

Company number: 2661182
Charity number: 1018517

Community Links Trust Limited

Report and financial statements
For the year ended 31 March 2016

Community Links Trust Limited

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Community Links Trust Limited

Reference and administrative details

For the year ended 31 March 2016

Company number 2661182

Charity number 1018517

**Registered office
and operational
address** 105 Barking Road
London
E16 4HQ

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

Michael Smyth CBE QC (Hon) (Chair)

Althea Baker

Gillian Budd (appointed 2 December 2015)

Radhika Bynon

Lucy de Groot CBE (appointed 2 December 2015)

Jeff Jacobs

Peter Kane

Maria King

Pascale Nicholls (resigned 10 September 2015)

Fiona Rawes MBE

Fiona Riley

Lianne Smith

David Thomlinson (appointed 2 December 2015)

David Walter (Treasurer)

Stephen Wyler (appointed 2 December 2015)

Company Secretary Geraldine Blake (until July 2016)

Arvinda Gohil (from July 2016)

Principal Staff Geraldine Blake (Chief Executive until June 2016)

Arvinda Gohil (Chief Executive from June 2016)

Senior Advisor David Robinson OBE (Founder)

Bankers The Co-operative Bank

70-80 Cornhill

London

EC3V 3RD

Solicitors Lyndales Solicitors

Lynton House

7-12 Tavistock Square

London

WC1H 9LT

Auditors Sayer Vincent LLP

Chartered Accountants and Statutory Auditors

Invicta House

108-114 Golden Lane

LONDON EC1Y 0TL

Trustees' annual report

For the year ended 31 March 2016

The Trustees present their report and the audited financial statements for the year ended 31 March 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum of Association and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015).

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 7 November 1991 and registered as a Charity on 12 March 1993. The company was established under a memorandum which established the objects and powers of the charitable company and is governed under its Articles of Association.

The principal objects of the charitable company, as set out in its memorandum of association, are to:-

- promote any charitable purpose for the benefit of the community
- provide such information, advice and assistance as is charitable to groups and individuals for the public benefit
- promote assist and co-ordinate voluntary activities for the benefit of the community (whether on the part of individuals or of organisations) in any part of England and Wales with particular reference to the health, housing, safety, education, training, rehabilitation and recreation of the sections of the community in need of assistance, and to provide care and facilities connected with any of those matters
- promote the efficient use of the resources provided voluntarily or by central or local government for the benefit of the community (or any section or sections thereof) in connection with the said or similar matters, and
- undertake or support research into the allocation and use of those resources with a view to ensuring that the maximum benefit to the community is obtained therefrom.

The Charity's vision is one of confident communities ready to seize opportunities and create their own.

The Charity's mission is to generate change by running first-rate community activities and enterprises in east London and to share the learning with practitioners and policy-makers nationwide.

The Charity's values are to generate change: to tackle causes not symptoms, find solutions not palliatives; to recognise that we all need to give as well as to receive; to appreciate that those who experience a problem understand it best and to help the smaller voices to be heard; to act local but think global, teach but never stop learning; to celebrate the diversity that enriches our society and challenge the inequalities that diminish it; to collaborate – it isn't some of our services that change complex lives, but the sum of them all; to be ambitious for the work that we believe in, but

to build a network not an empire; to be driven by dreams and judged on delivery; to never do things for people, but to guide and support, to train and enable; above all to inspire.

The Charity's approach is characterised by:

- early action: promoting readiness and preventing future need;
- deep value support: enabling one-to-one relationships which transform lives;
- groundup commitment: driven by and learning from those with whom the Charity works.

Board of Trustees

Appointments to the Board are made by the Board of Trustees, at its discretion. The Board endeavours to ensure that its membership covers the range of experience and skills that are required and that the backgrounds of the members of the Board reflect a balance that is appropriate to Community Links' mission and activities. Before any appointment to the Board, the Trustees undertake a review of their own skills and expertise, and a role description is drawn up to fill any gaps. Roles are advertised openly. Upon appointment, a full induction is provided. Regular visits to projects are arranged for all Trustees and external training and networking opportunities are also offered to them.

During 2015-16, the Charity undertook a full review of its governance and recruited four new Trustees to strengthen the Board's skills, experience and knowledge.

All Trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in the notes to the accounts.

The Board currently has four sub-committees. Each sub-committee has at least three Trustees, and can also co-opt non-Trustee members possessing specific skills and experience. The sub-committees are:

- Finance and Audit Committee;
- People and Performance Committee;
- Fundraising Committee; and
- The Board of Community Links Trading Limited, the Charity's trading subsidiary.

Day-to-day management of the Charity is delegated to full-time employees who operate within defined terms of reference and authority. The Charity is organised into five departments. The head of each department reports to the Chief Executive, and together they form the Senior Management Team. These departments are:

- Service Delivery;
- Research and Policy;
- Fundraising and Communications;
- Trading; and
- Internal Resources

The People and Performance Committee recommend to the Board the salary of the Chief Executive and approve the banding for senior management personnel salaries and remuneration. This is based on regular benchmarking with similar organisations in the sector. Cost of living increases for all staff are approved by the Board in consultation with both the People and Performance, and Finance and Audit Committees.

Investments

Community Links Trust Limited has one wholly-owned subsidiary company, Community Links Trading Limited. This subsidiary company carries out trading activities in order to generate funds which are then gift-aided to Community Links Trust Limited. The subsidiary is consolidated into the accounts of Community Links Trust Limited.

Community Links Trust Limited holds 5,000 ordinary £1 shares in Allia Ltd which were purchased on 3 September 2009. Allia Ltd is a community benefit society registered with the Financial Conduct Authority. The investment was made in order to allow the charitable company to access fundraising support provided by that company.

Achievements and performance in the delivery of public benefit

The Charity's main activities are described below.

The Charities Act 2011 sets out twelve kinds of activity that are recognised as 'charitable' provided that there is sufficient demonstrable public benefit deriving from them. All the Charity's beneficiaries are individuals or communities that are socially and economically deprived. The Charity conducts activities in the following areas identified in the Act:

- the prevention or relief of poverty: the Charity's activities address both the causes and consequences of poverty. Its advice work enables individuals in need to secure their rights to welfare support and housing and to deal with debt. Its employment work supports those who are furthest from the labour market to secure and maintain employment. Its national research and policy work supports government to design better policy that prevents people from being trapped in poverty;
- the advancement of education: the Charity supports those who are struggling to stay in school thereby enabling them to achieve qualifications and positive futures;
- the advancement of citizenship or community development: through its community hubs, the Charity encourages participation in civic life and in wider civil society;
- the relief of those in need because of youth, age, ill-health, disability, financial hardship or other disadvantage: the Charity provides legal advice, information and practical support to those who are in need; and
- the advancement of health or the saving of lives: the Charity delivers a wide range of community-based health activities that encourage healthy lifestyles, alongside a focused prevention programme that encourages higher take-up of cancer screening services in the most 'at risk' communities.

Trading activities that do not produce a clear public benefit are conducted by the Charity's subsidiary company.

Strategic Report: Activities and Achievements 2015-16

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

The Trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work within the last twelve months to March 2016. The Trustees report the success of each key activity and the benefits the Charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the Charity's aims, objectives and activities remained focused on its stated purposes.

The Charity's strategic priorities for the period 2013-16 were the creation of:

- skilled and enterprising individuals
- ready and resourceful neighbourhoods
- connected and influential communities

The table below sets out the Charity's achievements against key strategic targets during the financial year 2015-16 and over the period of its current triennial strategy (2013-2016).

STRATEGIC PRIORITY AND TARGET 2013-16	3 YEAR TARGET	YEAR 1 ACTUAL	YEAR 2 ACTUAL	YEAR 3 ACTUAL	TOTAL	% achieved
Attending advice sessions	15,000	4,602	6,061	4,258	14,921	99%
Attending employment programmes	3,000	1,105	2,662	931	4,698	157%
Attaining qualifications	2,000	637	1,168	850	2,655	133%
Moving into employment	1,500	678	969	533	2,180	145%
Establishing new enterprise	100	21	40	9	70	70%
People participating in Community Hubs	5,000	2,363	2,808	1,149	6,320	126%
Community activities supported	250	70	78	76	224	90%
Employers engaged	200	56	100	70	226	113%
Volunteers participating	3,500	742	1,165	1,685	3,592	103%

Making the case for a new approach to welfare that works	Lobbying to mitigate the effects of certain of the Government's welfare reform changes and publishing three reports tracking the impact of welfare reform, and two on the design of an Early Action Welfare System and Job Centre. Leading the Welfare Reform Consortium's action to reduce the use of sanctions (achieving a 50% reduction) and helping commissioners to design better employment programmes for the hardest to help.
Making the case for Early Action approach to public policy	Supporting legislation on Early Action in the Scottish and Welsh Parliaments and participating in National Audit Office and Public Accounts Committee reviews of early action investment. Establishing the Early Action Funder Alliance initiating a 100 Days of Early Action book, 50 case studies, the Four Nations Early Action Conference and a UK-wide network of practitioners and procuring references to Early Action in all three main manifestos in the 2015 election.

Volunteers

During 2015–16, the Charity was supported by 1,685 volunteers (2014–15: 1,165), obtained expert support on a pro bono basis from seven companies (2014–15: 7), and received significant gifts in kind from three companies.

The Charity's volunteers come from a range of backgrounds, including local people who want to help out, young people keen to build their practical experience, corporate employees involved in volunteering days, and people with specialist skills providing expert support on a pro bono basis.

The volunteers deliver a range of support to the Charity and its beneficiaries. Securing the commitment of both local volunteers and pro bono support continues to be the key to building the Charity's capacity. The Charity aims to offer volunteers opportunities for personal growth and the development of new skills, enabling them to make a meaningful difference both to the Charity's projects and to their own futures.

We are very grateful to all our volunteers for their contribution.

Employees

The Charity is an accredited Investor in People. This award is based on a full assessment every three years of how we communicate with, engage, support and develop our people. This has recently been renewed.

The Charity is a London Living Wage employer. The Charity also holds the Mindful Employer accreditation. The Charity is in the process of applying for the Disability Confident accreditation.

The Charity's policies give full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitude and abilities. The policies also include the training, career development and promotion of disabled persons and the ongoing employment and training of employees who become disabled persons while employed.

The Charity has an effective system of providing staff with the information they need and consulting them on their views on decisions that affect their interests. This includes: annual team away days, annual appraisals, quarterly staff meetings for all employees, monthly team meetings, identified line managers providing monthly supervision and a regular staff newsletter.

Performance against strategic and financial targets is monitored through a monthly performance dashboard which is reviewed by Trustees and SMT and shared with all managers.

Fundraising

One third of the Charity's income comes from independent fundraising activities (with the rest generated from public sector contracts and income earned through the trading company).

The Charity does not engage in any form of direct marketing to members of the public. The charity also does not engage in the action or practice of approaching passers-by in the street to ask for subscriptions or donations

The fundraising team raises voluntary income from a range of funders including companies, charitable trusts and individuals. The strength of the Charity's relationships with its supporters is key to raising funds in a more competitive fundraising climate.

In 2015-16, the fundraising team secured £1,683k (2014-15: £2,436k). Note that the previous year's total included additional income from a one-off Special Appeal).

Financial review

The financial and operational context in which the Charity operates remains very demanding. The last year has been particularly tough.

The income of the Charity fell 32% in 2015-16 to £4,613k (2015:£6,764k).

The Charity had net outgoing resources before recognised gains or losses of £837k (2015: net outgoing resources £199k).

The Charity included for the first time at a valuation of £900k the Head Office as an unrestricted asset. The Charity closed the year with unrestricted funds of £1,209k.

The Trustees have reviewed the Charity's position on a regular basis throughout the year and have put in place a range of mechanisms to reduce expenditure, to increase income and in particular to reduce uncertainty and manage risk.

Significant factors contributing to the Charity's financial position in 2015-16 include the following:

- the end of European Social Funding (ESF): a seven-year ESF cycle to the UK ended in the first six months of 2015-16. The Charity had six ESF contracts worth £1m per year, providing support to 1,000 people and employment for ten staff. In its 2015-16 budget, the Charity made what it believed was a cautious assumption for £300k of replacement or extended contracts within 2015-16, with a contribution of £80k to core costs. Commissioning for the next ESF round was significantly delayed, and tendering for new contracts did not begin until Spring 2016. The Charity therefore had to make 10 staff redundant at a cost of £49k. In addition, the final payments under these ESF contracts (made on a payment-by-results basis) were in the region of £150k lower than predicted due to unexpected clawback by the commissioner. The total impact with other associated costs was £279k
- a drop in contract profitability: the Charity is in the fifth year of a seven-year UK Government Work Programme sub-contract. Across all Work Programme providers, client referrals from Job Centre Plus have been significantly lower than predicted, reducing the profitability of the contract. The Charity records payment-by-results contract revenue when invoiced or claimed, and expenditure is recognised when incurred. Any cumulative excess costs caused by timing differences are accounted for on the balance sheet and referred to as work-in-progress (WIP). As a result of the drop in profitability, the Charity has adjusted the value of the WIP downwards by £148k during 2015-16
- fundraising pressures: our fundraising environment is more competitive as available public sector funds decrease and more charities seek the support of businesses and foundations. This resulted in a shortfall of £172k in the Charity's budgeted fundraising expectations
- restructuring: in response to these changes in our environment in year, the Charity undertook a major restructure, bringing all local service delivery under one integrated management and administration structure. The total cost of this restructure was £45k during 2015-16. The ongoing costs will be lower.

The Charity's operating circumstances continue to be extremely tough and unpredictable. Taking these into account, the Charity has made a number of changes to reduce operating risks in 2016-17, including:

- completing the transition to a more diverse income model with reduced exposure to single funders or commissioners and ensuring no more than 25% of income derives from any one type of income source
- making a significant change in the level of secured and high probability income included in the 2016-17 budget to 84% (2015-16: 62%), and ensuring that, for all unsecured income, mitigation is possible and planned within the financial year
- reducing the Charity's exposure to payment-by-results contracts from £1m in 2015-16 to £140k in 2016-17. The Trustees agreed that the Charity should put in place a new tool to assess the viability of new payment-by-results tenders. In future we will not bid for contracts

Trustees' annual report

For the year ended 31 March 2016

where the Charity is not fully in control of the flow of people joining the programme (attachments) or where the up-front to results ratio would require significant cash flow support. In addition, the value of the 'work in progress' (WIP) the Charity has been carrying on its balance sheet has reduced from £485k at its peak to £102k now, reducing risk still further.

- reducing the independent fundraising included in the budget to £1.63m (£1.870m 2015–16) to recognise increased competition in the fundraising environment
- integrating all the Charity's processes and systems to reflect the new streamlined organisational structure, so that bidding, budgeting, cash flow, and contract management systems are joined up, and provide real-time reporting and forecasting and tight cash flow management.

The remaining significant risks to the 2016–17 Operational Plan and Budget are:

- failure to implement swiftly contingency/mitigation plans if budgeted funding is not secured. The Finance and Audit Committee maintain an overview of contingency planning
- transition to new strategic priorities: this requires the realignment of activities and the development of new approaches. Trustees will ensure that appropriate measurement and reporting frameworks are in place and regularly reviewed to keep decision-making at the Board and the operational activity of both managers and frontline staff focused on maximising the impact of both strategic and corporate change
- the Charity has a new Chief Executive in place following an excellent induction and handover. Jointly with the Chair she leads on ensuring positive engagement with all stakeholders and that the benefits of her fresh pair of eyes are maximised.

The appropriate level of free general reserves for the Charity was reviewed by the Board during the year on a risk-based approach as recommended by the Charity Finance Group's (and others) 'Beyond Reserves' Guidance, which is endorsed by the Charity Commission. A target level of £693k (2014–15 £850k) has been set on the basis of £391k budget risk (2014–15: £450k), £102k with respect to Work in Progress (2014–15: £300k), and £200k for unexpected unbudgeted 'Black Swan' events (2014–15: £100k). The Charity aims to achieve this target level by March 2018. The level of free reserves at 31 March 2016 were £220k.

The Trustees have reviewed the financial position as at 31 March 2016, together with the Plan and Budget for 2016–17 and the latest forecasts for 12 months from July 2016 taking into account any new information since the budget was agreed.

The Board set the following budget challenges:

- to build back free reserves: to achieve at least half of the journey from year-end position in 2015–2016 towards the 2016–2017 general fund target
- near total confidence that the 2016/2017 budget is deliverable and if not fails safe i.e. risk is entirely mitigated within current year
- robust cash-flow predicated on basis of the most conservative assumptions.
- ensure that the cash balance is always greater than the total of the restricted fund project balances.

Trustees' annual report

For the year ended 31 March 2016

The cash forecast for 12 months from July 2016 satisfies these challenges. Where there is additional spend, there is adequate additional income to cover it, or savings that can be made in other places.

The Trustees have reviewed the results of the EU referendum and believe there are no material uncertainties at this time.

There is one remaining issue which Trustees will keep under close review: Work Programme profitability: The surplus generated in the last two years of delivery of this contract must cover the value of the work in progress that we are carrying on our balance sheet.

Plans for the future

The financial year 2015–16 is the third and final year of the Charity's 2013–16 strategy, described as Keeping the Promise to East London. During 2015–16 the Charity undertook a full strategic review and has agreed a new strategy for the three years 2016–19, summarised below:

- STRATEGIC FOCUS: Acting Early to Tackle Poverty
- CORPORATE FOCUS: A Sustainable and Resilient Organisation.

In Year 1 of the new strategy, the Charity will:

- embed the new strategic and corporate focus into organisation-wide objectives and activities. The plan and budget for 2016–17 include alignment of existing activities to the new strategic priorities and the development of new streams of work and partnering that will maximise impact
- begin exploration of the redevelopment of our main building at 105 Barking Road, seeking to use this asset both to generate social outcomes and a secure income stream that will underpin our stability and
- launch our new strategy to funders, partners and stakeholders to underpin both income generation and partnering.

The new Chief Executive will take this new strategy forward.

Statement of responsibilities of the Trustees

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware and
- 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 auditors are aware of that information.

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

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 March 2016 was 14 (2015- 11). The Trustees are members of the Charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the Charity.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The report of the Trustees which includes the strategic report has been approved by the Trustees on 25 July 2016 and signed on their behalf by



Michael Smyth CBE, QC (Hon) Chairman



David Walter Treasurer

Independent auditors' report

To the members of

Community Links Trust Limited

We have audited the financial statements of Community Links Trust Limited for the year ended 31 March 2016 which comprise the Group 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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 charitable 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 report of the trustees including the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

To the members of

Community Links Trust Limited

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

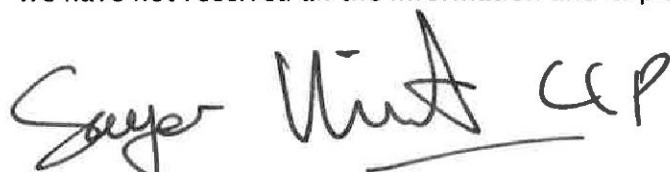
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees, including the strategic report, 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 and the Charities Act 2011 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
- The parent charitable company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of trustees' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit



Helen Elliott (Senior statutory auditor)

2 August 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

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

Sayer Vincent LLP is eligible to act as auditors in terms of section 1212 of the Companies Act 2006

Community Links Trust Limited

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

For the year ended 31 March 2016

					2016	2015
	Note	Restricted £	Designated £	Unrestricted General £	Total £	Total £
Income from:						
Donations and legacies	3	94,332	–	651,139	745,471	914,226
Charitable activities						
Early Action	4	855,700	–	627,223	1,482,923	1,836,252
Employment Links	4	406,089	–	945,818	1,351,907	2,163,285
Links UK	4	211,292	–	5,226	216,518	283,847
Education links		–	–	–	–	371,604
Other trading activities	5	–	–	814,663	814,663	863,613
Investments	6	–	–	1,794	1,794	319
Other		–	–	–	–	330,442
Total income		1,567,413	–	3,045,863	4,613,276	6,763,588
Expenditure on:						
Raising funds	7	1,079	64,949	351,314	417,342	646,747
Charitable activities						
Early Action	7	858,881	–	1,030,716	1,889,597	2,377,107
Employment Links	7	489,126	–	1,722,462	2,211,588	2,244,759
Links UK	7	262,701	–	–	262,701	320,481
Education Links		–	–	–	–	474,798
Trading Activities	7	–	–	669,067	669,067	899,193
Total expenditure		1,611,787	64,949	3,773,559	5,450,295	6,963,084
Net income / (expenditure) before net gains / (losses) on investments		(44,374)	(64,949)	(727,696)	(837,019)	(199,496)
Net gains / (losses) on investments	13	–	–	(597)	(597)	548
Net (expenditure) for the year	8	(44,374)	(64,949)	(728,293)	(837,616)	(198,948)
Transfers between funds		(206,639)	–	206,639	–	–
Net (expenditure) before other recognised gains and losses		(251,013)	(64,949)	(521,654)	(837,616)	(198,948)
Actuarial gains / (losses) on defined benefit pension schemes		–	–	42,995	42,995	(38,982)
Net movement in funds	20	(251,013)	(64,949)	(478,659)	(794,621)	(237,930)
Reconciliation of funds:						
Total funds brought forward		1,610,874	1,054,259	698,807	3,363,940	3,601,870
Total funds carried forward		1,359,861	989,310	220,148	2,569,319	3,363,940

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Community Links Trust

Balance sheets

Company no. 2661182

As at 31 March 2016

	Note	The group 2016 £	2015 £	The charity 2016 £	2015 £
Fixed assets:					
Tangible assets	12	2,074,530	2,203,942	2,058,540	2,172,534
Investments	13	10,548	11,145	10,548	11,145
		<u>2,085,078</u>	<u>2,215,087</u>	<u>2,069,088</u>	<u>2,183,679</u>
Current assets:					
Debtors	15	411,668	984,374	394,244	1,020,847
Cash at bank and in hand		684,925	1,269,852	667,103	1,239,182
		<u>1,096,593</u>	<u>2,254,226</u>	<u>1,061,347</u>	<u>2,260,029</u>
Liabilities:					
Creditors: amounts falling due within one year	16	(612,351)	(1,062,378)	(561,117)	(1,023,147)
		<u>484,241</u>	<u>1,191,848</u>	<u>500,230</u>	<u>1,236,882</u>
Net current assets / (liabilities)					
		<u>2,569,319</u>	<u>3,406,935</u>	<u>2,569,318</u>	<u>3,420,561</u>
Net assets excluding pension asset / (liability)					
Defined benefit pension scheme asset / (liability)	20	–	(42,995)	–	(42,995)
Total net assets / (liabilities)	18	<u>2,569,319</u>	<u>3,363,940</u>	<u>2,569,318</u>	<u>3,377,566</u>
Funds:	18				
Restricted income funds		1,359,862	1,610,874	1,320,166	1,610,874
Unrestricted income funds:					
Designated funds		89,310	154,259	154,259	154,259
Fair value reserve		–	–	–	–
Revaluation reserve		900,000	900,000	900,000	900,000
General funds		220,146	755,428	194,893	755,428
Non-charitable trading funds		1	(13,626)	–	–
Pension reserve		–	(42,995)	–	(42,995)
		<u>1,209,457</u>	<u>1,753,066</u>	<u>1,249,152</u>	<u>1,766,692</u>
Total unrestricted funds					
		<u>2,569,319</u>	<u>3,363,940</u>	<u>2,569,318</u>	<u>3,377,566</u>

Approved by the trustees on 24 July 2016 and signed on their behalf by



Michael Smyth CBE, QC (Hon)
Chairman



David Walter
Treasurer

Community Links Trust Limited

Consolidated statement of cash flows

For the year ended 31 March 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	21				
Net cash provided by / (used in) operating activities			(577,354)		(102,600)
Cash flows from investing activities:					
Dividends, interest and rents from investments		1,794		319	
Proceeds from the sale of fixed assets		-		809,726	
Purchase of fixed assets		(9,368)		(108,318)	
Net cash provided by / (used in) investing activities			(7,574)		701,727
Change in cash and cash equivalents in the year			(584,928)		599,127
Cash and cash equivalents at the beginning of the year			1,269,852		670,725
Cash and cash equivalents at the end of the year	22		684,925		1,269,852

1 Accounting policies

a) 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) (August 2014) and the Companies Act 2006.

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

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Community Links Trading Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014.

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 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 £56,963. The opinion was also taken to revalue the long leasehold on 105 Barking Road. This was brought in at a fair value of £900,000 at 1 April 2014. These adjustments are detailed in note 22.

c) Public benefit entity

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

d) Going concern

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

The only significant judgement made was the assessment of the profitability and the value of work in progress on our work programme sub-contract.

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

e) Income

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

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

1 Accounting policies (continued)

Trading income generated from events and activities is recognised when the events and activities are held. Trading income generated from the provision of horticultural and landscaping services is recognised when such work has been carried out. Income is recognised net of value added tax.

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

f) Donations of gifts, services and facilities

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

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

g) Interest receivable

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

h) Fund accounting

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

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of Early Action, Employment Hubs and Links UK undertaken to further the purposes of the charity and their associated support costs

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

1 Accounting policies (continued)

j) Allocation of support costs

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

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Raising Funds	5%
● Trading	12%
● Early Action	27%
● Employment Links	34%
● Links UK	4%
● Support costs	15%
● Governance costs	3%

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

● Raising Funds	8%
● Trading	12%
● Early Action	35%
● Employment Links	41%
● Links UK	5%

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

k) Operating leases

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

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

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

● Lone leasehold	held at market value
● Leasehold improvements	2 to 50% per annum
● Motor vehicles	25% per annum
● Computers, fixtures and fittings	25% per annum

1 Accounting policies (continued)

m) Listed 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. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost or written down value if lower.

n) Debtors

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

o) Cash at bank and in hand

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

p) Creditors and provisions

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

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

q) Pensions

The charitable company made pension contributions to the London Borough of Newham Pension Fund ("LBNPF") on behalf of former local authority employees. The LBNPF operates within the Local Government Pension Scheme ("LGPS") which is a defined benefit pension scheme, and is able to identify the charitable group's share of the assets and liabilities. The requirements of FRS102 have been followed. The charitable group's share of LBNPF's assets is measured at fair value at each balance sheet date. The charitable group's share of LBNPF's liabilities is measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the consolidated balance sheet. Any movement in the asset or liability between balance sheet dates is recognised in the consolidated statement of financial activities. The liability associated with the LBNPF is presented within unrestricted funds in order to align the presentation with all income and expenditure relating to the employees who are members of the LBNPF. Following the retirement of the last remaining member of the scheme, the pension liabilities have crystallised. However LBN's Actuary has advised that there is no longer any liability in respect of the scheme. This has been confirmed by LBN.

The charitable company also makes pension contributions to the Flexible Retirement Plan, a multi-employer defined contribution pension scheme which is operated by the Pensions Trust. The charitable company became a member of the Pensions Trust effective 1 October 2012. The charitable company pays employer's contributions of 5% of pensionable salary provided that an employee pays employee contributions of at least 3% of pensionable salary. Employer's pension contributions are charged to the Statement of Financial Activities as incurred.

r) Long-term contracts

The charity undertakes long-term contracts for the provision of charitable services according to the payment-by-results model introduced by the Government. Contract revenue is recognised when contract outcomes are known with reasonable certainty, the income recognised being the fees due to completion plus a reasonable apportionment of the estimated contract surplus. Contract profitability is assessed monthly to determine whether any adjustments are required to the estimated contract surplus.

2 Detailed comparatives for the statement of financial activities

2015

	Restricted £	Designated £	Unrestricted General £	Discontinued £	Total £
Income from:					
Donations and legacies	24,693	–	889,533	–	914,226
Charitable activities	1,923,099	–	2,360,285	371,604	4,654,988
Other trading activities	–	–	863,613	–	863,613
Investments	–	–	319	–	319
Other	5,000	–	325,442	–	330,442
Total income	1,952,792	–	4,439,192	371,604	6,763,588
Expenditure on:					
Raising funds	26,823	–	1,519,117	–	1,545,940
Charitable activities	2,031,596	–	2,927,845	457,703	5,417,144
Total expenditure	2,058,419	–	4,446,962	457,703	6,963,084
Net income / expenditure before gains / (losses) on investments	(105,627)	–	(7,770)	(86,099)	(199,496)
Net gains / (losses) on investments	–	–	548	–	548
Net income / expenditure	(105,627)	–	(7,222)	(86,099)	(198,948)
Transfers between funds	(147,899)	(312,672)	460,571	–	–
Transfers out of discontinued operations	–	–	(86,099)	86,099	–
Net income / (expenditure) before other recognised gains and losses	(253,526)	(312,672)	367,250	–	(198,948)
Actuarial gains / (losses) on defined benefit pension schemes	–	–	(38,982)	–	(38,982)
Net movement in funds	(253,526)	(312,672)	328,268	–	(237,930)
Total funds brought forward	1,864,400	1,366,931	370,539	–	3,601,870
Total funds carried forward	1,610,874	1,054,259	698,807	–	3,363,940

3 Income from donations and legacies

	Restricted £	Unrestricted £	2016 total Total £	2015 Total £
Gifts	86,185	651,139	737,324	914,226
Donated services	8,147	–	8,147	–
	<u>94,332</u>	<u>651,139</u>	<u>745,471</u>	<u>914,226</u>

4 Income from charitable activities

	Restricted £	Unrestricted £	2016 Total £	2015 Total £
BIG Lottery Fund	48,000	–	48,000	166,484
London Borough of Newham	45,620	122,327	167,947	239,595
London Legacy Development Corporation	–	–	–	24,890
Legal Aid Agency	–	2,763	2,763	–
NHS Camden CCG	–	9,791	9,791	–
NHS England	–	168,175	168,175	67,500
NHS Newham CCG	–	46,231	46,231	2,725
NHS Waltham Forest CCG	–	32,200	32,200	14,047
Other	762,080	245,736	1,007,816	1,321,011
Sub-total for Early Action	<u>855,700</u>	<u>627,223</u>	<u>1,482,923</u>	<u>1,836,252</u>
Department for Work & Pensions	–	51,434	51,434	156,839
London Borough of Newham	–	–	–	20,000
London Borough of Redbridge	–	–	–	169,670
London Borough of Hackney	–	–	–	1,774
Skills Funding Agency	–	612,700	612,700	–
Other income from UK Employment	406,089	281,684	687,773	1,815,002
Sub-total for Employment Links	<u>406,089</u>	<u>945,818</u>	<u>1,351,907</u>	<u>2,163,285</u>
South Lanarkshire Council	–	112	112	–
BIG Lottery Fund	–	–	–	169,692
London Borough of Islington	–	–	–	2,600
NHS Newham CCG	–	–	–	3,000
Other income from Links UK	211,292	5,114	216,406	108,555
Sub-total for Links UK	<u>211,292</u>	<u>5,226</u>	<u>216,518</u>	<u>283,847</u>
Income for Education Links	<u>–</u>	<u>–</u>	<u>–</u>	<u>371,604</u>
Total income from charitable activities	<u>1,473,081</u>	<u>1,578,267</u>	<u>3,051,348</u>	<u>4,654,988</u>

Community Links Trust Limited

Notes to the financial statements

For the year ended 31 March 2016

5 Income from other trading activities

	Unrestricted £	2016 Total £	2015 Total £
Outdoors in the City	42,071	42,071	57,529
Links Events Solutions	635,740	635,740	628,185
Fundraising	136,852	136,852	177,899
	<u>814,663</u>	<u>814,663</u>	<u>863,613</u>

6 Income from investments

	Unrestricted £	2016 Total £	2015 Total £
Dividends	138	138	319
Interest	1,656	1,656	-
	<u>1,794</u>	<u>1,794</u>	<u>319</u>

7 Analysis of expenditure

	Cost of raising funds £	Charitable activities							2015 Total £
		Trading £	Early Action £	Employment Links £	Links UK £	Education Links £	Governance costs £	Support costs £	
Staff costs (Note 9)	190,061	230,864	1,158,181	844,880	161,627	-	91,385	253,015	4,375,794
Other staff costs	10,068	3,493	9,428	28,982	135	-	14,349	67,170	72,915
Direct project costs	45,666	321,983	204,049	944,512	35,582	-	12,048	103,543	1,588,611
Travel and subsistence	353	27,165	4,594	3,924	1,396	-	-	3,817	42,643
Rent and rates	-	547	346	-	-	-	-	28,639	94,379
Legal and professional	-	484	-	-	-	-	28,750	3,590	8,518
Office costs	9,244	17,197	38,324	30,408	5,285	-	11,931	309,629	565,504
Postage and stationery	1,163	1,138	3,265	2,245	13	-	133	17,235	25,662
Audit and accountancy	-	3,029	-	-	-	-	26,650	-	26,050
Depreciation	1,789	31,198	72,170	20,871	1,162	-	657	10,933	163,008
	258,344	637,098	1,490,357	1,875,822	205,200	-	185,903	797,571	6,963,084
Support costs	131,643	2,797	330,551	277,998	47,608	-	6,974	(797,571)	-
Governance costs	27,355	29,172	68,689	57,768	9,893	-	(192,877)	-	-
Total expenditure 2016	417,342	669,067	1,889,597	2,211,588	262,701	-	-	-	6,963,084
Total expenditure 2015	646,747	899,193	2,377,107	2,244,759	320,481	474,798	-	-	6,963,084

8 Expenditure for the year

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation	138,780	163,008
Loss or profit on disposal of fixed assets	–	(294,120)
Interest payable	7,613	–
Operating lease rentals:		
Property	17,963	65,074
Other	547	–
Auditors' remuneration (excluding VAT):		
Audit	26,650	25,500
Other services	1,500	550

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

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	2,609,180	3,923,076
Redundancy and termination costs	49,146	48,203
Social security costs	234,649	335,030
Employer's contribution to defined contribution pension schemes	37,038	69,485
	2,930,013	4,375,794

One employee, the CEO, received employee benefits (excluding employer pension costs) during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	1	1

The total employee benefits including pension contributions of the key management personnel (Senior Management Team of 5 people (2015:4)) were £278,661 (2015: £280,030). Pension costs for the CEO were £2,033 (2015: £1,995).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2015: £nil) incurred by 0 (2015: 0) members relating to attendance at meetings of the trustees.

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2016 No.	2015 No.
Raising funds	20.4	39.5
Early Action	96.1	111.6
Education Links	–	12.0
Employment Links	21.8	33.8
Links UK	4.2	5.5
Support	8.7	17.8
Governance	1.0	1.0
	152.2	221.2

11 Related party transactions

Aggregate donations from related parties were £37,000 (2015: £144,630).

David Robinson is a co-founder and employee of Community Links Trust Limited. The total cost to the charitable company during the year was £61,346 (2015: £61,368). Mr Robinson does not control the majority of activities of the Community Links Trust Limited and he is in all cases subject to the control and oversight of the Chief Executive and Board of Trustees.

During the financial year, the wife of David Robinson, Ms Frances Clarke, was employed as a Health Project Coordinator. The total cost to the charitable company during the year was £36,492 (2015: £37,144). Ms Clarke is also a Councillor of the London Borough of Newham. David Robinson played no part in her appointment or in setting the remuneration for this post.

During the financial year, the brother of David Robinson, Mr Ian Robinson, was employed as Head of Fundraising and is a member of the Senior Management Team. The total cost to the charitable company during the year was £50,963 (2015: £42,861). David Robinson played no part in his appointment or in setting the remuneration for this post.

Ellie Robinson, the daughter of David Robinson, is a Councillor of the London Borough of Newham. Ellie Robinson is not an employee of Community Links and has no control of, or influence over any activities of the charitable company.

Charlene McLean was an employee of the charitable company at 31 March 2016. Charlene McLean was a Councillor of the London Borough of Newham ("LBN") at 31 March 2016. Her position as an employee does not include control of, or influence over any activities of the charitable company.

The Chairman of the Board of Community Links Trust is also Chairman of the Board of Law for Life: The Foundation for Public Legal Education Appeal. During the year, Community Links Trust paid Law for Life: The Foundation for Public Legal Education Appeal £6,600 (2015: Nil) for the running of the Community Champions Programme. The Chairman was not involved in the commissioning of this service

12 Tangible fixed assets

The group

	Leasehold improvements £	Computers, fixtures & £	Motor vehicles £	Total £
Cost				
At the start of the year	2,642,425	775,224	84,240	3,501,889
Additions in year	9,168	–	200	9,368
Disposals in year	(60,035)	–	–	(60,035)
At the end of the year	2,591,558	775,224	84,440	3,451,222
Depreciation				
At the start of the year	548,390	697,461	52,096	1,297,947
Charge for the year	88,732	37,854	12,194	138,780
Eliminated on disposal	(60,035)	–	–	(60,035)
At the end of the year	577,087	735,315	64,290	1,376,692
Net book value				
At the end of the year	2,014,471	39,909	20,150	2,074,530
At the start of the year	2,094,035	77,763	32,144	2,203,942

The charity

	Leasehold improvements £	equipment, fixtures & £	Motor vehicles £	Total £
Cost				
At the start of the year	2,642,425	706,251	63,496	3,412,172
Additions in year	9,168	–	200	9,368
Disposals in year	(60,035)	–	–	(60,035)
At the end of the year	2,591,558	706,251	63,696	3,361,505
Depreciation				
At the start of the year	548,390	658,304	32,944	1,239,638
Charge for the year	88,732	24,029	10,601	123,362
Eliminated on disposal	(60,035)	–	–	(60,035)
At the end of the year	577,087	682,333	43,545	1,302,965
Net book value				
At the end of the year	2,014,471	23,918	20,151	2,058,540
At the start of the year	2,094,035	47,947	30,552	2,172,534

All of the above assets are used for charitable purposes.

The leasehold on 105 Barking Road is held at a market value of £900,000. The last valuation was conducted by Aitchison Rafferty on 21 May 2015.

13 Investments

	The group 2016 £	2015 £	The charity 2016 £	2015 £
Fair value at the start of the year	11,145	10,596	11,145	10,596
Net gain / (loss) on change in fair value	(597)	549	(597)	549
Fair value at the end of the year	10,548	11,145	10,548	11,145
Historic cost at the end of the year	12,295	12,295	12,295	12,295

Investments comprise:

	The group 2016 £	2015 £	The charity 2016 £	2015 £
Listed investments	5,548	6,143	5,548	6,143
Unlisted investments	5,000	5,001	5,000	5,001
	10,548	11,144	10,548	11,144

Investments representing over 5% by value of the portfolio comprise:

	2016 No	2016 £
Royal Bank of Scotland £1 Ordinary	1,000	2,219
The Co-operative Bank PLC £1.00 9.25% Non-Cumulative Irredeemable Preference	1,000	1,278
Ecclesiastical Insurance Office PLC £1.00 8.625% Non-Cumulative Irredeemable Preference Shares	2,000	1,355
The Mersey Docks and Harbour Company £1.00 3.625% Irredeemable Debenture Stock	1,000	650
Millwall Holdings PLC £10 Ordinary	26	46

13 Investments (continued)

The company's investments at the balance sheet date in the share capital of unlisted companies were:-

We Are What We Do Community Interest Company

The charity owns 21,300 class 'A' £0.01 shares in the company. These shares entitle the charity to appoint one Director to the Board of Directors. These shares represented 19.99% of the allotted, called-up and fully-paid share capital at 31 March 2015.

The company promotes the "We are what we do" movement which believes that ordinary people can change the world by changing the way they act. The company finances its activities through the sale of books and products.

The charity has provided for 100% of the cost of its investment in the company.

The shares are valued at £nil (2015: £nil).

Allia Ltd

The charity purchased 5,000 ordinary £1 shares in the company on 3 September 2009. The shares represented 3.42% of the issued share capital of the company at 31 August 2012 based on information contained in the statutory accounts for the period ended 31 August 2012. Allia Ltd is a community benefit society registered with the Financial Conduct Authority. Allia Ltd's business is to undertake research and practical initiatives into the relief of poverty within the United Kingdom, particularly by using social investment schemes. The investment was made in order to enable the charity to access fundraising support. The charity may request that the shares are redeemed in full at 6 months' notice. The shares are valued at the cost of the investment.

Community Links Trading Limited

The charity owns one ordinary £1 share representing 100% of the share capital of the company. The shares are valued at the cost of the investment. The company operates trading activities in order to generate funds for the charity.

The company generated operating profits of £31,838 (2015: Losses of £17,429) during the year. The reserves balance of £15,182 was gift aided to the charity.

Community Links Trust Limited

Notes to the financial statements

For the year ended 31 March 2016

14 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Community Links Trading Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2016 £	2015 £
Turnover	682,693	881,762
Cost of sales	(619,041)	(680,888)
Gross profit	63,652	200,874
Administrative expenses	(31,815)	(218,377)
Operating profit / (loss)	31,837	(17,503)
Interest receivable	–	74
Profit / (loss) on ordinary activities	31,837	(17,429)
Gift Aid to parent undertaking	(15,182)	–
Profit / (loss) for the financial year	16,655	(17,429)
Corporation Tax	(3,029)	–
Profit after Tax	13,626	(17,429)
The aggregate of the assets, liabilities and funds was:		
Fixed Assets	15,992	31,410
Current Assets	56,110	64,162
Current Liabilities	(72,101)	(109,197)
Funds	1	(13,625)

15 Taxation

	2016 £	2015 £
UK corporation tax at 20% (2015: 20%)	3,029	–

16 Parent charity

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

	2016 £	2015 £
Gross income	3,930,368	5,899,975
Result for the year	(764,383)	(212,231)

17 Debtors

	The group 2016 £	2015 £	The charity 2016 £	2015 £
Trade debtors	212,618	200,320	177,809	173,435
Long-term contract balances	101,857	250,815	101,857	250,815
Accrued income	53,112	444,645	49,633	438,036
Deferred expenses	44,080	87,141	44,080	87,141
Amount owed by group undertaking	-	-	20,865	69,967
Other debtors	-	1,453	-	1,453
	411,668	984,374	394,244	1,020,847

Long-term contract balances represent expenditure estimated to be recovered against future claimable outcomes arising on payment-by-results contracts. The movements in long-term contract balances are presented below:

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Balance at 1 April	250,815	478,857	250,815	478,857
Expenditure incurred	330,007	1,055,778	330,007	1,055,778
Expenditure attributed to claimable outcomes	(478,965)	(1,283,820)	(478,965)	(1,283,820)
Balance at 31 March	101,857	250,815	101,857	250,815

18 Creditors: amounts falling due within one year

	The group 2016 £	2015 £	The charity 2016 £	2015 £
Trade creditors	334,914	499,092	316,513	471,213
Taxation and social security	94,346	169,709	81,510	161,517
Other creditors	-	140,546	-	140,546
Accruals	164,222	252,298	158,904	249,230
Deferred income	18,869	733	4,190	641
	612,351	1,062,378	561,117	1,023,147

19 Analysis of group net assets between funds

	Restricted Funds £	Designated Funds £	General Funds £	Trading Funds £	Revaluation reserve £	Total Funds £
Tangible fixed assets	1,069,228	89,310	–	15,992	900,000	2,074,530
Investments	–	–	10,548	–	–	10,548
Net current assets and long term debtors	290,633	–	209,599	(15,991)	–	484,241
Net assets at the end of the year	1,359,861	89,310	220,147	1	900,000	2,569,319

20 Movements in funds

	At the start of the year £	Incoming resources & £	Outgoing resources & £	Transfers £	At the end of the year £
Restricted funds:					
Early Action	301,791	846,332	(800,466)	(57,024)	290,633
Education	2,340	–	–	(2,340)	–
Employment Links	138,237	406,089	(489,126)	(55,200)	–
Special Projects	–	–	–	–	–
Links UK	28,331	211,292	(262,701)	23,078	–
Projects	21,900	94,332	(1,079)	(115,153)	–
Fixed Assets	1,118,275	9,368	(58,415)	–	1,069,228
Total restricted funds	1,610,874	1,567,413	(1,611,787)	(206,639)	1,359,861
Unrestricted funds:					
Designated funds:					
Fixed Assets	154,259	–	(64,949)	–	89,310
Total designated funds	154,259	–	(64,949)	–	89,310
Revaluation reserve	900,000	–	–	–	900,000
General funds	755,428	2,363,170	(3,105,089)	206,639	220,148
Non-charitable trading funds	(13,626)	682,693	(669,067)	–	–
Total unrestricted funds	1,796,061	3,045,863	(3,839,105)	206,639	1,209,458
Pension fund	(42,995)	42,995	–	–	–
Total funds including pension fund	3,363,940	4,656,271	(5,450,892)	–	2,569,319

Transfers out of restricted funding

The transfers out of restricted funds balance of £206,639 comprises of £229,717 to bring the restricted project balances in line with the carried forward balances agreed with our funders.

Purposes of restricted funds

The charity receives restricted income from a very large number of donors and it is not practical to disclose the opening balances, movements, transfers and closing balances on every individual restricted fund. Restricted funds are disclosed in aggregate for each area of charitable activity.

Fixed Assets

The restricted Fixed Assets Fund represents the net book value of fixed assets purchased by the charitable company using restricted funds. Depreciation relating to such fixed assets is charged to this fund.

Purposes of designated funds

Revaluation Reserve

This represents the surplus arising from the revaluation of leasehold property owned by the charity.

Fixed assets

This represents the net book value of fixed assets which has not been purchased with restricted funds. Depreciation relating to such fixed assets is charged to this fund.

Unrestricted Funds

General funds

The General Fund represents the accumulated net surpluses of the charity which have neither been restricted by conditions imposed by donors, nor have been designated by the Board of Trustees for specific purposes.

Defined Benefit Pension Reserve

The Pension Reserve Fund brought forward represented the charitable group's share of the net assets or net liabilities of the London Borough of Newham Pension Fund, which fund operated within the Local Government Pension Scheme. London Borough of Newham have confirmed that Community Links no longer has any liability in respect of the scheme as it no longer has any employees in the scheme.

Non Charitable Trading

Trading funds represent the non-charitable accumulated profits of the consolidated wholly-owned subsidiary company Community Links Trading Limited.

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(837,616)	(198,948)
Depreciation charges	138,780	163,008
Losses/(gains) on investments	597	(548)
Dividends, interest and rent from investments	(1,794)	(319)
(Profit)/loss on the disposal of fixed assets	–	(294,120)
Staff costs (defined benefit pension scheme)	–	(101,419)
Decrease in stocks	–	4,606
Decrease in debtors	572,706	745,808
Decrease in creditors	(450,027)	(420,668)
Net cash provided by / (used in) operating activities	(577,354)	(102,600)

22 Analysis of cash and cash equivalents

	At 1 April £	Cash flows £	At 31 March 2016 £
Cash at bank and in hand	1,269,852	(584,928)	684,924
Total cash and cash equivalents	1,269,852	(584,928)	684,924

23 Legal status of the charity

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

24 Impact of transition to FRS 102 and SORP 2015

Reserves position	Restricted		Unrestricted		Pension 31 March 2015	Total	Restricted		Unrestricted		Pension 1 April 2014	Total
	£	£	£	£			£	£	£	£		
Funds previously reported	1,639,590	932,577	(42,995)	2,529,172			1,889,476	965,617	(96,260)	2,758,833		
Adjustments on transition												
Holiday pay provision	(28,716)	(36,516)	-	(65,232)			(25,076)	(31,887)	-	(56,963)		
Revaluation of Leasehold Property		900,000		900,000				900,000		900,000		
Funds restated on transition	1,610,874	1,796,061	(42,995)	3,363,940			1,864,400	1,833,730	(96,260)	3,601,870		
Impact on income and expenditure	Restricted		Unrestricted		Total		Restricted		Unrestricted		Total	
	£	£	£	£	£	£	£	£	£	£	£	£
Net income / (expenditure) as previously reported	(164,782)	(26,445)	-	(191,227)								
Adjustments on transition												
Holiday pay provision	(3,640)	(4,629)	-	(8,269)								
Net income / (expenditure) as restated	(168,422)	(31,074)	-	(199,496)								