VAT	(1,865)	3,177
Other creditors	24,956	40,954
Accruals	79,662	64,104
Deferred income	128,757	213,599
	<u>299,855</u>	<u>454,387</u>

CHARITY	2019 £	2018 £
Trade creditors	48,995	130,747
Other creditors	24,990	40,213
Accruals	77,937	61,154
Deferred income	118,724	192,597
	<u>270,646</u>	<u>424,711</u>

City Gateway
Notes to the financial statements for the year ended 31 August 2019

11b. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP AND CHARITY	2019 £	2018 £
Accruals	121,145	-
	<u>121,145</u>	<u>-</u>

12. UNRESTRICTED FUNDS

CHARITY	At 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	At 31 August 2019 £
Unrestricted funds:					
General funds	347,999	2,018,533	(2,261,338)	-	105,194
	<u>347,999</u>	<u>2,018,533</u>	<u>(2,261,338)</u>	<u>-</u>	<u>105,194</u>

GROUP	At 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	At 31 August 2019 £
Unrestricted funds:					
General funds	375,110	2,055,275	(2,332,060)	-	98,325
	<u>375,110</u>	<u>2,055,275</u>	<u>(2,332,060)</u>	<u>-</u>	<u>98,325</u>

13. RESTRICTED FUNDS

GROUP AND CHARITY	At 1 September 2018 £	Income £	Expenditure £	At 31 August 2019 £
London Catalyst (Samaritan Grant)	-	750	(750)	-
The MacRobert Trust	-	5,000	(5,000)	-
Sidley Austin	-	1,000	(1,000)	-
BBC Children in Need	-	36,937	(36,937)	-
JP Morgan	-	248,835	(248,835)	-
The London Community Foundation	-	15,924	(15,924)	-
Bank of England	-	100	(100)	-
The Good Things Foundation	1,092	3,531	(4,623)	-
Ocean Regeneration Trust	-	38,057	(38,057)	-
Charles Hayward	-	25,000	(25,000)	-
Berkeley Foundation	-	38,567	(38,567)	-
Societe Generale	-	21,237	(21,237)	-
Coutts Foundation	-	30,000	(30,000)	-
The Pilgrim Trust	-	14,000	(14,000)	-
Total restricted funds	1,092	478,938	(480,030)	-

London Catalyst (Samaritan Grant)	To assist people in severe need.
The MacRobert Trust	Learners training and education support
Sidley Austin	Family Support Christmas celebration funding
BBC Children in Need	Family Support Funding
JP Morgan	Support of Bridging the Gap for Young People (routes to success in growth industries).
The London Community Foundation	To support civil society and community organisations who work to create more resilient communities, stand up to extremism in all its forms and offer vulnerable individuals a positive alternative, regardless of race, faith, sexuality, age and gender
Bank of England	Women's programme and Literacy Lunch
The Good Things Foundation	Support ESOL tuition at Women's programmes
Ocean Regeneration Trust	Support Women's programmes at Stepney Life Centre
Charles Hayward	Support for Families Together project
Berkeley Foundation	Support of the Equipping Young Women for the Future.
Societe Generale	Literacy for Life programme in London support
Coutts Foundation	Women's programme in Tower Hamlets support
The Pilgrim Trust	Women's programmes-embedding IAG into ESOL classes

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted General Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Tangible Fixed assets	175,727	-	175,727	134,242
Intangible Fixed assets	21,704	-	21,704	32,556
Investments	621	-	621	621
Current assets	321,273	-	321,273	663,170
Creditors due within one year	(299,855)	-	(299,855)	(454,387)
Creditors due after more than one year	(121,145)	-	(121,145)	-
Net assets at 31 August 2019	98,325	-	98,325	376,202

15. CITY GATEWAY ENTERPRISES LIMITED

City Gateway has a wholly owned subsidiary, City Gateway Enterprises Limited which was incorporated in the United Kingdom on 8 October 2012. A summary of its trading results is shown below. Audited accounts will be filed with the Registrar of Companies. The investment in this subsidiary is included in the charity balance sheet at a value of £100. The net liabilities of the subsidiary are £(6,778)

	Year ended 31 August 2019	Year ended 31 August 2018 £
Turnover	63,846	222,111
Cost of sales	(32,798)	(134,256)
Gross profit	31,048	87,855
Administrative expenses	(37,926)	(60,751)
Distribution	(27,104)	(90,788)
Retained in the subsidiary	(33,982)	(63,684)
Total assets of subsidiary	47,084	321,193
Total liabilities of subsidiary	(53,862)	(294,089)
Equity shareholders' funds	(6,778)	27,104

16. GUARANTEE STATUS

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

17. GIFTS IN KIND

During the year the charity received services in kind from corporate supporters. These services included room hire for various events, a strategy review and legal advice throughout the year as well as various other kinds of support. Specific items have been detailed below; 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.

	2019	2018
	£	£
Bain & Co	400,000	-
OC&C Strategy Consultants Ltd	-	365,000
Dentons LLP	37,436	91,800
Ingleby Trice LLP	-	16,200
PricewaterhouseCoopers LLP	-	13,000
Eden McCallum LLP	33,500	-
Chatham Financial Europe Ltd	3,500	-
Total	474,436	486,000

18. OPERATING LEASE COMMITMENTS

At 31 August 2019 the charity had commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2019	2018
	£	£
Less than 1 year	80,584	-
Between 2 and 5 years	547,972	-
After more than 5 years	32,234	-
Total	660,790	-

19. RELATED PARTY TRANSACTIONS

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

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

- City Gateway received distributions of £27,104 (2018: £91,488) from City Gateway Enterprises Limited.
- City Gateway recharged staff costs of £nil (2018: £53,832) to City Gateway Enterprises Ltd during the year.
- As at 31 August 2019 a balance of £22,852 (2018: £264,307) was due from City Gateway Enterprises Ltd.

20. PENSION COMMITMENTS

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity to the funds and amounted to £83,842 (2018 - £86,881). At the year end there were outstanding refunds of £nil (2018: refunds of £6,010).

21. POST BALANCE SHEET EVENT

On 18 March 2020 the UK Government announced the closure of all schools and training providers due to the COVID19 pandemic, effective from Friday 20 March 2020. The charity has been monitoring the situation closely including the impact on income and cashflows. The trustees have contingency plans to reduce costs if required. At this stage no reasonable estimate of the effect of the government announcement can be made, but given the trustees believe the situation can be managed to ensure that the activities of the charity can continue online whilst our training facilities remain closed and then resume when face to face teaching can resume.

22. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	General funds	Designated funds	Restricted Funds	2018 Total Funds
	£	£	£	£
Income				
Donations and legacies	1,250,998	-	242,983	1,493,981
Income from Investments	129	-	-	129
Income from charitable activities	1,103,079	-	157,692	1,260,771
Total income	2,354,206	-	400,675	2,754,881
Expenditure				
Charitable activities	2,359,224	-	429,670	2,788,894
Total expenditure	2,359,224	-	429,670	2,788,894
Net (expenditure) before transfers	(5,018)	-	(28,995)	(34,013)
Transfers between funds	61,002	(61,002)	-	-
Net (expenditure)	55,984	(61,002)	(28,995)	(34,013)
Total funds brought forward	319,126	61,002	30,087	410,215
Total funds carried forward	375,110	-	1,092	376,202