



## **The Young Foundation**

### **Report and financial statements**

31 December 2016

Company Limited by Guarantee  
Registration Number  
01319183 (England and Wales)

Charity Registration Number  
274345 (England)

## Contents

### Reports

Reference and administrative information	3
Trustees' report	9
Independent auditor's report	24

### Financial statements

Statement of financial activities	26
Balance sheet	27
Statement of cash flows	28
Principal accounting policies	29
Notes to the financial statements	34

## Reference and administrative information

**The Young Foundation is a company limited by guarantee and a registered Charity governed by its memorandum and articles of association.**

**It is a Research Councils UK recognised independent research organisation (IRO)**

<b>Trustees</b>	Dame Julie Mellor Pete Gladwell Danny Kruger Abigail Rotheroe Alexander Stevenson Gareth Williams
<b>Chief Executive</b>	Baroness Glenys Thornton
<b>Company registration number</b>	01319183
<b>Charity registration number</b>	274345
<b>Registered office</b>	18 Victoria Park Square London E2 9PF
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	HSBC 465 Bethnal Green Road London E2 9QW  CCLA Senator House 85 Queen Victoria Street London EC4V 4ET
<b>Solicitors</b>	Bates, Wells & Braithwaite 10 Queen Street Place London EC4R 1BE

## Reference and administrative information

Inequalities are widespread, complex and affect many areas of people's lives. We are a research and action based institute with a formidable track record of confronting inequality.

We work across the UK and internationally to create insight and innovations which put people at the heart of social change. We do this through research, work with communities and social innovation.

We also bring together leading thinkers and policy makers around the world to develop new ideas to confront inequalities and create fairer societies.

We were founded by the great social scientist and innovator Michael Young and originally called the Institute of Community Studies. We became the Young Foundation after Michael's death in 2002. Together we have created and supported over 80 organisations including: *Which?*, *The Open University*, *Language Line*, *Economic and Social Research Council*, *Social Innovation Exchange*, *School for Social Entrepreneurs*, *UpRising* and *Studio Schools Trust*.

### OUR FUNDERS



Arts & Humanities  
Research Council



Belfast  
City Council



LOTTERY FUNDED



Northern Ireland



Cabinet Office



Erasmus+



Esmée  
Fairbairn  
FOUNDATION



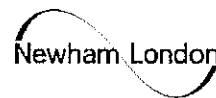
Economic and Social Research Council  
Shaping Society



JOSEPH  
ROWNTREE  
FOUNDATION



Leeds  
CITY COUNCIL



power to  
change

business in  
community  
hands



UBS



Llywodraeth Cymru  
Welsh Government

## Reference and administrative information

### OUR PARTNERS

Accord Housing Association  
Adur and Worthing Council  
AEIDL  
Ajuntament de Barcelona  
Alma Folkhögskola, Stockholm  
Applied Research and Communications Fund (ARC Fund, Bulgaria)  
Australian Centre for Innovation, University of Sydney (ACIIC)  
Austrian Institute of Technology (AIT)  
Autonomous University of Barcelona (UAB)  
Barking and Dagenham CVS  
Beyond Me  
Blackpool and Fylde CVS  
Boğaziçi University  
Brunel University  
Catalan Institute of Public Policy Evaluation (IVALUA)  
Catch 22  
Centire  
Centre for Social Innovation (ZSI, Austria)  
Co ops UK  
Danish Technological Institute (DTI)  
Dartington Social Research Unit  
Dutch Research Institute for Transitions (DRIFT)  
European Network of Cities & Regions for the Social Economy (REVES)  
Finance Watch  
FRIDA  
Gangway (Berlin, Germany)  
Global Fund for Women  
Heliopolis University, Cairo  
Institute for Work and Technology (IAT, Germany)  
Institute of Socio-Economic Development of Territories of the Russian Academy of Sciences (ISED T RAS)  
International Organisation for Knowledge Economy and Enterprise Development (IKED, Sweden)  
Istanbul Teknik Universitesi (ITU, Turkey)  
Kazimiero Simonaviciaus Universitetas (KSU, Lithuania)  
Lama Agency (LAMA, Italy)  
Nesta  
Northern Ireland Department of Social Development  
NOVA – Centre for Social Innovation  
Oxfam  
Peterborough CVS  
PlusValue  
Polytechnic University of Catalonia (UPC)  
Ryerson University (Canada)  
School for Advanced Studies (IMT, Lucca)  
SINNERGIAC Social Innovation (UPV/EHU)  
Social Innovation Exchange (SIX)  
Slovenian Academy of Sciences and Arts  
Social Innovation Lab (Croatia)  
Social Life Limited  
Somos mas (Columbia)  
Tata Institute of Social Sciences (TISS, India)  
Tecnalia  
Technische Universitat Dortmund (TUDO)  
TNO (The Netherlands)  
Torbay Community Development Trust  
United Nations Economic Commission for Latin America and the Caribbean (ECLAC)  
University of Bologna (UNIBO)  
University of Cape Town (UCT, South Africa)  
University Danubius Galati (UDG, Romania)  
University of Duesto (UDUESTO, Spain)  
University of Eastern Finland  
University of Sheffield  
University of Sussex  
University of Zurich  
Urban Innovative Actions (UIA)  
Voluntary and Community Action Sunderland  
Zhejiang University (ZJU, China)

### **CHAIR'S REPORT**

2016 is a year of two halves – Tim Allan was Young Foundation Chair until June 2016 when I was delighted to become Chair of the Board of Trustees. I would like to thank Tim for his work over his four years as Chair.

I have joined a great team of trustees with stewardship of an institution of national significance and great heritage. It is both a privilege and an adventure which I relish. 2016 was a year of consolidation and recovery and, as a result of this, we have started 2017 as a year of transition and growth.

Following some in depth analysis of our work and finances, produced with support from PwC, we have focused on business development and financial improvement in 2016. I believe the Young Foundation's social innovation approaches have a huge role to play in enabling communities to tackle the issues of inequality and feelings of powerlessness laid bare by Brexit and this work will put us in a good position to make a significant impact on these issues.

We are working across the UK and internationally to create insight and innovations that fight inequalities and put people at the heart of social change. This work incorporates a range of cutting edge new research on inequalities, supporting the scaling up of many social innovations, new work with our European Social Innovation networks, transnational partnerships sharing issues and solutions and a range of work across the UK alongside communities through our Amplify programme.

We look forward with optimism and anticipation to continuing our work with a large range of national and international organisations and businesses who I would like to thank for their friendship and continuing support.

**Dame Julie Mellor**

**Chair of the Board of Trustees**

## CHIEF EXECUTIVE'S REPORT

The year started with a huge push to deliver and launch the results of substantial work won in 2015. In March, we brought MY100, the centenary year of the birth of our Founder, Michael Young to a close with a reception in the House of Commons hosted by Senior Fellow and former YF Director Rushanara Ali MP. Many friends, funders, and supporters attended and celebrated the hundreds of innovations and programmes both Michael and the Young Foundation have created and supported.

During the year the Places and Communities team worked alongside communities in Wales, Northern Ireland, Leeds and Sheffield and we launched *The Story of Leeds* in March. We completed seminal research applying a gender lens to the Social Investment world, and the resulting report, *The Sky's the Limit* launched in May, had significant impact on gender lens investing in policy and product design in the social innovation community. Later in the year with support from the Barrow Cadbury Trust we were able to bring this to a wider audience at very successful fringe meetings at the Conservative and Labour conferences.

The highlight in the spring was the launch of our ESRC funded research, *Credit Where Credit's Due?* on high cost credit in Wales. This was launched both in Cardiff and at the House of Commons in London, and at a round table discussion at YF headquarters which was attended by both HM Treasury, FCA and several credit unions. This research has played a key role in informing learning and policy development on financial inclusion.

Also during the year, our flagship Young Academy programme worked with its fourth cohort of ventures and started its fifth. The Young Academy is an innovation programme, supported by Bank of America Merrill Lynch and UBS tackling the persistent and pervasive problem of education inequality, through a combination of targeted business incubation support and impact investment. We are very grateful to UBS and Bank of America Merrill Lynch for this supportive and fruitful relationship.

The fantastic work in research, working with communities and social innovation this year has given us a solid grounding for further programmes in a variety of areas. In 2017 we want to revisit the progress on gender sensitive social investment, we will also be launching further research to support our theory of change in communities based on the last three years of insights gained from working alongside them. We will be designing the next stage of the Young Academy in 2017, and launching and piloting several new innovations tackling housing, health and wellbeing. We are running four EU funded research programmes and have won two of those since the Brexit vote. YF continues to be the leading research and networking social innovation institute in the EU, despite the Brexit vote that fact has not changed, and our partners across the EU take the same view. The strategic challenge for YF moving forward is how to maintain that position and important work.

We are continuing to build and reinforce our wide range of relationships. We have links and are working with the LSE, UCL, Sussex, Leeds, Sheffield, Cardiff, Ulster, East London Universities and others. YF plays a key role in the joint policy work undertaken by the Social Economy Alliance, with sister organisations including SEUK, UnLtd, SSE and Locality. We value enormously the support we receive from funders and partners, and thank them all.

**CHIEF EXECUTIVE'S REPORT** (continued)

2016 saw the building of a new YF leadership team. Particularly the building of our Research team under Dr Mary Hodgson who was appointed in July. Mary has brought expertise, coherence and strategic thinking that enhances the quality of our output. Nat Defriend is now the Director of Communities and Places, having been programme lead in Leeds, Wales and many YF programmes, and brings experience and innovative thinking to the development of our community based work. We also said farewell to our Director of Innovation in Health and Social Care, Rowena Young, who had done a fantastic job over the years growing innovative new social innovations that impact on people's lives.

James Teasdale is now Head of Ventures and has the support of a newly appointed Interim Director of Innovation, Charles Curtis. They will be leading on the emerging impact of the Young Academy and the development of its next stage.

We were sad to lose Ceri Goddard and Gorka Espiau as full time Directors, but both have become YF Fellows and we value their ongoing support. This is my last report as CEO as the Board, at my request, has now triggered the hunt for my replacement. I was appointed in June 2015 to help turn around the Young Foundation and create a viable and strong organisation. This has been achieved, and it is time to pass on the baton. I have had an association with The Young Foundation and before that the Institute of Community Studies for almost 40 years, so I do not intend to dilute my passion and support for the organisation and its work. I would like to record my thanks to the brilliant and hardworking staff and the Board for their support and friendship over this past two years. I am greatly looking forward to seeing the Young Foundation go from strength to strength and continue its significant work in fighting inequality.

**Baroness Glenys Thornton**

**Chief Executive**



## TRUSTEES' ANNUAL REPORT

The Trustees (who are also directors of the charitable company for the purposes of the Companies Act) present their annual report together with audited financial statements of The Young Foundation (the charitable company) for the year ended 31 December 2016.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 33 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011 and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Young Foundation's governing documents are its Memorandum and Articles of Association dated 15 June 1977 as amended on 16 March 2005.

The Board of Trustees met six times in 2016. In addition to the Board of Trustees there is a Resources, Risk & Assurance Committee (RRAC) chaired by the treasurer, Abigail Rotheroe, which met three times in 2016. The Nominations and Governance Committee met during May 2016 to make recommendations to the Board on the appointment of the new Chair and also during December 2016 – March 2017 to make recommendations to the Board on the appointment of new trustees and to review the Fellowship.

The following Trustees were in office at 31 December 2016 and served throughout the year except where shown.

Trustees	Appointed/Resigned
Dame Julie Mellor (Chair)	Appointed 3 June 2016
Tim Allan (Chair)	Resigned 23 June 2016
Pat Colgan	Appointed 11 February 2016; resigned 12 May 2016
Malcolm Dean	Retired at the end of term, 21 September 2016
Pete Gladwell	
Danny Kruger	
Amanda Leveté	Resigned 9 March 2016
June Milligan	Appointed 1 January 2016; resigned 23 March 2017
Jonty Olliff-Cooper	Resigned 21 September 2016
Abigail Rotheroe	Appointed 9 March 2016
Alexander Stevenson	
Kirsteen Tait	Retired at the end of term, 21 September 2016
Gareth Williams	Appointed 9 March 2016

Details of all the Trustees are posted on our website, <http://youngfoundation.org/>

### **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

The new Chair, Dame Julie Mellor, was appointed in June 2016 in succession to Tim Allan. This recruitment was led by the Nominations and Governance Committee, chaired by Danny Kruger, and advertisements were placed in Guardian online and Charity Job. The new Trustees were recruited following an advertisement in Guardian online, on the Young Foundation website and social media in December 2016. All candidate Trustees meet with the Chair, the CEO and the Nominations and Governance Committee following which their application is considered by the Nominations and Governance Committee. The induction of Trustees is undertaken on an informal basis with the Chief Executive and Senior Management Team and through attendance at Young Foundation and external events. Trustee Training will be undertaken at the Board Away Day in July 2017.

The day to day management and running of the charity has been delegated to the Chief Executive and the Senior Management Team. The Senior Management Team prepares an annual operational plan and budget which is approved by the Trustees. The Senior Management Team take responsibility for the execution of the operational plan and budget and reports on progress to the Trustees.

#### **Key management personnel**

The key management personnel of the Young Foundation are the Chairman and Board of Trustees together with the Chief Executive and the executive directors who form the Senior Management Team.

During 2016 the Chief Executive continued to focus the structure of the Senior Management Team which from the start of 2017 comprises the Director of Research, Director of Communities, Director of Innovation in Health and Social Care and Operations Director. The interim Director of Transformation was in post for the first half of 2017.

In line with programme funding, the post of Director of Equality Innovation ended in October 2016, and the commitment to equality is now embedded within all directorates. The post of Director of Innovation in Health and Social Care is now succeeded by the role of Director of Innovation. Staff are now each assigned to a directorate, although colleagues often work on projects across the organisation in line with their skills and experience.

Salaries are informally benchmarked against market rates in similar organisations. SMT salary costs have fallen since it was decided that membership of the University Superannuation Scheme, with an employer contribution of 18% (from 1<sup>st</sup> April 2016, previously 16%) would be closed to new members, apart from researchers, and the default pension scheme would be a defined contribution scheme with employer contributions of 5%.

#### **Risk management**

The Board's Resources, Risk and Assurance Committee has reviewed the major strategic and operational risks and the ways in which these are monitored, managed and mitigated by the Senior Management Team. The key strategic risks and management actions are:

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Risk management** (continued)

#### ***Securing Income***

The main challenge is to maintain and grow income through undertaking work which achieves full cost recovery. The Young Foundation also needs to increase its proportion of unrestricted income, such as grants and donations. To this end, in December 2016 the Board appointed an interim Director of Transformation to lead a transformation programme with an objective of achieving monthly breakeven within 2017. In addition, the CEO has established a new communications team and appointed fundraisers to raise the organisation's profile and develop new income streams.

#### ***Consequences of the UK leaving the European Union***

The vote to leave the European Union will have implications for the future funding of the charity's research work which the charity is incorporating into its risk management and financial strategy going forward. In 2016 YF received £612k (2015: £160k) of EU money of which £183k was for Social Investment Communities and £204k for OpenMaker, both of which run to 2018.

The Young Foundation is building on its relationships with current EU partners to be included as a member of consortiums bidding for future EU funds. It will look for new opportunities to secure UK research funding in succession to EU research funding.

## **OBJECTIVES AND RELEVANT POLICIES**

### **Objectives and activities for the public benefit**

The objects of the Young Foundation as set out in its Memorandum of Association are:

- a) The relief of needs arising from financial hardship, mental or physical illness, disability, or old age;
- b) The promotion of equality and diversity for the benefit of the public through research and the design and delivery of services that address exclusion;
- c) The promotion of health;
- d) The promotion of research and education in the social sciences and the dissemination of the useful outcomes of such research;
- e) The advancement of purposes charitable in England and Wales by the development of organisations and activities and the exchange of ideas.

The objects are considered by the Trustees to be for the public benefit as defined in the Charity Commission's guidance on public benefit. In order to achieve these objectives, the Young Foundation undertakes research to identify and understand social needs and then develops practical initiatives and institutions to address those combining ideas, analysis and practical action.

The following categories continued to be used in 2016 for our charitable work following the CEO's strategic review on her appointment in June 2015:

## **OBJECTIVES AND RELEVANT POLICIES** (continued)

### **Objectives and activities for the public benefit** (continued)

- ◆ Places
- ◆ Health, Education and Livelihoods
- ◆ International
- ◆ Social Investment/Young Academy/Ventures
- ◆ Equalities & Gender
- ◆ Action for Happiness

Our research work permeates all our programmes. We are a Research Councils UK recognised independent research organisation (IRO).

## **ACHIEVEMENTS AND PERFORMANCE**

### **Research**

We are a unique, independently accredited research institute. We aim to learn from people's attempts to improve the world they live in for themselves and others and help to put those insights into action. We are skilled in a range of research methodologies but focus on carrying out ethnographic and deep qualitative work which gives us a richer sense of what people value in their lives and what their viewpoints are.

Early 2016 saw the launch of our influential *Credit Where Credit's Due?* Report on high cost credit usage in Wales. The research offered insights into how we can extend access to fair finance and address some of the social issues that are associated with high cost lending. Following the launch of the report in both Wales and Westminster, we held an innovation roundtable event, bringing together innovators, regulators, government representatives and many others in order to begin building a community of people looking to make change in this sector. The report's findings have informed the financial inclusion sector and have been referenced in the Financial Capability Strategy for Wales.

We are using insights from this research to inform our work on the EU-funded project, *DOLFINS*, one of our transnational network projects working across European countries on shared issues and solutions. Part of the project, which began in 2016, will involve developing and launching a campaign to engage citizens with issues of finance, informing them of the ways in which the finance system creates or sustains inequalities and encourages them to take practical actions.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Research (continued)

We have an established record of delivering EU-funded projects which aim to develop tools, methods and policies to inform European strategies for social innovation. Expanding on the EU's *TEPSIE* project, *SI Drive*, in its third year of delivery, aims to explore the relationship between social innovation and social change. In 2016, the project entered a crucial research phase in which we managed ten partners in the delivery of in-depth analyses of health and social care innovations across the world. We also conducted our own case studies on health and energy innovations. In addition, with its steering committee of partners we helped to develop new social innovation theory and policy recommendations for the sector.

This year we have also been working on the Horizon 2020 project, *Social Innovation Community (SIC)*, funded by the European Commission and run by a consortium of 12 organisations across Europe to engage, strengthen and connect existing social innovation networks. The Young Foundation is leading two of these networks: intermediaries and community-led innovation. We are also leading the experimentation work package, the aim of which is to conduct high impact experiments with five innovation centres and test new models of cross-sector and transnational collaborations in addressing locally defined issues and challenges. SIC will also create a platform for sharing inspiring solutions, with a strong potential for replication, adoption or scaling up. As part of the project, five case studies and an evaluation and comparison report will be produced by the end of 2017.

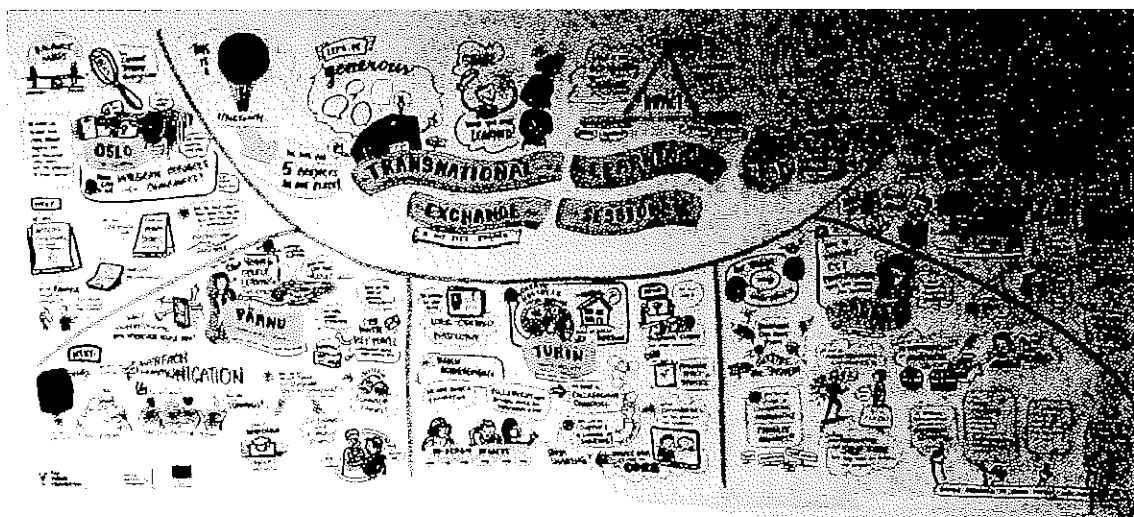


Figure 1: Notes from Transnational Learning Exchange Session in Zagreb, May 2017

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Research (continued)

In 2016, we also started work with the *MONDRAGON Corporation*, based in the Basque country. This is the largest industrial co-operative in the world delivering economic and social equality by combining success in the marketplace with social benefit. It represents a radical alternative system with equity embedded in its core. The report launched in March 2017, with a joint set of policy implications with Co-operatives UK. This generated much interest and highlighted important implications for the development of an inclusive UK economy, demonstrating how businesses can be both competitive in the marketplace and generate social value at large scale.

We also contributed to research commissioned by the EACEA into youth entrepreneurial training across Europe, and its potential for tackling the rising challenge of securing employment for youth across the continent. Our role focused on research in the UK and Ireland. This will be used to shape recommendations for strengthening entrepreneurial learning and cross-sector collaboration.

Two further transnational projects were launched in 2016 and are continuing over 2017. These are *OpenMaker*, an initiative which aims to drive the manufacturing sector towards more sustainable business models, production processes, products, and governance systems by bringing together manufacturers and makers. The project offers a unique opportunity for manufacturers and makers to test and scale new partnerships as part of its aim to seed and accelerate the 4th Industrial Revolution. We also started working with Barcelona City Council to explore the introduction of a Guaranteed Minimum Income and other active social policies in the city, in the *B-Mincome* project. In addition, in 2017 we will be launching *Bright Futures*, research on small industrial towns, and also research on the impact of companies' investment in research and development on employment patterns.

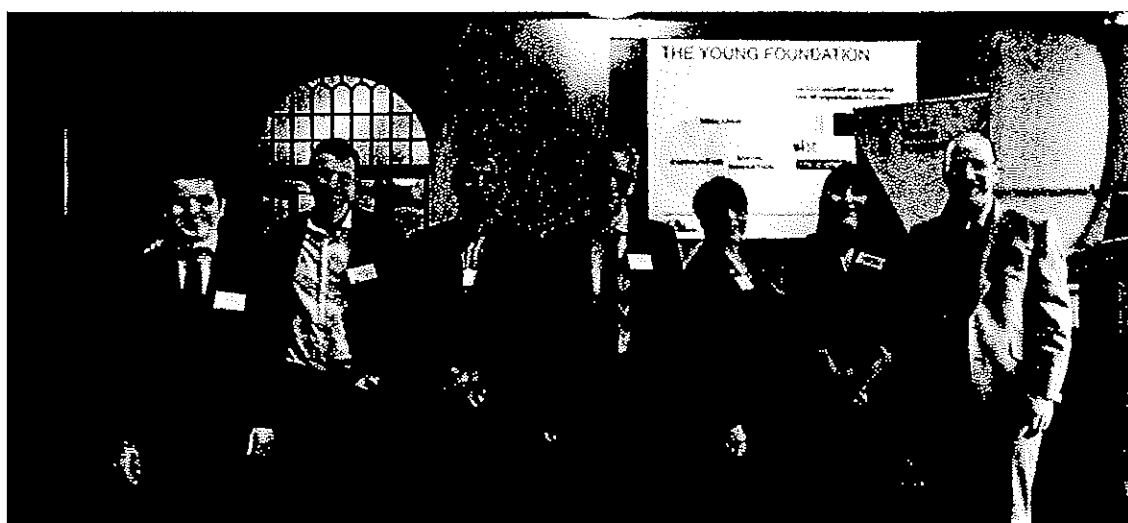


Figure 2: MONDRAGON research launch, March 2017

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Social innovation and investment

We are a leading centre for social innovation, creating new solutions to entrenched problems through social ventures, movements and campaigns. We have set up many new initiatives and supported hundreds of social innovations to thrive, enabling them to grow into highly successful social enterprises and businesses. We have pioneered innovative financing models and have substantial experience in administering multi-million pound grant programmes and investment funds.

The *Young Academy* is our flagship innovation programme tackling the persistent and pervasive problem of education inequality. Through a combination of targeted business incubation support and impact investment, we help early-stage social ventures that improve the life chances of disadvantaged young people to realise their potential. In 2016, we delivered the Young Academy incubator in Nottingham, which supported the programme's fourth cohort of social ventures working to tackle educational disadvantage. Towards the end of the year, we also began delivery of the incubator's fifth cohort, in Kent. These cohorts took the total number of ventures supported by the Young Academy programme to date to 52. The Young Academy investment fund made a new venture investment of £50,000 to Performance in Context and a follow-on venture investment of £5,000 in a prior investee, Think for the Future.



Figure 3: Young Academy Demo Day, London

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Social innovation and investment (continued)

In August 2016, *Realising Ambition* entered the final year of programme delivery. The five-year programme, with partners Catch 22, Dartington Social Research Unit and Substance, has supported a range of projects that help young people avoid pathways into offending. Since 2012, the Young Foundation has provided the projects with a variety of organisational and business development support to help them replicate and sustain their interventions. During 2016 our inputs to projects included workshops focused on business planning and sustainability, resources and 1:1 coaching sessions. Throughout the year, we also contributed to key programme outputs including the Programme Insight publications and the development of a Confidence Framework tool.

With the support of the Esmée Fairbairn Foundation, we completed the feasibility study for the *Good Diner*, a social enterprise model for tackling food poverty, childhood obesity and social isolation. We are reviewing the results of this study in readiness for designing and trialling the model in 2017.

2017 will also see the completion of the fifth Young Academy incubator cohort and an emphasis on two key areas of work as the programme enters the final year of its pilot; focusing on investing the remaining fund capital in ventures we have incubated, and beginning research and development for a new flagship Young Academy programme that we hope to launch in 2018. We are also working on a new project starting in Beirut testing out how to create social change driven by young women activists. *Realising Ambition* will come to an end in July 2017. In its final months we will complete remaining organisational support work with participating projects and contribute to end-of-programme publications and events.

### Work with communities

We collaborate with partners across the UK and internationally to enable local people to take action to create more equal communities where everyone can thrive. Our methodology supports locally driven processes of community transformation, and is tailored to meet the unique needs of the places in which we work. 2016 has been a year of implementation and learning following our work in 2015 to design our methodology and initiate projects across the UK.

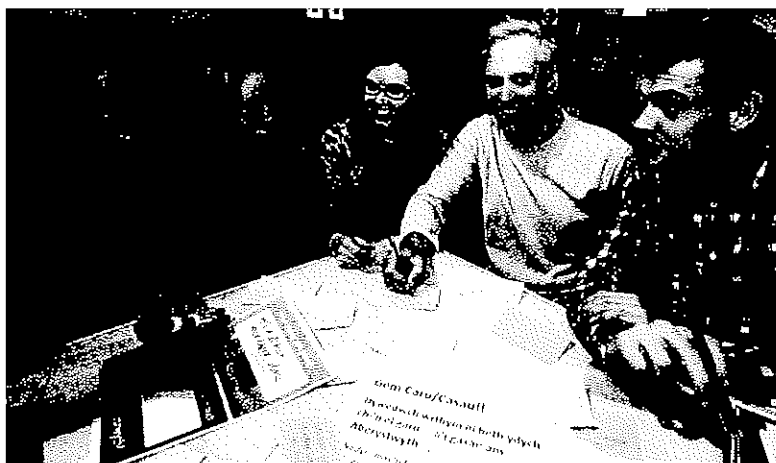


Figure 4: Co-production workshop for Amplify Wales



## ACHIEVEMENTS AND PERFORMANCE (continued)

### Work with communities (continued)

Our key achievement has been the *Amplify* programme, which brings together the expertise of the Young Foundation in research and social innovation and applies it in a targeted place-based initiative. During 2016, in partnership with funders such as the Welsh Government, Leeds City Council, the Joseph Rowntree Foundation, and Power to Change, we concluded flagship *Amplify* programmes in Wales, Leeds and Sheffield, and have moved into the second year of our four year Lottery funded *Amplify* programme in Northern Ireland, based in Belfast, Derry and Enniskillen. Also in Northern Ireland, we delivered the 100-day challenge, a rapid intervention funded by the Department for Social Development, designed to support social innovations to scale their impact, and have initiated a partnership with Belfast City Council to direct funding towards community led innovations.

During 2016 these programmes have seen us gather over 1,000 individual stories of inequality and action from UK communities, engage with over 1,500 organisations and stakeholders, and support more than 70 community-led innovations and projects. We also published our learning in the form of the Leeds and Wales storybooks, our report into community business in Sheffield in partnership with Power to Change, and *Fertile Ground* our sector leading report into opportunities for social innovation in Northern Ireland.

Building on our groundbreaking report, *Benches for Everyone* in 2015, we have successfully secured funding for further research on this area focusing on the experiences of refugees in public spaces in Sheffield, Berlin and London.

Our Share to Know project created a platform and provided a range of insights on the effectiveness of peer-to-peer learning and how it can be implemented in a wide range of contexts, including youth work, formal education and employment sectors. We worked on this project with three peer- to-peer learning organisations from Sweden, Germany and the UK. The learnings have informed practice for all partners involved and to a wider audience.



Figure 5: Share to Know event, London 2017

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Work with communities (continued)

Communities Can was a two year pilot programme to provide capability building support for smaller community groups across five regions of the UK. Communities Can matched 379 small and diverse groups to a range of experienced providers, who delivered a wide range of development packages. These included business planning, fundraising, governance, understanding organisational needs and measuring impact. 95% of the groups found the support they received useful and just under 50% found it extremely useful. Communities Can was funded by the Big Lottery Fund, as it establishes its new small grants programme. Going forward the Fund will be considering ways to incorporate learning from the pilot in pursuit of its ambition to reach smaller and more informal community groups.

During 2017 our focus will turn to consolidating our learning, tools and methodologies, publishing our full research from our *Amplify* programmes in Leeds and Wales, and deepening our impact across Northern Ireland. We will initiate a programme in Scotland, giving *Amplify* a presence for the first time in all four countries of the UK. We will be strengthening the international scope of the programme in partnership with the cities of Montreal and Barcelona. We will also continue our work on public spaces in particular reference to the experiences of refugees and on building youth resilience through our *Bounce Back* action learning programme in Newham.

### Agenda Alliance

Agenda, the alliance for women and girls at risk, led by Katharine Sacks-Jones believes society is failing to adequately protect and support women and girls who face the most extensive violence, abuse, trauma and inequality. We are calling for systems and services to be redesigned with women and girls at their heart.

Hosted by the Young Foundation, Agenda is kindly supported by the Barrow Cadbury Trust, Lankelly Chase Foundation and Pilgrim Trust. This year the alliance has grown to over 75 member organisations, ranging from small local organisations to large national charities.

We have produced robust and well received research reports and highlighted the issues affecting socially excluded women through the media, in parliament and with Government. We have given evidence to parliamentary committees and groups, including submitting evidence on the Homelessness Reduction Bill, resulting in victims of domestic abuse being included as a group at heightened risk of homelessness. We have worked with DCLG and the Home Office to ensure women with complex needs are included in funding programmes.

Launched in September, our Women in Mind campaign has been calling for women's needs and particularly their experiences of abuse to be taken into account in mental health policy and service provision. Our report showing mental health services are not considering the needs of women received significant media and social media coverage. We have secured commitments from statutory agencies to consider the needs of women in work they are doing and the Department of Health has now established a Women's Mental Health Taskforce which Agenda's Director co-chairs with the Health Minister, Nicola Blackwood MP.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Agenda Alliance (continued)

Funded by the Joseph Rowntree Foundation, our research report *Joining the Dots*, highlights the links between poverty, abuse and disadvantage for women. The report has had a positive reception from the third sector, academics, civil servants and others.

Over the coming year we will ensure women with complex needs are on the radar of the new Parliament; establish a national commission on women with complex needs and domestic abuse working with our partner AVA (Against Violence and Abuse); publish research into service provision for women; undertake further work on women's mental health including new research projects and ensure the Women's Mental Health Taskforce has impact.

### Action for Happiness

Action for Happiness is a Young Foundation incubated venture led by Mark Williamson, which helps people take practical action to improve wellbeing, both for themselves and for others around them. Its vision is a happier and kinder society, with far fewer people suffering due to mental ill health or social isolation and far more people feeling good, functioning well and helping others.

To achieve this vision, Action for Happiness (AfH) runs courses and events for individuals, communities and organisations; and it promotes cultural change towards a more emotionally-healthy and compassionate way of life. It is backed by leading experts and all of its activities are grounded in the latest scientific research.

AfH was launched in April 2011 and has since helped hundreds of thousands of people take practical action to increase mental wellbeing. Its patron is the Dalai Lama its co-founders are Professor Lord Richard Layard, Sir Anthony Seldon and past Young Foundation CEO Geoff Mulgan.

Key AfH achievements in 2016 included:

- ◆ Growing overall membership of the AfH movement to 90,000 members and extending our digital/social media community to over 1,100,000 people.
- ◆ Putting on events and courses attended by 6,600 people during the year, with a wide range of speakers including Professor Martin Seligman, Ruby Wax and Professor Tanya Byron.
- ◆ Reaching a total of 7.5 million website visitors to date at [www.actionforhappiness.org](http://www.actionforhappiness.org)
- ◆ Rolling-out the 8-week, volunteer-led community course (*Exploring What Matters*), with courses being run in over 75 different communities during the year.
- ◆ Taking part in a Randomised Controlled Trial study (led by LSE) to evaluate the impact of the community course, including the use of biomarkers to measure the potential physiological benefits for reducing stress response and inflammation.
- ◆ Screening and supporting 390 new local course leader volunteers.
- ◆ Supporting a network of Happy Cafes now in over 50 community locations.
- ◆ Launching a new *Keys to Happier Living* toolkit for primary schools.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Action for Happiness (continued)

AfH's two main areas of focus for the year ahead are:

1. Continued roll-out of the *Exploring What Matters* course in local communities. The target is to run the course in over 500 different locations by 2019.
2. Using digital/social media to engage the widest possible community in taking action. The target is to reach an online community of two million people by 2019.

The majority of AfH's funding is self-generated through thousands of small donations made by people attending courses and events and by fees for talks and training delivered for private and public sector organisations. All community activities are run on a "donation of your choice" basis, which has the dual benefit of supporting this work but also ensuring they remain accessible to people regardless of background and income. In addition, AfH receives a few larger donations from philanthropic individuals.

AfH relies on support from a wonderful team of volunteers to deliver its various events, courses and other activities. The current volunteer profile is around 560 people, including 60 event helpers and over 500 registered volunteer course leaders. All volunteer course leaders go through a rigorous screening process and are given extensive guidance and support to carry out their role. AfH would like to sincerely thank its volunteers for all the great work they are doing to make a difference in their communities and to help improve people's lives.

## FINANCIAL REVIEW

### Results for the year

The Young Foundation's income in the year was £5,318k compared with £3,812k in 2015. Expenditure was £3,467k compared with £4,051k in 2015. This gave a surplus on income, including the sale of 17 Victoria Park Square, of £1,852k (2015: loss of £226k). The surplus on the sale of 17 Victoria Park Square was £1,545k, which resulted in the total funds carried forward at 31 December 2016 being £4,759k comprising £3,064k unrestricted funds and £1,695k restricted funds.

2017 is a year of transition when the Board will be addressing the strategic direction following which a decision will be taken on how best to use the proceeds of the property sale. There continue to be ongoing deficits, however this is not expected to continue post 2017 and the steps to ensure this include:

- ◆ Increasing business development
- ◆ Growing unrestricted income through fundraising
- ◆ More accurate budgeting of work

**FINANCIAL REVIEW** (continued)

**Results for the year** (continued)

- ◆ More accurate recording of time spent on projects
- ◆ Leveraging of existing IP
- ◆ More income from property tenants
- ◆ Reducing the number of senior management posts
- ◆ Renegotiating supplier contracts
- ◆ Appointment of an interim Transformation Director.

**Going concern**

Following the sale of 17 Victoria Park Square in March 2016 for the sum of £2.5m, the Trustees consider that there are sufficient reserves in liquid form to fulfil the charitable objectives and to meet short term obligations.

On the basis of their assessment of the Charity's financial position the Trustees have continued to adopt the going concern basis in preparing the annual financial statements.

**Reserves policy and financial position**

The policy of the Trustees is to hold sufficient reserves in a liquid form to meet short term obligations, and having considered the risks facing the charity and its level of activity, have decided that this is equivalent to six months unrestricted expenditure.

At December 2016, six months unrestricted expenditure was £668k. The analysis of net assets between funds (note 17 to the accounts) shows that at year end the unrestricted funds comprised £3,064k made up of £946k of tangible fixed assets and net current assets of £2,119k.

The Trustees now consider that they have sufficient liquid funds to be able to meet their reserves policy. The remaining funds will be used to:

- ◆ Carry out essential work to Young Foundation's office property, 18 Victoria Park Square
- ◆ Meet the costs of the Transformation Director
- ◆ Cover deficits until breakeven is achieved
- ◆ Invest in the Young Foundation's new strategy.

## **FINANCIAL REVIEW** (continued)

### **Investment policy and performance**

Under the Memorandum and Articles of Association the Trustees have general powers of investment. Early in 2015 it was decided to move funds out of the COIF Charity Fund and hold in the CCLA Deposit Account (cash). The Trustees have decided to hold the proceeds of the sale of 17 Victoria Park Square in this account pending the outcome of the strategic review.

### **Grant making policy**

The Young Foundation provides grant funding to support organisations under the Communities Can Programme. We match them to other organisations who have skills, experience and capabilities that they can share with the smaller groups. Most of our Communities Can providers work in the area themselves and so, by being paid to offer support to meet the development needs of the smaller groups, they are able to develop their own income streams whilst providing the benefit of their experience to others.

In August 2016 a grant of £25,000 was made to One Million Mentors, a new initiative led by the charity UpRising which was spun out of the Young Foundation in April 2013.

The Young Foundation received grant funding of £78,730 from CAF America on behalf of the Bank of America Charitable Foundation to support ADA, the National College for Digital Skills, who participated in the 2014 London Young Academy programme. This grant was paid in full to ADA during 2016.

The Young Foundation does not make grants to individuals.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of the Young Foundation for the purposes of company law) are responsible for preparing the Trustees' 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 of the income and expenditure of the charitable company for the year. 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and 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;

**STATEMENT OF TRUSTEES' RESPONSIBILITIES** (continued)

- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

This report was approved by the Trustees on *June 2017* and signed on their behalf by:

*Julie Mellor*

Chair

**Independent auditor's report to the members of the Young Foundation**

We have audited the financial statements of the Young Foundation for the year ended 31 December 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

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 (APB'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 trustees' 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.



**Opinion on financial statements**

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Trustees' report has been prepared in accordance with the applicable legal requirements.

**Matters on which we are required to report by exception**

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

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:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Catherine Biscoe, Senior Statutory Auditor,  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

7 June 2017

**Statement of financial activities** Year ended 31 December 2016

	Notes	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
<b>Income and expenditure</b>					
<b>Income from</b>					
Donations	1	3,860	—	<b>3,860</b>	623
Investments	3	10,042	—	<b>10,042</b>	4,180
<b>Charitable activities</b>					
. Grants and other earned fees	2a	998,069	2,583,244	<b>3,581,313</b>	3,505,221
. Other	2b	178,466	—	<b>178,466</b>	301,832
<b>Other Sources</b>					
. Surplus on disposal of tangible fixed assets	2c	1,544,765	—	<b>1,544,765</b>	—
<b>Total income</b>		<b>2,735,202</b>	<b>2,583,244</b>	<b>5,318,446</b>	<b>3,811,856</b>
<b>Expenditure on</b>					
Charitable activities	4	1,336,670	2,130,052	<b>3,466,722</b>	4,051,163
<b>Total expenditure</b>		<b>1,336,670</b>	<b>2,130,052</b>	<b>3,466,722</b>	<b>4,051,163</b>
<b>Net income (expenditure) before gains on investments</b>					
		1,398,532	453,192	<b>1,851,724</b>	(239,307)
Net gains on investments	9	—	—	<b>—</b>	13,323
<b>Net income (expenditure) before transfers</b>		<b>1,398,532</b>	<b>453,192</b>	<b>1,851,724</b>	<b>(225,984)</b>
<b>Transfers between funds</b>					
	15	(67,487)	67,487	<b>—</b>	<b>—</b>
<b>Net income (expenditure) and net movement in funds for the year</b>		<b>1,331,045</b>	<b>520,679</b>	<b>1,851,724</b>	<b>(225,984)</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>1,733,397</b>	<b>1,173,867</b>	<b>2,907,264</b>	<b>3,133,248</b>
<b>Total funds carried forward</b>		<b>3,064,442</b>	<b>1,694,546</b>	<b>4,758,988</b>	<b>2,907,264</b>

All of the above results are derived from continuing activities.

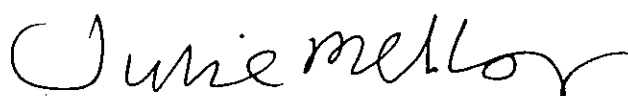
All recognised gains and losses are included in the above statement of financial activities.

The notes on pages 34 to 44 form part of these financial statements.

**Balance sheet** 31 December 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	8	945,725		1,848,436	
Investments	9	105,000		50,000	
			1,050,725		1,898,436
<b>Current assets</b>					
Debtors	10	387,883		520,659	
Cash at bank and in hand		4,045,723		1,758,063	
		4,433,606		2,278,722	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	11	(725,343)		(879,668)	
<b>Net current assets</b>			3,708,263		1,399,054
<b>Total assets less current liabilities</b>			4,758,988		3,297,490
<b>Non current assets</b>					
Amounts falling due after one year	12		—		(390,226)
<b>Net assets</b>			4,758,988		2,907,264
<b>The funds of the charity:</b>					
Restricted Funds	16		1,694,546		1,173,867
Unrestricted funds			3,064,442		1,733,397
			4,758,988		2,907,264

The financial statements were approved by the Trustees on 7 June 2017 and signed on their behalf, by:



Chair

The Young Foundation  
Company registration number 01319183 (England and Wales)

The notes on pages 34 to 44 form part of these financial statements.

# Statement of cash flows 31 December 2016

	Notes	2016 £	2015 £
<b>Cash outflow from operating activities:</b>			
Net cash used in operating activities	A	(84,298)	(382,709)
<b>Cash inflow from investing activities:</b>			
Interest and dividends from investments		10,042	4,180
Proceeds from the disposal of tangible fixed assets		2,422,790	1,062
Purchase of tangible fixed assets		(5,874)	(9,119)
Proceeds from the disposal of investments		—	1,762,104
Purchase of investments		(55,000)	(30,000)
<b>Net cash provided by investing activities</b>		<b>2,371,958</b>	<b>1,728,227</b>
<b>Change in cash and cash equivalents in the year</b>		<b>2,287,660</b>	<b>1,345,518</b>
<b>Cash and cash equivalents at 1 January 2016</b>	B	<b>1,758,063</b>	<b>412,545</b>
<b>Cash and cash equivalents at 31 December 2016</b>	B	<b>4,045,723</b>	<b>1,758,063</b>

Notes to the cash flow statement for the year to 31 December 2016.

## A Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>1,851,724</b>	<b>(225,984)</b>
<b>Adjustments for:</b>		
Depreciation charge	30,560	37,286
Gains on investments	—	(13,323)
Interest and dividends from investments	(10,042)	(4,180)
Surplus on disposal of tangible fixed assets	(1,544,765)	(815)
Increase in debtors	132,776	468,510
Decrease in creditors	(544,551)	(644,203)
<b>Net cash used in operating activities</b>	<b>(84,298)</b>	<b>(382,709)</b>

## B Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,057,924	845,460
Instant access cash accounts	2,987,799	912,603
<b>Total cash and cash equivalents</b>	<b>4,045,723</b>	<b>1,758,063</b>

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

**Basis of preparation**

These financial statements have been prepared for the year to 31 December 2016.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

**Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation rate;
- ◆ the valuation of social investments; and
- ◆ the allocation of support costs.

**Assessment of going concern**

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

**Company status**

The charitable company 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.

**Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

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

**Income recognition**

Income is recognised in the statement of financial activities when the charitable company has entitlement to the funds, receipt is probable and the amount can be measured with sufficient reliability.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Grants from government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Where the Young Foundation is a member of a consortium, for example on certain EU funded programmes, only the income and expenditure which is specific to the Young Foundation is recognised in the financial statements.

Income relating to Action for Happiness has been recognised as unrestricted funds as the risks and rewards of this income stream rest with the Young Foundation.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future period.

Rents receivable are invoiced as accrued and are recognised on an accruals basis.

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.

**Income recognition** (continued)

Donated services provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided. An equivalent amount is included in expenditure. Donated services 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 the services of equivalent economic benefit on the open market.

**Expenditure recognition**

Expenditure is recognised once there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

All expenditure is inclusive of irrecoverable VAT.

Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs of projects, including governance costs and where appropriate charitable grants.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued.

**Allocation of support and governance costs**

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out centrally.

Governance costs are those incurred in connection with the administration of the company and compliance with constitutional and statutory requirements.

Support costs are allocated across charitable expenditure on the basis of the number of staff employed in each activity.

### **Tangible fixed assets and depreciation**

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

- ♦ Office equipment - 25% on a straight line basis
- ♦ IT equipment - 33% on a straight line basis
- ♦ Freehold property - 2% on cost

It is the policy of the Trustees to maintain the listed freehold property, which is held for charitable use, in such condition that the useful economic life is considered to be in excess of fifty years from the balance sheet date. Consequently any depreciation charge on the buildings element of the listed property is deemed to be immaterial and no depreciation is charged on the listed property.

### **Other financial instruments**

The charity has considered FRS 102 sections 11 and 12, identifying and classifying financial instruments as 'basic' and 'other'. The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors. Are initially recognised at transaction value and subsequently measured at their settlement value.

### **Investments**

Investments are stated at market value at the balance sheet date. Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### **Social investments**

Social investments are investments made directly in pursuit of the charity's charitable purposes. Unquoted equity investments are held at cost, less any provision for diminution in value, while loans are recorded at cost less any provisions to reflect non-recoverability.

### **Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.



**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

**Pension contributions**

The Charity participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The Charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. Therefore, as required by FRS 102, the charity accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. There is currently no deficit funding plan in place, other than increased employer contributions, and therefore no liability has been recognised.

In February 2015 a defined contribution scheme, the Peoples Pension was established for staff not working on research. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

**1 Income from donations**

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Donations from individuals	3,860	—	3,860	623
2016 Total funds	3,860	—	3,860	623
2015 Total funds	623	—	623	

Donated services were received from PwC during the year with an estimated commercial value of £30,000. The Young Foundation is grateful for this support. However, if the services had not been offered pro bono, the work would have been carried out using in house resources. It has therefore been decided not to include these services as a gift in kind in the financial statements.

**2a Income from charitable activities – grants and other fees earned**

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Health, Education and Livelihoods	135,191	79,664	214,855	674,809
Social Investment/ Young Academy/ Ventures	307,096	932,818	1,239,914	1,185,884
International	146,312	612,087	758,399	251,338
Places	56,648	771,802	828,450	857,508
Equalities and Gender	124	186,873	186,997	171,484
Action for Happiness	352,698	—	352,698	364,198
2016 Total funds	998,069	2,583,244	3,581,313	3,505,221
2015 Total funds	1,370,298	2,134,923	3,505,221	

**2b Income from charitable activities – other income**

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hub for social innovation – rent and room hire	145,460	—	145,460	192,973
VAT recovery	3,071	—	3,071	35,772
Tenant recharges	16,723	—	16,723	18,736
Speaking fees, events and publications	7,156	—	7,156	41,282
Other	6,056	—	6,056	13,069
2016 Total funds	178,466	—	178,466	301,832
2015 Total funds	301,832	—	301,832	

**2c Other Income – Surplus on disposal of tangible fixed assets**

During the year the freehold property 17 Victoria Park Square was sold. The sale completed on 1 March 2016 for proceeds of £2.5million (surplus on disposal £1,544,765).

### 3 Income from investments

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Interest receivable on cash deposits	10,042	—	10,042	4,180
2016 Total funds	10,042	—	10,042	4,180
2015 Total funds	4,180	—	4,180	

### 4 Expenditure on charitable activities

	Restricted Direct costs £	Unrestricted Direct costs £	Unrestricted Support costs £	2016 Total funds £	2015 Total funds £
Health, Education and Livelihoods	116,029	134,142	18,557	268,728	876,157
Social Investment/ Young Academy/ Ventures	638,389	255,008	37,114	930,511	774,838
International	383,724	100,624	46,392	530,740	464,583
Places	800,149	70,207	106,702	977,058	1,151,750
Equalities and Gender	191,761	312	23,196	215,269	347,703
Action for Happiness	—	336,002	9,278	345,280	240,473
Hub for social innovation	—	180,579	18,557	199,136	195,659
2016 Total funds	2,130,052	1,076,874	259,796	3,466,722	4,051,163
2015 Total funds	1,479,250	2,184,860	387,053	4,051,163	

Included with the direct costs above were grants to institutions as part of the Communities Can project totalling £268,213, none of these grants was individually material. Additionally a grant of £25,000 was made to support One Million Mentors and a grant of £78,730 to ADA, National College for Digital Skills.

#### **Allocation of support costs**

Support costs have been allocated across charitable expenditure on the basis of the number of staff employed in each activity. The net costs after allocation are shown below:

	2016 £	2015 £
Finance, human resources and premises management	211,132	331,755
Information technology	20,160	27,987
Governance costs		
. Auditor's remuneration	9,720	17,622
. Staff costs	18,784	9,689
	259,796	387,053

## 5 Staff costs and remuneration of key management personnel

	2016 £	2015 £
Wages and salaries	1,467,321	1,924,079
Social security costs	148,081	185,565
Other pension costs	140,771	235,403
	<b>1,756,173</b>	<b>2,345,047</b>

During the year, the Young Foundation made total statutory redundancy payments of £8,398 (2015 - £10,792). These are included within wages and salaries.

The average, full time number of staff analysed by function is:

	2016	2015
Charitable activities	28.0	33.0
Support	6.0	7.5
	<b>34.0</b>	<b>40.5</b>

The number of higher paid employees was:

	2016 no.	2015 no.
£60,000 - £70,000	1	4
£70,001 - £80,000	3	1
£80,001 - £90,000	—	—
£90,001 - £100,000	1	1
£120,000 - £130,000	—	—
	<b>5</b>	<b>6</b>

These employees are accruing retirement benefits under either a defined benefits or defined contribution scheme. Employer contributions made in respect of these individuals totalled £41,135 (2015 - £64,370).

The key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day to day basis comprise the trustees, the Chief Executive and the senior management team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £379,211 (2015 - £577,143).

No remuneration was paid to any Trustee during the year. Trustees' travel and accommodation expenses reimbursed during the year to one trustee were £1,104 (2015 - £nil) and course fees of £98 (2015 - nil).

### *Trustee Donations:*

A donation of £1,500 was made by a trustee in relation to holding a reception to celebrate the centenary of our founder Michael Young (2015 - £nil).

## 6 Net income for the year

This is stated after charging:

	2016 £	2015 £
Auditor's remuneration (including VAT):		
. Audit – current year	9,720	10,920
. Audit – prior year	—	6,702
Depreciation	30,560	37,286
Operating lease rentals	2,526	3,159

## 7 Taxation

The Young Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities as it falls within the various exemptions available to registered charities.

## 8 Tangible fixed assets

	Land and buildings £	Office equipment £	IT equipment £	Total £
<b>Cost</b>				
At 1 January 2016	1,970,859	93,139	153,482	2,217,480
Additions	—	5,874	—	5,874
Disposals	(877,158)	(3,376)	(2,557)	(883,091)
At 31 December 2016	1,093,701	95,637	150,925	1,340,263
<b>Depreciation</b>				
At 1 January 2016	152,235	71,067	145,742	369,044
Charge for the year	15,344	9,865	5,351	30,560
Eliminated on disposal	—	(2,869)	(2,197)	(5,066)
At 31 December 2016	167,579	78,063	148,896	394,538
Net book value at 31 December 2016	926,122	17,574	2,029	945,725
Net book value at 1 January 2016	1,818,624	22,072	7,740	1,848,436

## 9 Investments

	Total funds 2016 £	Total funds 2015 £
Social investments:		
. Young Academy		
Market value at 1 January 2016	50,000	20,000
Additions at cost	55,000	30,000
Market value at 31 December 2016	105,000	50,000
Historic cost	105,000	50,000

## 9 Investments (continued)

### *Social investments*

Included above are social investments as set out below:

	2016 £
Edukit	10,000
Proversity	10,000
Think for the Future	35,000
Performance in Context	50,000
Mydex Data Services	—
	<u>105,000</u>

The Young Foundation made two social investments in 2016 of £55,000 in the form of a further convertible loan note in Think for the Future of £5,000 (2015: £30,000) and a convertible loan note in Performance in Context of £50,000. The investments are from the Young Academy Investment Fund which has been established by the Young Foundation with funding from the Social Incubator Fund, which is administered by the Big Lottery Fund on behalf of the Cabinet Office and UBS. The aim of the Young Academy is to support organisations tackling education inequality that have the potential to reduce the attainment gap and/or achieve systemic change in the education system. The participation loans are treated as social investments as they are made directly in pursuit of The Young Foundation's charitable purposes.

The Young Foundation previously made three investments from the Young Academy Investment Fund, two in 2014, each of £10,000, in the form of participation loans in Edukit and Proversity and one in 2015 in the form of a £30,000 convertible loan note to Think for the Future.

Mydex Data Services is a community interest company which provides the individual with a hyper-secure storage area to enable them to manage their personal data, including text, numbers, images, video, certificates and sound. No-one but the individual can access or see the data.

It has an issued share capital of 6,032,901 ordinary shares of which The Young Foundation holds 579,631 shares or 9.6% of the total. 491,071 of the shares, costing £274,999.76, were donated by a benefactor in 2012. At this stage in Mydex's development, it has been decided to not to put a value on the shareholding in the Young Foundation's accounts. The donation of shares during 2012 was therefore treated as a gift in kind and recorded in voluntary income with the impairment in value shown as a recognised loss. The shareholding is treated as a social investment as it is made directly in pursuit of the Young Foundation's charitable purposes.

## 10 Debtors and prepayments

	2016 £	2015 £
Trade debtors	201,478	340,896
Prepayments and accrued income	186,405	179,763
	<u>387,883</u>	<u>520,659</u>

**11 Creditors: amounts falling due within one year**

	2016 £	2015 £
Trade creditors	105,577	69,414
Other creditors	82,084	119,555
Deferred income and accrued expenditure	537,682	690,699
	<b>725,343</b>	<b>879,668</b>

**12 Creditors: amounts falling due greater than one year**

	2016 £	2015 £
Deferred income	—	390,226

Included in creditors is deferred income as set out below:

	2016 £	2015 £
Deferred income at 1 January 2016	977,831	1,521,717
Resources deferred in the year	63,427	197,377
Amounts released in the year	(587,604)	(741,263)
Deferred income at 31 December 2016	<b>453,654</b>	<b>977,831</b>

At the balance sheet date, the Young Foundation was holding funds received in advance for the Young Academy (further details are included in note 16).

**13 Operating lease commitments**

At 31 December 2016, the Charity had future minimum operating lease commitments on plant and machinery as follows:

	2016 £	2015 £
Payments which fall due:		
. Within one year	1,543	2,057
. Within two and five years	514	2,057
	<b>2,057</b>	<b>4,114</b>

**14 Liability of members**

The Charity is a company limited by guarantee, each member being liable for a sum not exceeding £1 in the event of the company being wound up.

## 15 Movement in funds

	Balance at 1 January 2016 £	Net income/ expenditure £	Transfers £	Balance at 31 December 2016 £
Restricted funds	1,173,867	453,192	67,487	1,694,546
Unrestricted funds				
· General fund	(85,227)	2,291,034	(67,487)	2,138,320
· Property fund	1,818,624	(892,502)	—	926,122
	<u>1,733,397</u>	<u>1,398,532</u>	<u>(67,487)</u>	<u>3,064,442</u>
Total funds	<u>2,907,264</u>	<u>1,851,724</u>	<u>—</u>	<u>4,758,988</u>

The property fund is designated on the basis that the Young Foundation acts as a hub for social innovation and needs a property resource for the nurture of new organisations as well as a long term base from which to carry out its own operations.

Restricted funds represent grant income for specific charitable projects as set out in note 16.



**16 Restricted fund analysis**

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2016 £
<b>International</b>					
TEPSIE – EU	—	15,025	(15,025)	—	—
SI Drive – EU	42,442	65,041	(66,846)	—	40,637
Transition – EU	—	15,849	(15,849)	—	—
Share to know (Erasmus)	17,748	106,394	(124,142)	—	—
Dolphins	12,790	2,943	(15,733)	—	—
EACEA Youth Entrepreneurship	—	14,022	(14,022)	—	—
Social Innovation Community	—	183,395	(86,562)	—	96,833
OpenMaker	—	204,068	(40,195)	—	163,873
UIA – Barcelona	—	5,350	(5,350)	—	—
	72,980	612,087	(383,724)	—	301,343
<b>Health, Education and Livelihoods</b>					
Realising Ambition – BLF	—	55,252	(46,763)	—	8,489
Payday loans – ESRC	—	6,782	(51,636)	44,854	—
Esmée Fairbairn – Good Diner	—	15,776	(15,776)	—	—
Feasibility Study	—	1,854	(1,854)	—	—
ESRC - SDAI	—	—	—	—	—
	—	79,664	(116,029)	44,854	8,489
<b>Equalities and Gender</b>					
Gender Futures Stage 2 – Barrow Cadbury Trust	4,250	9,000	(18,270)	5,020	—
AGENDA Alliance	35,874	155,078	(150,696)	—	40,256
The Party Conference Events	—	10,700	(10,700)	—	—
JRF – Women experiencing poverty, violence and abuse	—	12,095	(12,095)	—	—
	40,124	186,873	(191,761)	5,020	40,256
<b>Places</b>					
Socially sustainable Leeds – Leeds City Council	563	13,683	(14,246)	—	—
Leeds JRF	—	72,230	(72,230)	—	—
Northern Ireland BLF	32,231	310,397	(338,735)	—	3,893
Northern Ireland DSD	—	83,361	(100,552)	17,191	—
Amplify Cymru	—	257,792	(257,792)	—	—
The unsociable bench –AHRC	—	(390)	(32)	422	—
Belfast City Council	—	30,000	(11,833)	—	18,167
Leeds True	—	4,729	(4,729)	—	—
	32,794	771,802	(800,149)	17,613	22,060
<b>Social Investment/ Young Academy/ Ventures</b>					
The Young Academy - Operating costs	76,201	310,113	(291,259)	—	95,055
The Young Academy Social Incubator Fund Grant – Cabinet Office and UBS	750,000	375,000	—	—	1,125,000
ADA	—	78,730	(78,730)	—	—
Communities Can	201,768	168,975	(268,400)	—	102,343
	1,027,969	932,818	(638,389)	—	1,322,398
	1,173,867	2,583,244	(2,130,052)	67,487	1,694,546

# **16 Restricted fund analysis (continued)**

The Young Academy is an impact first investment fund set up by The Young Foundation to provide finance to early stage social ventures whose work tackles education inequality in England. The Young Academy has received £1,560,905 from the Social Incubator Fund which is administered on behalf of the Cabinet Office by the Big Lottery Fund (£390,227 of which has been deferred) as set out in note 12.

During the year, transfers of £67,487 were made from the unrestricted fund to the restricted fund to reduce the balance of funds on completed projects to £nil.

The transfers for Payday Loans and Gender Futures 2 reflect the additional costs funded by the Young Foundation for launch and dissemination. The transfer for Northern Ireland DSD reflects unbudgeted expenditure on that project. The negative income balance on The Unsociable Bench represents an overestimation of accrued income at the previous year end.

# **17 Analysis of net assets between funds**

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	945,725	—	<b>945,725</b>
Investments	—	105,000	<b>105,000</b>
Net current assets	2,118,717	1,589,546	<b>3,708,263</b>
	<b>3,064,442</b>	<b>1,694,546</b>	<b>4,758,988</b>

The total unrealised gains (losses) as at 31 December 2016 constitutes movement on revaluation and are as follows:

	2016 £	2015 £
<b>Unrealised gains included above:</b>		
On investments	—	—
Total unrealised gains at 31 December 2016	—	—
<b>Reconciliation of movements in unrealised gains (losses)</b>		
Unrealised gains at 1 January 2016	—	514,605
Less: in respect to disposals in the year	—	(527,928)
	—	(13,323)
Add: net gains arising on revaluation arising in the year	—	13,323
Total unrealised gains at 31 December 2016	—	—

# **18 Related party transactions**

One of the Young Foundation's trustees is an employee of New Philanthropy Capital. During the year The Young Foundation received payments from New Philanthropy Capital of £8,380 and made payments of £65,263 (2015 - received £nil and made payments of £50,263).

During the year, donations of £1,500 (2015 - £nil) were received from Trustees.

## 19 Commitments

The Young Foundation participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The Young Foundation is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the statement of financial affairs represents the contributions payable to the scheme in respect of the accounting period.

The total cost charged to the statement of financial activities for USS Pension Contributions is £108,331 (2015 - £218,721). This includes £2,964 (2015 - £28,235) outstanding contributions at the balance sheet date.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the Young Foundation cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	31 March 2016	31 March 2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality 98% of S1NA ["light"] YoB tables – No age rating

Female members' mortality 99% of S1NA ["light"] YoB tables – rated down 1 year

**19 Commitments** (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%