

CXK Limited
Trustees' Annual Report and Financial Statements
For the Year Ended
31 March 2016

COMPANY REGISTRATION NUMBER 04399340

CHARITY REGISTRATION NUMBER 1120755

CXK Limited

Trustees' Annual Report and Financial Statements Year Ended 31 March 2016

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The Trustees present their report and the financial statements of CXK Limited for the year ended 31st March 2016.

Reference and Administrative Details

Registered Charity Name	CXK Limited
Charity Registration Number	1120755
Company Registration Number	04399340
Principal and Registered Office	The Old Court Tufton Street Ashford, Kent, TN23 1QN

The Trustees

NAME	APPOINTMENT/END DATE (where applicable)	ROLE
David Philpott		Independent Chair of the Board
Rachel Sands		Independent Vice Chair of the Board
Suzanne O'Brien		Chair of Audit Committee
Dick Fedorcio		Chair of Development, Fundraising & Marketing Committee
Cathy Beare		Chair of Finance & Investment Committee
Lauren Anning		Chair of HR Committee
Cally Vaile		Independent
Mark Bowles	Appointed 22/9/2015	Independent
Matthew Roberts	Appointed 22/9/2015 Resigned 8/3/2016	Independent
Graham Briscoe	Appointed 22/09/2015	Independent
Jane Spurgin	Appointed 9/12/2015	Independent
Barry Clout	Term of office ended 15/9/2015	Voluntary & Community Sector
Mara Taylor	Appointed 28/1/2016	Youth Board
Thomas Stothart	Appointed 28/1/2016	Youth Board

The Executive Team

Sean Kearns	Chief Executive (resigned 8 th February 2016)
Matthew Roberts	Interim Chief Executive (appointed 1 st April 2016)
Ann Furminger	Director of Service Delivery
Craig Garton	Director of Service Support
Stephen Bell	Director of Business Development (resigned 30 th May 2015)
Gill Cahill	Director of Business Development (appointed 1 st September 2015)
Lyn Hyder	Director of Fundraising (resigned 18 September 2015)
Neil Lakeland	Director of Marketing (appointed 7th April 2015)

Company Secretary	Sandy Foster
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Auditor	Beever and Struthers Chartered Accountants and Statutory Auditor St George's House, 215-219 Chester Road, Manchester, M15 4JE
Bankers	Barclays Bank PLC Ground Floor, Apex Plaza Forbury Road Reading RG1 1AX
Solicitors	Blandy and Blandy Friar Street Reading RG1 1DA

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EXECUTIVE SUMMARY

During the 2015-2016 financial year, two significant regional contracts – the National Citizen Service and National Careers Service – successfully mobilised and commenced delivery. Both of these gave the Charity a greater reach across the South-East and allowed it to deliver its strategy, which is based on its charitable objects, of improving the life opportunities of those who are in need by reason of their youth, age, ill-health, disability or financial hardship to a wider audience.

The range of programmes it delivered throughout the year include:

- a participation contract for 16-24 year olds in Kent who are at risk of becoming or are not in education, employment or training (NEET)
- a youth service to young people in rural areas of Kent through the Community Activity Team (CATS)
- a careers guidance service to adults, both in and out of work, as well as those in-custody through the National Careers Service
- careers education, information, advice and guidance (CEIAG) services to secondary school pupils throughout Kent, to help them with their next steps in education or employment
- the Inspiration Agenda, which is part of the National Careers Service, to school pupils across the South-East Local Enterprise Partnership (SELEP)
- a self-development and confidence building programme to teenagers aged 15-17 through the National Citizen Service
- Elevate, our own study programme for 16-19 year olds
- Young Healthy Minds, an emotional health and wellbeing service to young people aged 4 -19 in Kent. This is delivered in partnership with, Family Action and Step Ahead
- a Prince's Trust Team programme in Kent for unemployed 16-24 year olds in partnership with the Prince's Trust and Mid-Kent College
- Talent Match, a Big Lottery Fund programme for long term NEET in Kent
- parenting programmes, such as Strengthening Families, Strengthening Communities and Incredible Babies, Incredible Toddlers and Incredible Years, to adults with children
- cookery and healthy eating workshops to families living in Bromley, as part of the Family Kitchen initiative

In total, over 42,000 people benefited from the services that CXK provides.

Alongside the commissioned services, the Charity also continued to diversify its income streams. Through its Head Office in Ashford it received tenancies and short-term room rentals, the solar panels made a contribution back to the system and income through fundraising significantly increased. All of these factors enabled the Charity and its Trustees to successfully manage its deficit.

In what has been a challenging year for the Third Sector, the Charity has continued to thrive. Looking forwards to its 15th anniversary, it has a clear vision and mission and continues to seek out opportunities to expand its impact across the South-East.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

The overall strategic direction of the Charity is determined by the Board of Trustees which is known as the Board. The Board, through participation in a process which is led by the Chief Executive and the Executive team in consultation with staff and stakeholders, develops the strategy and reviews the performance of the Charity against its business plan targets over the course of the year.

Structure

CXK Limited is a registered charity, and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the charity in the event of the charity being wound-up during the period of membership, or within one year thereafter.

At 31 March 2016, the Charity had 18 members who are:

- The individuals who are the Trustees
- CXK Youth Board
- Kent County Council (KCC)
- Young Kent (formerly Kent Council for Voluntary Youth Services)
- Avante (formerly Kent Community Housing Trust)
- Canterbury Christ Church University

The Company was incorporated on 20th March 2002, and became a registered charity on 4th September 2007. The Charity is governed by the rules and regulations set down in its company Memorandum and Articles of Association originally dated 20th March 2002, which were amended by special resolution on 23rd January 2007, 16th December 2008, 24th June 2009 and 19th September 2011. In April 2013 CXK merged with KCFN (Kent Children's Fund Network), and incorporated its staff into the CXK Group of companies under the merger.

The Independent Chair of the Board of Trustees and the Chairs of Committees are remunerated. These costs, including expenses, are set out in Note 7 to the accounts (p28).

The Charity has incorporated the following subsidiary undertakings - CXK Trading Limited, CXK Careers Limited. CXK Trading Ltd and CXK Careers Ltd remain dormant entities yet to trade, but it is anticipated that they will be utilised to enable the Charity to trade in markets that are complementary to its primary purposes. In May 2016 Kent Children's Fund Network (KCFN) and Connexions Partnership Kent & Medway Limited were dissolved with Companies House, which has streamlined the overall governance structure.

Governance

The membership is drawn from a variety of stakeholder organisations, based on the founder group of Trustees from 2002-2007 before the Company became a Charity. In addition, a number of Independent Trustees from the business community and the not for profit sector, who can give guidance and advice in the different areas of the organisation and can help the Charity develop, have now been added to the Board. The Chief Executive is not on the Board.

Recruitment of Independent Trustees takes place by advertisements in national media and on suitable websites. Applicants are subject to interview by Trustees to determine their suitability for the role, including whether their skills match the Charity's need, and then forwarded to the Board for approval. Skills profiles are kept under review by the Independent Chair and Chief Executive. The Charity has an agreed induction pack that is given to new trustees. They also meet with the Chief Executive and relevant employees.

The Charity has five committees of the Board - the Human Resources Committee, the Audit

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Committee, the Development, Fundraising and Marketing Committee, the Finance and Investment Committee and the Youth Board.

Between them the committees scrutinise, oversee and make recommendations to the Board on all key aspects of the business. The Youth Trustees are included in the process to ensure decisions are reflective of the core mission.

The Board is offered development and support on relevant topics and regulation, to ensure it remains informed and aware of the challenges and risks facing the Charity. The Chief Executive produces a weekly e-bulletin for staff and all Trustees receive a monthly strategic e-bulletin, written by the Chief Executive, to inform them on the latest developments. At each Board meeting a Chief Executive's report is received.

The Youth Board is an integral committee of the Charity made up of members with diverse backgrounds and from diverse communities. The Youth Board informs the Board of Trustees of the interests of young people and ensures that the strategic direction and policy of the Charity is shaped by young people in partnership with adults.

INDICATORS, MILESTONES AND BENCHMARKS

The Trustees monitor a range of measures to assess the Charity's success in achieving its charitable objectives and its aims and goals derived from these. These measures include:

- Level of reduction in the number of 16-18 year olds who are not in education, employment or training (NEET)
- Outcomes of the preventative work with pre-16 year olds
- Outcomes with the work with vulnerable young people, including Learners with Learning Difficulties or Disabilities (LLDD), Looked After Children (LAC) and young offenders
- The number involved, the quality of the experience and employment or training outcomes for adults involved in the National Careers Service
- The number involved and the quality of the programme for young people engaged in the National Citizen Service
- Performance against contract specifications
- Total income obtained from funding sources
- Customer/beneficiary satisfaction
- Employee engagement
- Maintenance of any external accreditations (for example, ISO9000, Merlin Standard and the Matrix Standard).

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STRATEGIC AIMS AND PERFORMANCE

Objectives and Activities

In pursuance of the broad overall goals of the charity to advance in life those who are in need by reason of their youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not limited to young people, who are situated anywhere within England by developing their skills, education, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals, through the provision of a service which:

- Raises their aspirations, participation and achievement;
- Provides impartial information, advice, guidance and opportunities for their personal development;
- Refers and introduces them to learning and employment opportunities;
- Provides and supports the provision of learning programmes supporting their personal and educational development, and prepares them for life choices and circumstances; and
- Provides those outside learning, or otherwise at risk of underachieving, with the support they need to maximise their potential.

In delivering these objects, the Charity provides a number of services across its four main divisions – Early Help, Young People's Programmes, Training and Mentoring and Career Management. All of these are focused on the provision of skills, education or enhancing the capabilities of people, regardless of their age or circumstance, in order that they can contribute fully to the society in which they live.

Our Achievements

This year, across all of the services, the Charity has directly helped 42,660 individuals and been instrumental in helping many more indirectly. This is a significant increase over the 21,981 individuals it worked with in 2014/2015, in part due to the successful mobilisation of the National Careers Service and National Citizen Service contracts, and testament to the growth over the last twelve months.

The Early Help division, where a number of contracts are in their final year, is a particular strength; delivering 217 parenting programmes and operating mobile youth centres across 13 areas of Kent. These young people have been active in their communities, with positive feedback from both the young people and parish councils that they serve.

"The house is a much calmer place and we feel you have given us a toolbox of strategies we can go to if things don't work out first time. We have the resources you have given us to look back on as reminders should we need to."

A parent following their experience on the Kent Parenting Programme

The emotional wellbeing service – Young Healthy Minds – which is in the fourth year of its delivery, received its 6,000 referral (placing it approximately 5% above the original target), delivered services within 376 schools and colleges throughout Kent and developed a new eight-week programme for children with Autistic Spectrum Disorder.

"The 'Incredible Me' programme has helped my daughter in so many ways. The programme helped her to identify her experienced emotions, which in turn helped her make sense of them. The language she has used to articulate her emotions over the past 2-3 months has been so encouraging to hear. To hear her laugh like she did a few months ago is something I longed to hear again. I cannot put into words the impact this has had not only on her but on her family unit too. Exploring these has opened a new avenue and given her more confidence in her approach"

A parent following their experience on the Young Healthy Minds programme

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The Charity continues to work with those young people not in education, employment or training (NEET) to help them participate in society as mature, independent and responsible individuals. The participation service progressed 2,075 young people into education, employment or training (EET) and, through its Training and Mentoring programmes, it helped 206 young people gain the necessary skills and capabilities to contribute to society.

The programme which the Charity developed itself – Elevate – celebrated its first birthday and, during this time, delivered five programmes with a total of 72 young people - 82% of these completed their main learning aim and 59% of them positively progressed to college or into a job. In addition, there was a 70% achievement rate for English and 50% achievement rate for maths functional skills (national average English 42%, Maths 43%).

"The Elevate programme has helped me to gain my maths and English qualifications, which means I am now able to get a job. I'd recommend it to anyone"

Munasha, a young person on our Elevate programme

The National Citizen Service programme continues to grow. This year, across the three programmes (summer, autumn and spring) CXK directly engaged with 615 young people, with its summer programme raising £19,000 for local charities such as Catching Lives, the Kent MS Therapy Centre, Oasis Domestic Abuse and East Kent Mencap, as well as national charities such as the Teenage Cancer Trust and Oxfam. In total 9,225 hours were devoted to social action in the different communities.

Social action was also present on the Prince's Trust Team programme, which this year saw the 1,000 person start. During this year, over the 11 teams that completed the programme, £1,869 was raised directly for charities (with many more raised through gifts-in-kind) and 2,544 hours given voluntarily. These results, together with the Grade 2 "Good" that was received in the Prince's Trust annual quality audit and a retention figure of 91%, are testament to the dedication and commitment of all concerned.

The Careers Management team, through their delivery of the National Careers Service contract, helped 15,946 adults improve their awareness of their skills and understand how they can positively contribute to society. A further 6,800 people who are in-custody were helped; enabling them to better understand the opportunities available to them once they are "through the gate".

Through the Inspiration Agenda, the Charity engaged with 232 secondary schools and 218 employers across the South-East Local Enterprise Partnership (SELEP). It hosted a Science, Technology, Engineering and Maths (STEM) careers event, developed a series of Labour Market Information (LMI) booklets for the schools in each county and produced a range of videos on the career opportunities available. All of this work has helped the young people understand the career paths available to them, and the skills they will need, once they leave education.

Within schools, the guidance team worked with approximately 9,000 young people in 60 schools across Kent, delivering 17,619 sessions that comprise a mix of focus events, one-to-one guidance interviews and group assemblies.

"This was very helpful because now I know what to do to achieve my dream job and I also know that I must gain more work experience."

Chloe, a pupil at a school in Bromley

Our Growing Influence

The Charity works closely with other agencies supporting the Commissioning Strategies in Kent, Essex, Southend, Thurrock and the South East Local Enterprise Partnership (SELEP). These include Kent

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County Council and Children's Social Services. It also includes the Skills Funding Agency, Education Funding Agency, other local authorities, the Primary Care Trusts and Public Health England. The Charity also has close links with voluntary and community bodies both through sub-contracted services and through more informal partnerships.

In Kent, the senior team are part of the Kent Corporate Parenting Group and has strong representation from the Executive on the Kent Safeguarding Children Board, as well as Joint Partner Meetings (looking at the provision of CEIAG advice and NEET reduction policies) and skills committees. Senior managers also sit on other county-wide and regional planning and implementation groups.

In April 2015, CXK became prime contractor throughout the South-East for both the National Careers Service and the National Citizen Service. This extended its reach across East and West Sussex, Brighton and Hove, Thurrock, Southend-on-Sea and Essex. In total, for both of these contracts it engaged with 21 partners and is responsible for delivering services to 28,272 adults and 776 young people, with an anticipated reach of approximately 6,000 young people next financial year.

Together with Careers England, the national association for organisations involved in careers guidance, the Charity submitted written evidence to the sub-committee on Education, Skills and the Economy during its inquiry into careers education, information, advice and guidance. In addition, it lobbied MPs about the figures for those Not in Education, Employment or Training and the emotional wellbeing of our young people. Its links with both the South-East Local Enterprise Partnership (SELEP) and the regional Skills Boards, have also allowed it to shape the local debate concerning the guidance and support that young people receive.

Alongside this work it successfully engaged with regional media and received press coverage for its Young Healthy Minds provision, Prince's Trust Team programme and the Elevate programme, as well as a wider profile of the Charity within a Kent lifestyle magazine. The National Citizen Service programme has also benefited from several press stories around the efforts of the young people and the positive impact that the programme has had. All of this has contributed to raising the profile of the Charity throughout the areas it operates in.

Our People

People are key at every level to the Charity's ability to deliver and it has benefited from outstanding dedication, commitment and service from all staff and volunteers. Trustees wish to pay particular tribute to the staff for the speed and effectiveness with which they have responded to another year of extraordinary growth in the Charity's activities. 80% of the staff have direct responsibility for the delivery of services to beneficiaries, with the remaining 20% comprising administration, support services and referral co-ordinators. The Central Support Team accounts for just 11% of the Charity's headcount and works across all contracts supporting all areas of the business.

In June, during Volunteers Week, the Charity held a presentation ceremony to say thank-you to the 17 volunteers who had, since January 2015, amassed over 1,000 hours on behalf of CXK. All of these volunteers chose to support the organisation to gain additional experiences and learn about the work that we do.

Some of the managers have, this year, benefited from the Level 5 Chartered Management Institute (CMI) Leadership and Management Diploma. Their projects, which ranged from embedding young people into the decision-making process through to the motivational factors of employees, were presented to the Senior Leadership Team and Trustees and have helped shaped some of the future focus of the Charity. This focus, for the immediate future with the recommissioning of contracts, continues to be around change management.

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"Throughout my time volunteering at CXK, I have really benefited from training in lots of different areas and significantly developed my research skills through actually conducting practical research and secondary data analysis."

Sienna Constantine, volunteer on Young Healthy Minds

Our Quality

Committed, through all that it does, to ensuring that the quality of its impact is of the highest possible standard, the Charity was delighted this year to receive positive feedback from its stakeholders. They have an overwhelmingly favourable impression of CXK as a service provider, agree that its reputation is good and that it offers a good range of services.

Beneficiaries were equally positive; with an online survey collecting feedback that customers see its services as extremely beneficial; providing them with increased knowledge, motivation and confidence. 99% of people who completed this survey would recommend the services to a friend.

During this period, its in-custody provision was graded as an Ofsted Grade 2 "Good" in HMP Stanford Hill, with the delivery model that is used across the whole in-custody service shared as good practice throughout the whole of the country. The Charity was also re-accredited with the Matrix Standard – the industry marque for impartial advice and guidance, with the report highlighting the strengths around staff commitment to learning and CPD, and the level of innovation displayed as an organisation.

CXK continues to prepare for an Ofsted inspection on its Education Funding Agency (EFA) funded provision, as well as the National Careers Service programme and will be undergoing re-accreditation with the Merlin Standard in November 2016.

PUBLIC BENEFIT

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance publication "The Advancement of Education for Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' Annual Report.

Benefits & Beneficiaries

In accordance with its charitable objects, the Charity strives to advance in life those who are in need by reason of their youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not limited to young people. The benefits offered by the Charity are the services that it delivers to advise and guide all individuals so that they have a positive and enjoyable life.

This financial year the Charity worked with 615 young people on the National Citizen Service (NCS) programme to help them develop their self-confidence and leadership skills. It saw 15,946 adults in the community as part of the National Careers Service, and a further 6,800 adults in-custody. All of these were given careers support and advice. A further 9,000 school pupils were engaged through its in-school provision and a further 232 schools throughout the South-East Local Enterprise Partnership (SELEP) benefited from the work completed under the Inspiration Agenda.

Nearly 700 adults were also helped through parenting classes; giving them the tools and techniques they need to be able to better connect with their children and provide a stable, supportive environment in which they can grow.

3,199 young people were engaged through the mobile youth centres and Community Activity Teams, with 4,135 young people who were not in education, employment or training (NEET) helped. Of these 2,075 progressed into education, employment or training.

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In total, 42,660 individuals directly benefited from the work that CXK delivered this financial year, with a greater number benefiting from the work of its sub-contractors and partners.

Trustees' Assessment of Public Benefit

The Trustees utilise the range of measures of performance listed above (p5) to determine the Charity's success and to demonstrate that it continues to advance in life individuals for the public benefit. There is satisfaction with the Charity's performance, which has seen its key performance objectives met every year and where the Charity has achieved regional and national acclaim for its engagement projects and its leading stance on Careers Education, Information, Advice and Guidance (CEIAG).

During the year 2015-16, the Trustees gathered evidence, through comprehensive stakeholder and beneficiary surveys, which demonstrated to their satisfaction that the Charity continues to benefit the public through its activities targeted to achieve its charitable objects. Some of these findings include:

- 94% of respondents agreeing that they felt supported by CXK
- 86.7% of respondents agreeing that the overall quality of service was "excellent" or "good"
- 95.7% of respondents agreeing that CXK provided them with good advice
- 83% of respondents agreeing that CXK had had a positive impact on their lives

RISK AND CORPORATE GOVERNANCE MATTERS

Risks are identified by the Executive Team, the Audit Committee, Trustees and their advisers. Risks are tabulated in a standard risk register format on the basis of the likelihood and severity of any risk, and these risk assessments are debated by the Audit Committee and the Board at each meeting. The risk management process for the Charity was reviewed during the financial year by the Audit Committee and changes made to risk reporting.

CXK continued to make good progress on improving its risk management across the five major risk categories of Compliance, External and Environmental Factors, Financial, Governance and Operational.

Compliance

The Board has been strengthened with the appointment of two new Trustees, both of whom have knowledge of the Further Education (FE) sector, Ofsted and corporate governance. Our re-accreditation of the Matrix standard alongside our existing ISO 9001 and Merlin Standard. We have engaged an independent auditor to monitor compliance and will, throughout 2016-2017 be looking to strengthen this through the appointment of a dedicated Health and Safety advisor.

External and environmental factors

Our focus here has been to monitor the changing face of how services are provided, by monitoring the various legislative and political changes that are underway which may affect us (for example CEIAG in schools and prisons as well as Ofsted). Our solar panels, located on the roof of our office building in Ashford, have managed to contribute back energy into the system from its newly installed solar panels.

Financial

CXK has continued to adopt a prudent approach to financial risk and continues to hold reserves in line with the Charities Commission (see p12). To ensure the value of these reserves is maintained the Charity has taken advice on how a moderate amount of these reserves could be better invested without exposing the charity to any significant risk. CXK has continued to successfully broaden its funding sources and appointed a Director of Fundraising to look at how voluntary donations can be increased alongside grant funding and a wider range of commissions. This remains a focus for 2016-2017.

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Governance

During this financial year a new Company Secretary was appointed, who commenced a full governance review of the Charity.

Operational

The Charity has continued to refine and report on the major risks that it faces in delivering its services. In particular it continues to strengthen its procedures around Safeguarding, Channel and Prevent alongside improved management processes.

The management of most risks is delegated to the Chief Executive and the Senior Leadership Team. A risk register is updated monthly and update reports are given to the Board at each meeting. All major risks have been reviewed and systems and procedures are in place to manage and mitigate the risks.

The principal risks currently identified include:

- A significant Contract or multiple contracts become unprofitable and unsustainable
- Loss of major income source
- Competition for new contracts results in loss of income through new business

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity 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 judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the Charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate 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.

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FINANCIAL REVIEW

Whilst overall, the Charity's income was higher in 2016 than the previous year (2016: £11,608,565, 2015: £7,478,077), this was primarily due to the two new contracts awarded by the National Citizen Service Trust and Skills Funding Agency (SFA). Income from local authorities, schools and colleges and other commissioned services – such as the Prince's Trust Team programme, was down on previous years due to the continued climate of reduced public funding. However, the contracted services required by Kent County Council continued to have a high demand but with less available funding.

However, despite these pressures the Charity has successfully managed its deficit and is reporting a deficit of £334,773 (2015: deficit £339,029). Included within this are "one-off" expenditures relating to the cessation payment of the defined benefit pension scheme, termination and redundancy payments of staff. Were it not for these payments, the Charity would have reported an operational surplus of £118,000.

The dedicated head office in Ashford has transformed the provision of services and provided an additional revenue stream through the long-term leases of rooms to local businesses room, and short-term room rentals for meetings and conferences. The office support hubs in Dartford and Whitstable have continued to be used in support of outreach staff based in the north and east of the Kent area and we have investigated the leasing of premises within Essex and Sussex as our influence grows.

This year was one of expanding the Charity's work and developing relationships outside of original networks. This focus on development and funding opportunities continues to strengthen the financial position of the Charity and allows it to diversify into new areas. In October 2014 the Charity was awarded the prime contract to deliver the National Careers Service for the South East Local Enterprise Partnership (including Essex, Kent and East Sussex regions), with effect from 1st April 2015 and the National Citizen Service for Sussex & Kent regions with effect from 1st October 2015. Both are significant contracts of high value, and have a reach which offers additional benefits to existing and new beneficiaries.

All income received during the financial year was spent in furtherance of the charitable activities.

RESERVES POLICY

Guidance from the Charity Commission indicates that, in order to have a robust and sustainable reserves policy, it is prudent to allow for four to six months of operating costs.

At 31st March 2016, the Charity had "free reserves" (i.e. the total of unrestricted income funds not invested in fixed assets or the defined benefit pension scheme) of £3,323,457 with an operating cost base of £11,946,352 (31 March 2015: £3,410,630 against operating costs of £7,704,257). Restricted reserves are £392,670 (2015: £687,044).

Taking into account the nature and volume of the Charity's income streams and the patterns of expenditure in meeting the Charity's objects, the Trustees continue to consider that, to ensure efficient management and the provision of a financial buffer, allowing uninterrupted services, a target level of free reserves in line with the Charity Commission's recommendations is desirable.

INVESTMENTS POLICY

Under the rules of the governing document of the Charity, the Trustees have wide ranging powers to invest the funds of the Charity as they see fit within the scope of the laws and regulations applying in the United Kingdom. The objectives for these investments are to achieve a balanced return from income and capital growth whilst accepting a moderate degree of risk and maintain the real value of

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capital in order to achieve and potentially facilitate periodic capital withdrawal. In deciding investments, the Board follows an ethical policy, which examines good employment practices, good environmental practices and a commitment to corporate and social responsibility.

The Charity has investments of up to £1.5 million of its reserves in shares or equities with Sarasins and Partners LLP. Investment income arises from a deposit account arrangement where the Charity's current account is capped to allow the maximum amount of money to be transferred daily to a high interest earning deposit account. The policies on investments is under review as part of the investment consideration.

APPROACH TO FUNDRAISING

Through its fundraising, the Charity aims to increase the opportunities its beneficiaries have and improve their life chances. By adding value to the commissioned services it already delivers, 100% of the monies raised can be used to directly help those who need it most.

This year, the Charity raised £10,558 towards improving its beneficiaries' life-chances, through a series of challenge events, sponsored walks and corporate partnerships.

AUDITOR

Beever and Struthers were appointed by resolution of the Board on 2nd February 2014.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

In so far as the Trustee/Directors are aware:

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

PROFESSIONAL INDEMNITY INSURANCE

The Charity has taken out a combined commercial insurance policy that provides an element of professional indemnity cover for the Trustees amounting to £5 million in respect of any one claim. The total cost of this insurance policy to the Charity for the year 1st September 2015 to 31st August 2016 was £4,713.37.

PLANS FOR FUTURE PERIODS

The Charity's aim is of making a positive difference to the lives of those who are in need by reason of their youth, age, ill-health, disability, financial hardship or other disadvantage, in particular but not limited to young people.

The Strategic Plan for 2017-2020, which includes our 15th anniversary, sets out how it intends to achieve its mission of becoming the best charity in the sector. It contains within it a number of core themes, including the

- Broadening of funding sources
- Growth of impacts in the targeted areas within which it operates
- Creation of a sustainable operating model that allows programmes to be delivered as funding routes change
- Expansion of the number of people engaged in the delivery of its charitable aims whether as a volunteer, employee or third party.

CXK Limited

Trustees' Annual Report and Financial Statements Year Ended 31 March 2016

This Strategic Plan sets out, as a broad framework, the response to the continuing economic and political challenges over the next three years, whilst still allowing it the freedom to respond positively to new opportunities that may emerge.

The targets for 2016-2017 are to:

- meet and exceed the performance specification in contracts,
- to continue to up-skill staff to work in multidisciplinary teams
- to offer a service and product which is reflective of individual and community needs in the support all vulnerable young people into education, employment, training and further support family needs.

FUTURE PUBLIC BENEFIT

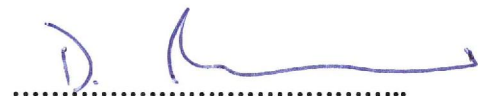
Whilst undoubtedly this has been a tough year for charities, following some high profile failures within the sector, it is pleasing to report that CXK has continued to thrive.

As a Charity, it continues to seek opportunities to expand its reach and impact across the South-East, building on the links that it has gained through the successful regional delivery of the National Citizen Service and National Careers Service, as well as strong local links with Kent County Council and Bromley Borough Council.

There has been much for it to celebrate. There has been a strengthening and expansion of some key functions within the Charity, including communications and the delivery teams, and it has begun a wide ranging discussion on how to improve fundraising activities. The scope of partner organisations it works with have expanded and its reach extended – through its prime contractor status for both National Careers Service and National Citizen Service – into new areas across the South-East. However, throughout this the Charity has stayed true to its core aims and objectives spending quite a lot of time at Board and Executive level, reflecting on the mission, vision and values.

The Trustees will continue to ensure that the Charity continues to benefit the public by reducing youth unemployment, supporting individuals with barriers to progression, and acting as an accessible and friendly community service in collaboration with our partners.

This report was approved by the Board of Trustees on 10th October 2016 and signed for on behalf of the Board by David Philpott as Chair of the Board of Trustees.



**Chairman of Trustees
D Philpott**

CXK Limited

Independent Auditor's Report to the Members of CXK Limited

Year Ended 31 March 2016

We have audited the financial statements of CXK Limited for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 company's trustees 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 company and the company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees 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 financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with this Act.

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2016 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

CXK Limited

Independent Auditor's Report to the Members of CXK Limited (continued)

Year Ended 31 March 2016

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on Which We are Required to Report by Exception

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

- the parent charitable company has not kept adequate and sufficient accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Beever and Struthers

Maria Hallows (Senior Statutory Auditor)
for and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Dated: 10 October 2016

CXK Limited

Consolidated Statement of Financial Activities (Including Consolidated Income and Expenditure Account)

Year Ended 31 March 2016

		Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015 Restated
	Note	£	£	£	£
Income from:					
Donations	2	10,558	-	10,558	15
Charitable activities	3	11,608,565	-	11,608,565	7,478,077
Investments	4	<u>22,545</u>	<u>-</u>	<u>22,545</u>	<u>128,980</u>
Total income		<u>11,641,668</u>	<u>-</u>	<u>11,641,668</u>	<u>7,607,072</u>
Expenditure on:					
Charitable activities	5	<u>(11,946,352)</u>	<u>-</u>	<u>(11,946,352)</u>	<u>(7,704,257)</u>
Total expenditure		<u>(11,946,352)</u>	<u>-</u>	<u>(11,946,352)</u>	<u>(7,704,257)</u>
Net gains/(losses) on investments	10	<u>(30,089)</u>	<u>-</u>	<u>(30,089)</u>	<u>24,156</u>
Net income/(expenditure)		<u>(334,773)</u>	<u>-</u>	<u>(334,773)</u>	<u>(73,029)</u>
Transfer between funds		294,374	(294,374)	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	16	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,000)</u>
Net income/ (expenditure) and net movement in funds for the year		(40,399)	(294,374)	(334,773)	(339,029)
Reconciliation of funds:					
Total funds brought forward		<u>5,612,308</u>	<u>687,044</u>	<u>6,299,352</u>	<u>6,638,381</u>
Total funds carried forward		<u>5,571,909</u>	<u>392,670</u>	<u>5,964,579</u>	<u>6,299,352</u>

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

All of the above amounts relate to continuing activities.

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year plus any realised gains and losses, and was a deficit of £334,773 (2015: £339,029 deficit).

The notes on pages 21 to 37 form part of these financial statements.

CXK Limited
Consolidated Balance Sheet
Year Ended 31 March 2016

	Note	2016 £	2015 Restated £
Fixed assets:			
Tangible assets	8	1,736,919	1,575,521
Investments	10	<u>511,533</u>	<u>524,156</u>
Total fixed assets		2,248,452	2,099,677
Current assets:			
Debtors	11	1,763,358	872,905
Cash at bank and in hand	12	<u>4,585,264</u>	<u>4,762,862</u>
Total current assets		6,348,622	5,635,767
Liabilities:			
Creditors: Amounts falling due within one year	13	<u>(2,391,745)</u>	<u>(1,358,728)</u>
Net current assets		<u>3,956,877</u>	<u>4,277,039</u>
Total assets less current liabilities		6,205,329	6,376,716
Provisions for liabilities	15	<u>(240,750)</u>	<u>(179,364)</u>
Net assets excluding pension asset		5,964,579	6,197,352
Defined benefit pension scheme asset	16	<u>-</u>	<u>102,000</u>
Total net assets		<u>5,964,579</u>	<u>6,299,352</u>
The funds of the charity:			
Restricted income funds	17	392,670	687,044
Unrestricted income funds	17	5,571,909	5,510,308
Pension reserve	18	<u>-</u>	<u>102,000</u>
Total unrestricted funds		<u>5,571,909</u>	<u>5,612,308</u>
Total charity funds		<u>5,964,579</u>	<u>6,299,352</u>

These financial statements were approved and authorised for issue on 10th October 2016 by the trustees and signed on their behalf by:

D M Philpott
Independent Chair



Company Registration Number: 0439934
Charity Registration Number: 1120755

The notes on pages 21 to 37 form part of these financial statements.

CXK Limited
Company Balance Sheet
Year Ended 31 March 2016

	Note	2016 £	2015 Restated £
Fixed assets:			
Tangible assets	8	1,736,919	1,575,521
Investment in subsidiary	9	1	1
Investments	10	<u>511,533</u>	<u>524,156</u>
Total fixed assets		2,248,453	2,099,678
Current assets:			
Debtors	11	1,763,358	872,905
Cash at bank and in hand	12	<u>4,585,264</u>	<u>4,762,862</u>
Total current assets		6,348,622	5,635,767
Liabilities:			
Creditors: Amounts falling due within one year	13	<u>(2,391,746)</u>	<u>(1,358,729)</u>
Net current assets		<u>3,956,876</u>	<u>4,277,038</u>
Total assets less current liabilities		6,205,329	6,376,716
Provisions for liabilities	15	<u>(240,750)</u>	<u>(179,364)</u>
Net assets excluding pension asset		5,964,579	6,197,352
Defined benefit pension scheme asset	16	<u>-</u>	<u>102,000</u>
Total net assets		<u>5,964,579</u>	<u>6,299,352</u>
The funds of the charity:			
Restricted income funds	17	392,670	687,044
Unrestricted income funds	17	5,571,909	5,510,308
Pension reserve	18	<u>-</u>	<u>102,000</u>
Total unrestricted funds		<u>5,571,909</u>	<u>5,612,308</u>
Total charity funds		<u>5,964,579</u>	<u>6,299,352</u>

These financial statements were approved and authorised for issue on 10th October 2016 by the trustees and signed on their behalf by:

D M Philpott
Independent Chair



Company Registration Number: 0439934
Charity Registration Number: 1120755

The notes on pages 21 to 37 form part of these financial statements.

CXK Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2016

	2016	2015
	£	Restated £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	130,176	(959,485)
Cash flows from investing activities:		
Interest from investments	22,545	128,980
Purchase of property, plant and equipment	(312,853)	(353,578)
Purchase of investments	(17,466)	(500,000)
Net cash provided by (used in) investing activities	(307,774)	(724,598)
Change in cash and cash equivalents in the reporting period	(177,598)	(1,684,084)
Cash and cash equivalents at the beginning of the reporting period	<u>4,762,862</u>	<u>6,446,946</u>
Cash and cash equivalents at the end of the reporting period	<u>4,585,264</u>	<u>4,762,862</u>
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per statement of financial activities)	(334,773)	(73,029)
Adjustments for:		
Depreciation charges	151,455	90,939
Losses/(gains) on investments	30,089	(24,156)
Interest from investments	(22,545)	(128,980)
Decrease/(increase) in debtors	(890,454)	340,044
Increase / (Decrease) in creditors	1,033,018	(945,436)
Increase / (Decrease) in provisions	61,386	(114,867)
Defined benefit pension scheme movement	<u>102,000</u>	<u>(104,000)</u>
Net cash provided by (used in) operating activities	<u>130,176</u>	<u>(959,485)</u>

The notes on pages 21 to 37 form part of these financial statements.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of Preparation

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

Reconciliation with previous Generally Accepted Accounting Practice

CXK 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). In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £68,821. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of group funds and balances

	Reserves as at transition date 1 April 2014	Surplus / (deficit) Year ended 31 March 2015	Reserves as at 31 March 2015
	£	£	£
As previously stated	6,707,202	(363,319)	6,343,883
Short-term compensated absences	<u>(68,821)</u>	<u>24,290</u>	<u>(44,531)</u>
Funds balance as restated	6,638,381	(339,029)	6,299,352

The charity has restated comparatives in the balance sheet to disclose bank deposit accounts as cash and cash equivalents instead of as current asset investments. These balances meet the definition of cash and cash equivalents in FRS102. No other restatements were required.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1. Accounting Policies

Preparation of the accounts on a going concern basis

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. There are no material uncertainties about the charity's ability to continue as a going concern and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Group financial statements

Consolidated financial statements have been prepared in respect of CXK and its subsidiaries. KCFN (Kent Children's Fund Network) traded during 2014-15 but was dormant in 2015-16 and was subsequently dissolved on 24 May 2016. The remaining subsidiaries CXK Trading Ltd, CXK Careers Ltd and Connexions Partnership Kent and Medway Ltd were dormant and have not traded to date. A separate Statement of Financial Activities and Income and Expenditure account for the charity has not been presented, because the trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income

Income comprises mainly grant and contract funding for projects from government and other bodies. Additional income arises from interest received and fundraising.

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

Income from government and other 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 for provision of specified services is deferred until the criteria for income recognition are met (see note 14).

Volunteers

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

Fund accounting

Unrestricted funds comprise accumulated surplus and deficits on general funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and that have not been designated for other purposes. Restricted funds are subject to special conditions imposed by the donor.

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 fair value.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1. Accounting Policies (continued)

Expenditure

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:

- Expenditure on charitable activities includes costs incurred in furtherance of the Charity's objects relating to the benefit of children and young people, and the associated support costs.
- Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include head office costs, payroll, IT, HR and governance costs.
- Governance costs are those relating to the Charity itself, not its objects and include external audit, any legal advice for the Trustees and any costs associated with complying with constitutional and statutory requirements e.g. the costs of Trustees meetings and preparing statutory accounts.

Fixed Assets

Tangible fixed assets are stated at historical cost less depreciation and any impairment. Depreciation is charged on fixed assets in order to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

ICT equipment	over 3 to 5 years
Fixtures and fittings	over 3 to 10 years
Head office costs	over 15 to 20 years
Motor vehicles	over 3 years

Land is not depreciated

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Debtors

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

Cash at bank and in hand

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

Creditors and Provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event and where the amount of the obligation can be reliably estimated. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1. Accounting Policies *(continued)*

Pensions – defined benefit pension scheme

The charitable company participated in a multi-employer defined benefit pension scheme known as the Kent County Council Pension Scheme until 30 June 2015, when the charitable company ceased participation in the fund. This was a centralised scheme for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of pension scheme.

The exit payment has been confirmed by the Pension Fund but remained unpaid at the year end. It has therefore been recognised in the current year as a short term creditor.

In the comparative year, the charitable company was able to identify its share of the underlying assets and liabilities of the Kent County Council Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes were applicable. The amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits was the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme were treated as net finance costs or income for the year.

Full actuarial valuations, carried out by a professionally qualified actuary, were obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme were measured at fair value, and the underlying liabilities were measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset was recognised on the balance sheet only to the extent that the surplus might be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme had agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability was recognised to the extent that the company had a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the charitable company's pension scheme asset or liability was therefore reflected annually in the balance sheet and through the statement of financial activities.

Pensions – defined contribution pension schemes

The charitable company also makes payments into defined contribution pension schemes on behalf of certain employees. The assets of these schemes are held in separate independently administered funds. The contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the period of the lease.

Taxation

The company is a registered charity and as such its income and gains falling due under section 471 to 489 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporate tax to the extent that they are applied to its charitable objectives.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

2. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Donations	<u>10,558</u>	<u>-</u>	<u>10,558</u>	<u>15</u>

3. Income from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income from Charitable Activities	<u>11,608,565</u>	<u>-</u>	<u>11,608,565</u>	<u>7,478,077</u>
	<u>11,608,565</u>	<u>-</u>	<u>11,608,565</u>	<u>7,478,077</u>

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Interest receivable	<u>22,545</u>	<u>-</u>	<u>22,545</u>	<u>128,980</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

5. Costs of Charitable Activities by Fund Type

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015 Restated
	£	£	£	£
Staff costs	5,112,038	-	5,112,038	3,966,682
Travel and subsistence	179,818	-	179,818	180,882
Other staff costs	669,084	-	669,084	75,163
Sub-Contractor costs	3,635,322	-	3,635,322	1,611,263
Consultancy	123,873	-	123,873	150,885
Premises costs	93,979	-	93,979	78,731
IT and communications	295,001	-	295,001	249,610
Printing, postage and stationery	42,752	-	42,752	19,032
Training costs	114,735	-	114,735	87,072
Marketing and development	174,517	-	174,517	71,700
Direct delivery costs	1,110,659	-	1,110,659	992,094
Financial services	91,206	-	91,206	53,567
Irrecoverable VAT	79,675	-	79,675	19,962
Depreciation	151,455	-	151,455	90,939
Other costs	72,238	-	72,238	56,675
	<u>11,946,352</u>	<u>-</u>	<u>11,946,352</u>	<u>7,704,257</u>

Comparatives have been reclassified in order to provide a more detailed analysis of expenditure. The above costs include £1,611,000 (2015: £1,417,060) in relation to support costs. Support costs include governance costs of £32,333 (2015: £17,375) in addition to payroll, IT, HR, finance, support staff and head office functions.

6. Net income/(expenditure) for the Year

This is stated after charging:

	2016 £	2015 £
Depreciation	<u>151,455</u>	<u>90,939</u>
Auditors' remuneration:		
- audit of the financial statements	13,680	17,370
- VAT consultancy	3,424	-
	<u>17,104</u>	<u>17,370</u>
Operating lease costs:		
- Other	<u>12,500</u>	<u>12,500</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

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

	2016	2015
	£	£
Wages and salaries	4,482,095	3,425,165
Social security costs	384,986	325,011
Other pension costs	<u>244,957</u>	<u>240,796</u>
	<u>5,112,038</u>	<u>3,990,972</u>

Other pension costs above represents the total operating charge included in resources expended in the statement of financial activities and does not include the exit payment for the defined benefit pension scheme (see note 16).

Staff Numbers

The average monthly headcount was 185 staff (2015: 150 staff) and the average monthly number of full-time equivalent employees during the year (including casual and part-time staff) was as follows:

	2016	2015
	No	No
Number of support and management staff	26	16
Number of delivery staff	137	119
Number of zero hour contract staff	<u>8</u>	<u>6</u>
	<u>171</u>	<u>141</u>

The number of employees whose remuneration for the year fell within the following bands, was:

	2016	2015
	No	No
£60,000 to £69,999	1	-
£70,000 to £79,999	-	1
£100,000 to £109,999	-	1
£130,000 to £139,000	<u>1</u>	<u>-</u>
	<u>2</u>	<u>2</u>

The charitable company made contributions to pension schemes on behalf of all employees whose emoluments exceeded £60,000, and the total contributions payable during the year for the above employees amounted to £18,830 (2015: £18,576).

Other staff costs includes termination benefits £273,743 (2015: £9,675). Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Termination benefits of £80,061 were included in accruals at the balance sheet date.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

7. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

Remuneration is permitted for trustees by the articles of association of the company and as determined by the board. In addition to being a trustee, D M Philpott is the Independent Chair of the charitable company and received emoluments for qualifying services in this role. Chairs of committees were remunerated for their role during the year.

Trustees Remuneration:

	2016	2015
	£	£
Barry Clout	825	-
Cathy Beare	4,538	-
David Philpott	13,563	4,500
Lauren Anning	1,800	-
Dick Fedorcio	4,538	-
Suzanne O'Brien	<u>4,538</u>	<u>-</u>
	<u>29,802</u>	<u>4,500</u>

Other than as disclosed above, none of the trustees received any remuneration for services as a trustee or director of the charitable company during the current or previous year. During the year, travelling expenses totalling £2,636 (2015: £565) were reimbursed to 6 (2015: 2) of the trustees.

Key Management Personnel

The key management personnel comprise the Executive Directors. The full time equivalent was 5.3 (2015: 4.4 FTE).

	2016	2015
	£	£
The executive directors' aggregate emoluments in respect of qualifying services were:		
Emoluments receivable (including benefits in kind)	437,114	307,167
Value of company contributions to pension schemes	<u>36,648</u>	<u>29,917</u>
	<u>473,762</u>	<u>337,084</u>

The number of executive directors who are accruing benefits under pension schemes was as follows:

2016	2015
No	No
<u>7</u>	<u>5</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

8. Tangible Fixed Assets (Group and Charity)

	Land £	ICT Equipment £	Fixtures & Fittings £	Head Office Costs	Motor Vehicles £	Total £
Cost						
At 1 April 2015	522,928	491,184	220,374	859,274	-	2,093,760
Additions	-	7,097	20,315	269,653	15,788	312,853
Disposals	-	-	-	-	-	-
At 31 March 2016	<u>522,928</u>	<u>498,281</u>	<u>240,689</u>	<u>1,128,927</u>	<u>15,788</u>	<u>2,406,613</u>
Depreciation						
At 1 April 2015	-	355,814	113,373	49,052	-	518,239
Charge for the year	-	60,175	29,932	58,717	2,631	151,455
On disposals	-	-	-	-	-	-
At 31 March 2016	<u>-</u>	<u>415,989</u>	<u>143,305</u>	<u>107,769</u>	<u>2,631</u>	<u>669,694</u>
Net book value						
At 31 March 2016	<u>522,928</u>	<u>82,292</u>	<u>97,384</u>	<u>1,021,158</u>	<u>13,157</u>	<u>1,736,919</u>
At 31 March 2015	<u>522,928</u>	<u>135,370</u>	<u>107,001</u>	<u>810,222</u>	<u>-</u>	<u>1,575,521</u>

9. Investments in subsidiaries

The Charity owns 100% of the issued share capital of CXK Trading Limited, a company registered in England. The Charity acquired the one ordinary share of £1 at par upon incorporation and the company has not traded to date. This share is carried in the balance sheet at its original cost of £1, which the trustee/directors believe equates to its market value.

The Charity controls 100% of the issued share capital of CXK Careers Limited, a company registered in England. The Charity acquired control of the one ordinary share of £1 which remains unpaid upon incorporation and the company has not traded to date.

The Charity controlled 100% of the issued share capital of Connexions Partnership Kent & Medway Limited, a company registered in England. The Charity acquired control of the one ordinary share of £1 which remained unpaid upon incorporation. The company has not traded and has subsequently been dissolved on 12 April 2016.

The Charity had a wholly owned subsidiary, Kent Children's Fund Network (KCFN). KCFN was a company limited by guarantee without share capital which was dormant during the year and was subsequently dissolved on 24 May 2016.

The Charity is also a party to a joint venture arrangement with 12.5% of the voting rights, known as Reachfor, which is a company limited by guarantee registered in England. Reachfor undertakes joint bids, tendering and procurement on behalf of the joint venture parties.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

10. Investments (Group and Charity)

	2016 £	2015 £
At 1 April 2015	524,156	-
Additions	17,466	500,000
Unrealised gains/(losses) in year	<u>(30,089)</u>	<u>24,156</u>
At 31 March 2016	<u>511,533</u>	<u>524,156</u>

The investments are held with Sarasins and Partners LLP. The historic cost of these investments at 31 March 2016 was £517,469 (£500,000 at 31 March 2015). Investments are shown at market value at the balance sheet date.

The investments comprise:

	2016 £	2015 £
Fixed income	187,293	184,419
Equities	251,899	271,585
Property	26,384	24,741
Alternative investments	25,397	30,580
Liquid assets	<u>20,560</u>	<u>12,831</u>
	<u>511,533</u>	<u>524,156</u>

11. Debtors (Group and Charity)

	2016 £	2015 £
Trade debtors	539,446	444,724
Prepayments	78,227	27,100
Accrued income	1,045,685	401,081
Other Debtors	<u>100,000</u>	<u>-</u>
	<u>1,763,358</u>	<u>872,905</u>

12. Cash at bank and in hand (Group and charity)

	2016 £	2015 £
Cash at bank and in hand	<u>4,585,264</u>	<u>4,762,862</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

13. Creditors: Amounts falling due within one year

	Group 2016	2015 Restated	Charity 2016	2015 Restated
	£	£	£	£
Trade creditors	411,708	154,348	411,708	154,348
Taxation and social security	127,704	164,722	127,704	164,722
Other creditors	38,898	62,789	38,898	62,789
Pension scheme exit payment	167,000	-	167,000	-
Accruals	801,418	549,182	801,418	549,182
Deferred income	845,017	427,687	845,017	427,687
Amounts due to subsidiary undertakings	-	-	1	1
	<u>2,391,745</u>	<u>1,358,728</u>	<u>2,391,746</u>	<u>1,358,729</u>

14. Deferred Income (Group and Charity)

Deferred income comprises grant and other income received in advance.

	2016 £	2015 £
Balance at 1 April 2015	427,687	206,589
Amount released to income earned from charitable activities	(427,687)	(206,589)
Amount deferred in the year	<u>845,017</u>	<u>427,687</u>
Balance at 31 March 2016	<u>845,017</u>	<u>427,687</u>

15. Provisions for Liabilities (Group and Charity)

	Total 2016 £
Balance at 1 April 2015	179,364
Charged in the year	61,386
Released in the year	-
Balance at 31 March 2016	<u>240,750</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

16. Pensions

Kent County Council Pension Scheme

The charitable company participated in a multi-employer defined benefit pension scheme known as the Kent County Council Pension Scheme until 30 June 2015, when the Company ceased participation of the fund. The exit payment has been confirmed by the Pension Fund but remained unpaid at the year end. It has therefore been recognised in the current year as a short term creditor with the movement on the prior year balance reflected in charitable activities expenditure. In the comparative year, the requirements of FRS 102 section 28 in relation to defined benefit plans were relevant and were applied. Key disclosures in relation to the prior year are set out below.

The last actuarial valuation was as at 31 March 2015. Principal actuarial assumptions included:

	2015
Rate of increase in salaries	4.2%
Rate of increase in pensions in payment	2.4%
Discount rate	3.3%
Inflation assumption - RPI	3.2%
- CPI	2.4%

The current mortality assumptions include sufficient allowance for improvements in mortality rates in the future. The assumed life expectations on retirement at 65 are:

	2015
Retiring today -	
Males	22.8 years
Females	25.2 years
Retiring in 20 years -	
Males	25.1 years
Females	27.6 years

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

16. Pensions (continued)

	Expected Return on total assets at 31 March 2015	Value at 31 March 2015 £'000
Equities	6.4%	3,465
Gilts	6.4%	53
Bonds	6.4%	569
Property	6.4%	635
Cash	6.4%	139
Target return portfolio	-	<u>220</u>
Total market value of assets	6.4%	5,081
Present value of scheme liabilities		<u>(4,495)</u>
Surplus in the scheme		<u>586</u>
Analysis of the amount charged to the statement of financial activities		2015 £
As staff costs:		
Current service cost		10,000
Losses on curtailments		<u>-</u>
Total operating charge		10,000
As investment income:		
Expected return on assets		(196,000)
Interest on liabilities'		<u>186,000</u>
Other finance income		<u>10,000</u>
Total pension costs		<u>-</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

16. Pensions (continued)

	2015 £
Analysis of changes in the present value of defined benefit obligations:	
Opening defined benefit obligations	3,889,000
Employee contributions	2,000
Current service cost	10,000
Interest on liabilities	169,000
Actuarial experience losses	518,000
Benefits paid	<u>(93,000)</u>
Closing defined benefit obligations	<u>4,495,000</u>
Analysis of changes in the fair value of plan assets:	
Opening fair value of assets	4,654,000
Employer contributions	6,000
Employee contributions	2,000
Expected return on assets	294,000
Actuarial experience gains/(losses)	218,000
Benefits paid	<u>(93,000)</u>
Closing fair value of assets	<u>5,081,000</u>
Impact of asset ceiling at year end	<u>484,000</u>

The actual return on plan assets was £512,000, based on the expected rate of return of 6.4%.

	2015 £
Analysis of the amount recognised in the statement of financial activities as other recognised gains and losses:	
Actual return less expected return on pension scheme assets	218,000
Experience gains and losses	-
Changes in assumptions	(518,000)
Changes in the asset ceiling	<u>34,000</u>
Actuarial gains/(losses) on defined benefit scheme	(266,000)
Increase in irrecoverable surplus	<u>(484,000)</u>
Cumulative actuarial losses on defined benefit scheme	<u>(750,000)</u>

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

16. Pensions (continued)

	2015 £'000
Reconciliation of the movement in scheme deficit over the year:	
Surplus in scheme at the beginning of the year	264,000
Movement in year:	
Current service cost	(10,000)
Losses on curtailments	
Employer contributions	6,000
Other finance income	108,000
Actuarial gains/(losses)	<u>(266,000)</u>
Surplus in scheme at the end of the year	<u>102,000</u>

Defined Contribution Scheme

The company makes payments to defined contribution pension schemes whose assets are held in an independently administered fund. During the year, contributions of £244,946 (2015: £401,365) were made to this pension scheme with contributions of £34,090 (2015: £31,788) outstanding at the balance sheet date and included within creditors.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

17. Funds

	Balance at 1 Apr 2015 Restated £	Incoming resources £	Outgoing resources £	Transfers £	Other gains and (losses) £	Balance at 31 Mar 2016 £
Restricted Funds						
Positive Action for Young People	84,515	-	-	(84,515)	-	-
Back on Track	201,566	-	-	(201,566)	-	-
KCC NEET Commissioning	7,459	-	-	(7,459)	-	-
Little Chine Wind Farm	834	-	-	(834)	-	-
KCFN	<u>392,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,670</u>
	687,044	-	-	(294,374)	-	392,670
Unrestricted Funds						
General fund	5,510,308	11,641,668	(11,844,352)	294,374	(30,089)	5,571,909
Pension reserve	<u>102,000</u>	<u>-</u>	<u>(102,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,612,308</u>	<u>11,641,668</u>	<u>(11,946,352)</u>	<u>294,374</u>	<u>(30,089)</u>	<u>5,571,909</u>
Total Funds	<u>6,299,352</u>	<u>11,641,668</u>	<u>(11,946,352)</u>	<u>-</u>	<u>(30,089)</u>	<u>5,964,579</u>

The Positive Action for Young People fund was established to provide positive activities for young people at risk of offending or re-offending during school holidays.

The Back on Track fund engagement project is a series of short 11 day programmes of confidence building personal development and fun activities designed to enable and support young people to then progress into appropriate employment, education and training destinations.

The KCC NEET Commissioning funds have provided funding for the Open Spaces, Open Minds project. This is an innovative two year project focussing on increasing young peoples' and community's engagement with, understanding and enjoyment of their natural environment. The programme consists of learning, events and activities and will benefit some of the most deprived communities in Kent and help advance the lives of the young people involved.

The Little Chine Wind Farm fund was set up during 2011-12 to recognise the income received to support the costs of up to 8 young people in November/December 2011 delivering an activity for NEET's for 3 weeks in the Romney Marsh area of Kent.

The KCFN reserves have been treated as restricted as the charity had objects which are narrower than those of CXK.

The Pension reserve is a designated fund that separately identified movements on the charitable company's two separate funds within the Kent County Council Pension Scheme.

CXK Limited

Notes to the Financial Statements

Year Ended 31 March 2016

18. Analysis of Net Assets between Funds

	Fixed Assets £	Net Current Assets £	Provisions For Liabilities £	Total £
Restricted income funds:				
KCFN	-	392,670	-	392,670
Unrestricted income funds:				
General Fund	2,248,452	3,731,207	(407,750)	5,571,909
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets	<u>2,248,452</u>	<u>4,123,877</u>	<u>(407,750)</u>	<u>5,964,579</u>

19. Commitments under Operating Leases

At 31 March 2016, the charitable company had commitments of future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings:		
Within one year	-	12,500
Between two and five years	<hr/>	<hr/>
	<hr/>	<hr/>
	<u>-</u>	<u>12,500</u>

20. Related Party Transactions

Kent County Council ('KCC') is a member of the charitable company. During the year, the charitable company received £3,814,686 (2015: £3,680,413) and expended £21,895 (2015: £22,164) in relation to KCC. At the year end, £456,200 was due from KCC (2015: £107,564) and £1,590 was due to KCC (2015: £350).

21. Legal Form

CXK Limited is a company limited by guarantee without share capital, incorporated in England and Wales

