



# **The Young Foundation**

## **Report and financial statements**

31 December 2017

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

Charity Registration Number  
274345 (England)

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## 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>	Vidhya Alakeson Dame Julie Mellor Kersten England (appointed 4 July 2018) Pete Gladwell Abigail Rotheroe Michael Savage Gareth Williams
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<b>Chief Executive</b>	Helen Goulden
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<b>Company registration number</b>	01319183
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<b>Charity registration number</b>	274345
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<b>Registered office</b>	18 Victoria Park Square London E2 9PF
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<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
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<b>Bankers</b>	HSBC 465 Bethnal Green Road London E2 9QW
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	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET
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<b>Solicitors</b>	Bates, Wells & Braithwaite 10 Queen Street Place London EC4R 1BE
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## Reference and administrative information

The Young Foundation's mission is to enable connected, more sustainable and stronger communities across the UK. We do this through amplifying people's stories and lived experiences and use this as a spur to drive locally-led and owned community action.

We use what we learn across different communities to spot national patterns of need and opportunity, working with partners to support innovations to deliver social impact at a national scale.

We seek to build a shared body of evidence, knowledge and insight about how best to strengthen and empower communities.

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 AND PARTNERS

Arts and Humanities Research Council

Bank of America Merrill Lynch

Barrow Cadbury Trust

Belfast City Council

Big Lottery Fund

British Council

Cabinet Office

Co-operative Group

Credit Suisse

Esmée Fairbairn Foundation

Economic and Social Research Council

Essex County Council

European Commission

Joseph Rowntree Foundation

London Borough of Newham

London Borough of Tower Hamlets

London School of Economics

Nationwide Foundation

SHINE

UBS

Welsh Assembly Government

## **CHAIR'S REPORT**

This has been a year of transition. In the spring, our Chief Executive Baroness Glenys Thornton informed trustees that she would be returning to the shadow front bench in the House of Lords later in the year and asked us to begin the search for her successor. It is a credit to Glenys that she was leaving having established a highly successful series of programmes taking place in the UK and internationally.

In October, we welcomed our new Chief Executive, Helen Goulden, who joined us having been an Executive Director at Nesta, the national innovation organisation. She brings rich expertise and experience of social innovation to tackle major social challenges by working alongside communities.

Trustee focus this year has been on improvement of the financial information available to us to fulfil our fiduciary responsibilities and plan for our future. In the Autumn, we agreed our new strategy in outline with Helen Goulden. Helen's foreword will explain our future direction in more detail. Our ambition to be a centre of expertise on what works for communities will require financial resources on a larger scale. We will be working on a longer term financial strategy to achieve our goals during 2018.

I would like to thank my fellow trustees, all our staff and partners for their enthusiasm and support as we embark on the next stage of our journey.

**Dame Julie Mellor**

**Chair of the Board of Trustees**

## **CHIEF EXECUTIVE'S REPORT**

This year marked a significant change for the Young Foundation, with the departure of Baroness Glenys Thornton and my arrival as the new Chief Executive in October 2017. Significant thanks should be given to Baroness Thornton for her work at the Young Foundation in 2017, which saw a number of key projects delivered, many of which are highlighted in this report. The further development of our Amplify method for working deeply in communities, the strength of the impact created through the Young Academy and the launching of a unique programme to support solutions to the problems some people face when renting their home, are all things on which we will build in years to come.

I have been pleased to agree with the board the future direction of the Young Foundation, which will see us more deliberately focus on supporting communities of place, and some of the issues that affect them. We will do this through amplifying the stories and lived experiences of people in our communities; using this as a spur to drive locally-led community action and enterprise. We will use what we learn across different communities to spot national patterns of need and opportunity, then work with national partners to support new ideas to tackle those shared challenges. Bringing together our own – and other people's – work, we aim to build a shared body of evidence, tools and insight about how communities are working with each other, with local government and with local businesses, to take action on the issues that affect them.

Young Foundation remains a unique organisation with a strong heritage, and 2018 will see us build on those strengths and direct our experience and resources to tackling some of the most pressing challenges we face in our communities.

However, there remains work to be done in putting the Young Foundation on a fully sustainable footing. 2017 saw a deficit in unrestricted funds, and that trend must reverse quickly if we are to thrive into the future. I will be keen to continue the work undertaken by Baroness Thornton and the board and focus on taking unnecessary costs out of the organisation, talent management, and implementing a financial strategy to ensure we are able to deliver on our mission and objectives long into the future.

**Helen Goulden**

**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 2017.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 31 of the attached accounts and comply with the charity's Memorandum and Articles of Association, 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 2017. 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 2017. The Nominations and Governance Committee met during December 2016 – April 2017 to make recommendations to the Board on the appointment of new trustees and to review the Fellowship and to discuss the recruitment of a chief executive.

The Board held an Away Day in July 2017, which included training for the trustees and a Board Effectiveness Workshop. Priorities for the next two years were agreed as:

- Developing a new strategy with the incoming Chief Executive and overseeing plans and their implementation; and
- Updating governance including financial governance.

The Board agreed a governance action plan including a refresh of governance and corporate policies to reflect the latest standards and the needs of any new strategy

The following trustees were in office at 31 December 2017 and served throughout the year except where shown.

<b>Trustees</b>	<b>Appointed/Resigned</b>
Dame Julie Mellor (Chair)	
Pete Gladwell	
Danny Kruger	Resigned 18 April 2018
June Milligan	Resigned 23 March 2017
Abigail Rotheroe	
Alexander Stevenson	Resigned 22 June 2017
Gareth Williams	
Vidhya Alakeson	Appointed 22 June 2017
Michael Savage	Appointed 7 December 2017

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

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

The new Chief Executive, Helen Goulden, was appointed in October 2017 in succession to Baroness Glenys Thornton. The recruitment was led by the Nominations and Governance Committee, chaired by Danny Kruger, and a recruitment campaign was carried out by a recruitment agency.

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 Chief Executive 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.

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, Executive Directors and Heads of Department who form the senior management team.

The Chief Executive has reviewed the structure of the senior management team in line with the strategic plan for 2018 and from the end of 2017 the team comprises the Chief Executive, Director of Research, Director of Programmes and Head of Finance.

### **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:

### ***Income Generation***

The main risk to The Young Foundation is the inability to generate sufficient income to enable full cost recovery and be a financially sustainable organisation. The Chief Executive has developed a strategy to focus on securing long term, sustainable income streams.

### ***Consequences of the UK leaving the European Union (EU)***

The exit of the UK from the European Union will have implications for the funding of the charity's research work and create uncertainty and exchange rate risks. In 2017, The Young Foundation received £242,000 (2016 – £612,000) of EU funding. With the agreement of a Transition Period for Research funding the risk has been delayed giving The Young Foundation time to build relationships with current EU partners and secure and influence UK research funding in succession to EU research funding.



## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Fundraising

All fundraising activity is planned and undertaken with a specific focus and is reviewed in advance by the senior management team. The activity is assessed to ensure that it is not an unreasonable intrusion on a person's privacy or is unreasonably persistent or places undue pressure on any person to give money or property.

During 2017, The Young Foundation utilised the services of a fundraising consultancy. The consultancy agreed to abide by the Codes of Practice issued by the Institute of Fundraising. Regular reviews were carried out between the Chief Executive and the consultants acting on behalf of The Young Foundation.

Fundraising activity was also carried out by the Action for Happiness team through organising courses and events. The activity was continually monitored by the Director responsible for Action for Happiness.

Following on from the spin out of Action for Happiness at the end of 2017, we do not directly fundraise from the general public.

There have been no complaints about fundraising activity in the year.

## 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; and
- 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 were used in 2017 for our charitable work:

- ♦ **Research** – Our work covers a range of quantitative and qualitative approaches, and we specialise in ethnographic, participatory and action research. Highlights include Mondragon, B-Mincome, Community Wellbeing Index, Tempis, Bright Futures, Social Innovation Drive, Dolphins and A Tale of Two Cities.

## OBJECTIVES AND RELEVANT POLICIES (continued)

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

- ◆ **Social Investment and Innovation** – We are a leading centre for social innovation, creating new solutions to entrenched problems through social ventures, movements and campaigns. Highlights include Social Innovation Community, OpenMaker, Realising Ambition, Reimagining Rent, The Young Academy, Rootslab, Let Teachers SHINE Accelerator and the Big Potential programme.
- ◆ **Communities** – working to enable local people to take action to create more equal communities where everyone can thrive. Highlights include our Amplify programmes, Essex Community Action Zones, Communities Driving Change and Refugees in Parks.
- ◆ **Equalities and Gender** – Our work has been focused through the Agenda Alliance which is working to build a society where women and girls are able to live their lives free from inequality, poverty and violence.
- ◆ **Action for Happiness (AfH)** – AfH helps people take practical action to improve wellbeing, both for themselves and for others around them.

Our research work also 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. Our work covers a range of quantitative and qualitative approaches, and we specialise in ethnographic, participatory and action research. We review and synthesise existing evidence and policy relating to communities and social innovation. We also use contemporary, participatory and innovative methods to research the experiences of communities, community interventions and social innovation. We also conduct large scale quantitative mapping exercises to look at themes, thus enabling us to both analyse and monitor national trends to inform both policy and practice.

### Achievements

#### *Mondragon*

We took a deep dive into 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. Our report on the work of the corporation was 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.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### Research (continued)

#### Achievements (continued)

##### *B-Mincome*

In partnership with Barcelona City Council and others, we began our work on a trial of Guaranteed Minimum Income, a radical approach to tackling social exclusion in some of Barcelona's poorest neighbourhoods. Residents receive a minimum income combined with a range of innovative housing, community, employability and social enterprise support programmes.

Our role is to understand the community's experiences of this initiative and the impact it has on their lives, and we have already worked with almost 100 participants in this process.

##### *Community Wellbeing Index*

Wellbeing is something we create together, not just something individuals can do on their own. With the Co-op, Geolytix and in partnership with communities, we began our work on creating a Community Wellbeing Index which will measure the collective wellbeing of over 28,000 neighbourhoods across the UK. During this year we ran 15 co production workshops with communities across the UK. The index will be launching in mid-2018 and we will be using the insights generated to develop strategies to support local action that improves the quality of life for everyone.

##### *Tempis*

There has been extensive research on the rise of automation and the impact of research and development (R&D) on the current and future workforce. To contribute to this body of work we are working with the Science and Policy Research Unit (SPRU) at the University of Sussex to dig deeper into the policy and practice implications of the impacts of R&D and technological innovation, in particular, on low skilled workers and young people in working class areas. SPRU's research findings and recommendations will be tested by academics at a roundtable and then a policy influencing launch event in spring/summer 2018.

##### *Bright Futures*

Industrial towns often struggle with outside perceptions that they are in decline and are depressing places to live. This focus on what they lack, and what they have lost can frame their regeneration in unhelpful ways. Bright Futures is a European Economic and Social Research Council (ESRC) funded research project in partnership with Social Life exploring the characteristics of five industrial towns across Europe, mapping the characteristics of these towns and conducting an in depth exploration of the experiences of people living in the towns in the participating countries. Working with local people the project is identifying and translating different, more positive narratives into practical actions and innovations. Our qualitative work on this project began this year in Corby, a post industrial town with a past steel industry which has become the fastest growing town outside London and described as a 'a phoenix rising from the ashes'.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Research** (continued)

#### **Achievements** (continued)

##### *Social Innovation Drive*

Rising health inequalities are a major challenge facing health and social care systems around the world. Social Innovation Drive (SID) was a 4 year EU project which aimed at extending knowledge about social innovation by integrating theories and research methodologies, mapping European and global social innovations and creating evidence for policy makers and practitioners through in-depth analyses across seven different policy fields. These covered Education, Employment, Environment, Energy, Mobility/Transport, Poverty Sustainable Development and Health and Social Care.

We focused on Health and Social Care and mapped 154 European innovations, analysed how they work and explored their impact. We also examined 15 case studies across three practice fields, including integrated care, new models of care and digital/mobile health. In 2017, in our final year analysis across the innovations we developed a series of policy documents and recommendations on how social innovation can be integrated into policy and practice. As a result of this work, we and our partners developed an interactive Social Innovation Atlas which maps out examples of social innovation globally, as well as, an evidence bank of literature and articles in this area.

##### *Dolphins*

This EU-funded project is one of our transnational network projects working across European countries on shared issues and solutions. Part of the project, which began in 2016 involved developing and launching a campaign to demystify issues around finance, particularly how it creates and sustains inequalities. This culminated during 2017 with an online campaign in partnership with the Big Issue raising awareness of the effects of the poverty premium, and one solution which focused on making rent count in assessing credit ratings in the form of the Credit Worthiness Assessment Bill, currently going through the House of Lords.

##### *A Tale of Two Cities*

Today we are facing unprecedented inequality challenges. Who holds responsibility for the widening gaps in society and how do we solve them? Our research report 'A Tale of Two Cities' funded by Joseph Rowntree Trust presented community perspectives on what inequality is, and how it is experienced, struggled with and resisted. It shared the findings of research which took place over a year in three different communities in a city in the North of England. While the evidence and examples are drawn from one city, we found that its themes chime with cities in other parts of the UK and internationally. These findings offer some new perspectives on community action and clear pathways to new solutions for strengthening community responses to tackling inequality.

### **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.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Social innovation and investment** (continued)

#### **Achievements** (continued)

##### *Social Innovation Community (continued)*

We have pioneered innovative financing models and have substantial experience in administering multi-million pound grant programmes and investment funds.

The Young Foundation is one of twelve partners in the Social Innovation Community (SIC) a network of European organisations working together using the tools of social innovation to tackle the complex and interrelated challenges societies' face. We have been leading the networks of intermediaries and community-led innovation.

We are also the lead in the experimentation work package, conducting high impact experiments with five innovation centres and testing new models of cross-sector and transnational collaborations in addressing locally defined issues and challenges. SIC is also creating 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 were produced during this year. We are also a task leader on the State of the Union Report on the Policy work Package for SIC. In November 2017, we published our second State of the Union Report on '*How is EU Employment Policy Driving Social Innovation?*'

##### *Openmaker*

We are co coordinating Openmaker, a pan-European project aiming to seed and accelerate the 4th Industrial Revolution. Bringing together manufacturers and makers the programme is creating a transformational and collaborative ecosystem that fosters collective innovations within the European manufacturing sector. It began its work in 2016 and during this year began to focus on accelerating sustainable business models, production processes, products and governance systems.

##### *Realising Ambition*

In late 2016 moving into 2017, 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 2017 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, which was launched in July 2017.

##### *Reimagining Rent*

For people on low incomes or who are vulnerable in other ways living in private rented accommodation can be full of risks. Responding to these issues this year we launched our Reimagining Rent Accelerator in partnership with the Nationwide Foundation.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Social innovation and investment** (continued)

#### **Achievements** (continued)

##### *Reimagining Rent (continued)*

We are currently working with a cohort of 7 innovative ventures covering a range of issues in the Private Rented Sector. Over the next two years we will be providing a unique programme for other innovators wanting to support a safer, more secure, higher quality private rental sector.

##### *The Young Academy*

The Young Academy supports early-stage social ventures working to improve educational opportunities for disadvantaged young people in England. We provide an incubator, mentoring and investment programme that enables these enterprises to scale their impact, making tangible differences to young people's lives.

The programme has supported a total of 52 ventures since 2014. During 2017 we completed delivery of our fifth cohort of innovative ventures and invested in several of the most promising organisations to help them grow. We also produced a Young Academy impact report which summarises the highlights of the programme and what we have learnt since its inception.

##### *Rootslab*

This year the Young Foundation began work with Oxfam, the Global Fund for Women and FRIDA- the Young Feminist Fund to support young women to develop new innovations to tackle the challenges they face including sexism, abuse and violence. With a pilot innovation lab in Lebanon we are supporting young women activists to do this by using our tried and tested social innovation toolkit.

##### *Let Teachers SHINE Accelerator*

The Young Foundation is delivering the Let Teachers SHINE Accelerator in partnership with the SHINE Trust, a charity that provides funding and support to schools and teachers to help them raise attainment for children from low income homes. Let Teachers SHINE is one of the Trust's flagship programmes and provides funding for teachers to develop classroom-based innovations. In 2017, we launched the Accelerator, which supports teachers through a broad range of development workshops and coaching opportunities, to help them develop their ideas.

##### *Big Potential*

The Big Lottery Fund's Big Potential programme provides grants and support to charities and social enterprises to help them access social investment. As a Big Potential support provider, The Young Foundation is working with Ariel Trust, an education charity based in Liverpool working with disadvantaged young people and that we also supported through the Realising Ambition programme, to build the organisation's capacity and impact.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### 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. We connect communities and build social capital, facilitate community-led innovation, map local systems & accelerate ideas and solutions.

### Achievements

#### *Amplify*

Communities have great capacity to bring about positive change, but for a whole variety of reasons, that doesn't always happen.

We have taken our Amplify model of storytelling and innovation into Northern Ireland, bringing together often fragmented communities to help them develop new solutions to tackle issues they care about. We are working across Northern Ireland with a specific focus in Belfast, Derry, Enniskillen and Dublin.

In this year we continued our work with Amplify NI working closely with 10 organisations on our annual People's Accelerator, doing participatory research with a range of communities and working closely with stakeholders to amplify their voices in order to create change, and launched our new Amplify Youth programme in Belfast, Dublin and London.

During 2017 we also launched Valuing Place, our Welsh Government funded research into the lived experience of over 350 people in three Welsh communities; Port Talbot, Connah's Quay and Aberystwyth. Its finding showed that these communities have deep loyalties to the places they live despite experiencing many inequalities and are taking multiple actions to tackle them, including the development of a range of innovation projects which support their communities to thrive.

#### *Amplify Youth*

Amplify Youth in partnership with Credit Suisse is based in Belfast, Dublin and London. In this year we began building the programme which will be working with young people to better understand some of the problems in their communities, and using what they learn to create ideas for projects that will make a difference. Our Accelerator workshops will help them develop their projects and connect with other young people from across the UK and Ireland to work together to create change.

#### *Essex community action zones*

Social isolation exists in every community creating disconnection and loneliness as well as worse health and a greater demand on public services. This year we have been working with the Essex Partnership to explore people's social connections and to identify the individuals and organisations that bring people together. At a range of community events and using the tools of social innovation we are working with these groups to create better connected local communities in Essex.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Communities** (continued)

#### **Achievements** (continued)

##### *Communities Driving Change*

We are one of the lead partners in this new health programme working with local people in Tower Hamlets to help them develop ideas to feel better and happier. During this year we have been building the locally based programme that will help them turn these ideas into reality by providing, training, access to funding and link ups with others to share ideas and skills.

##### *Refugees in Parks*

This project investigated how parks have the potential impact to improve the wellbeing of refugees and support integration at the local scale. Our primary focus was on national organisations in the UK, but we also learnt from and worked with our partners in Berlin, and local stakeholder groups in East London and Sheffield. Through the project we created a resource book which shared information on how the use of public space can help to facilitate wellbeing and inclusion, and offered ideas for supporting positive experiences of refugees.

### **Agenda Alliance**

Agenda, the alliance for women and girls at risk, is working to build a society where women and girls are able to live their lives free from inequality, poverty and violence. We campaign for women and girls facing abuse, poverty, poor mental health, addiction and homelessness to get the support and protection they need. [www.weareagenda.org](http://www.weareagenda.org)

Hosted by the Young Foundation, Agenda is kindly supported by the Barrow Cadbury Trust, Lankelly Chase Foundation, Monument and Pilgrim Trust. This year the alliance has grown to over 80 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.

This has included research looking at the experiences of BAME women in the justice system and working to influence the Lammy Review so that women and their particular experiences were a focus of this inquiry.

We have continued our particular focus on women's mental health. Agenda's Director co-chairs the Women's Mental Health Taskforce at the Department of Health with the minister Jackie Doyle-Price MP, and we have been working through this to improve support for women with mental health problems. We have also campaigned to reduce the use of physical restraint against women, forging links with leading mental health organisations, highlighting the issues in the media, including on the BBC News at Ten and Observer, and supporting and shaping a private members bill on the issue.

With our partner Against Violence and Abuse (AVA), we published Mapping the Maze, mapping service provision for women across England and Wales.



## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Agenda Alliance (continued)**

Also working with AVA, and with the support of the Lloyds Bank Foundation, we have established a new national commission on complex needs and gender based violence, Chaired by Baroness Hilary Armstrong.

Over the coming year we will develop our policy function and grow our campaigning activity; work to ensure the issues affecting women with complex needs are addressed in the Domestic Abuse Bill; deliver further high quality research including into place based systems change for disadvantaged women; and work to ensure the Women's Mental Health Taskforce delivers real change for women. We are also planning to become fully independent from the Young Foundation and incorporate as a charity in our own right.

### **Action for Happiness**

Action for Happiness (AfH) began life as a venture within the Young Foundation in 2010 and was publicly launched in April 2011. After 7 years of successful operation, it was spun-out from within the Young Foundation at the end of 2017 and will continue its growth as an independent charity from 2018 onwards.

AfH 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, 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.

Since launch, AfH has 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 2017 included:

- Growing overall membership of the AfH movement to 110,000 members and extending its digital/social media community to over 1,200,000 people;
- Putting on events and courses attended by over 6,000 people during the year, with a wide range of speakers including Jon Kabat-Zinn, Daniel Goleman, Gretchen Rubin, Prof Paul Gilbert, Claudia Hammond and Natasha Devon;
- Reaching a total of 9 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 200 different locations since launch;
- Completing an independent Randomised Controlled Trial study (led by LSE) to evaluate the impact of the community course, which has shown significant benefits in terms of mental wellbeing and pro-social behaviour;

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

**Action for Happiness** (continued)

- Screening and supporting over 300 new local course leader volunteers;
- Supporting a network of Happy Cafes now in over 65 community locations; and
- Introducing the AfH 'Keys to Happier Living' Toolkit to over 50 primary schools.

The majority of AfH's funding is now 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 in 2017 were run on a "donation of your choice" basis to ensure they remain accessible to people regardless of background and income. In addition, AfH has received a few larger donations from philanthropic individuals.

AfH continues to be generously supported by a wonderful team of volunteers to deliver its various events, courses and other activities. The volunteer profile during 2017 was over 350 people, including around 40 event helpers and over 320 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.

On 31 December 2017 all activities and assets relating to AfH were transferred from the Young Foundation to the new standalone Action for Happiness entity, which is a registered charity (1175160) and company limited by guarantee (10722435) in England and Wales. The Young Foundation wishes AfH every success for the future.

**FINANCIAL REVIEW**

**Results for the year**

The Young Foundation's income in the year was £2,407k compared with £5,318k in 2016 (which included surplus on the disposal of property of £1,545k). Expenditure was £3,212k compared with £3,467k in 2016. This gave a deficit on income, of £804k (2016 – surplus of £1,852k), which resulted in the total funds carried forward at 31 December 2017 being £3,955k comprising £2,407k unrestricted funds and £1,548k restricted funds.

2017 was a year of consolidation as the Board reviewed the strategic direction of the charity, assessed how best to use the proceeds of the property sale and explored how to achieve financial sustainability. During this period the board worked with an experienced transformation director who provided support with budgeting, business modelling and management reporting. Following the arrival of the new chief executive in the fourth quarter 2017, the board and management team have further refined the strategy and long term vision of the Young Foundation. It is recognised that this vision will require time and investment to achieve and has pushed back the date for run-rate breakeven to 2019. The board is mindful that it is not acceptable to run a long term deficit even with the property surplus and has set clear targets and milestones to monitor performance towards break even.

## **FINANCIAL REVIEW** (continued)

### **Going concern**

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 2017, six months unrestricted expenditure was £733k. The analysis of net assets between funds (note 16 to the financial statements) shows that at year end the unrestricted funds comprised £2,407k made up of £926k tangible fixed assets and net current assets of £1,482k.

The trustees 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 The Young Foundation's office property, 18 Victoria Park Square;
- Cover deficits until breakeven is achieved; and
- Invest in the development of long term relationships.

### **Investment policy and performance**

Under the Memorandum and Articles of Association the trustees have general powers of investment. The trustees have decided to continue to hold the charity's funds in the CCLA Deposit Account (cash).

### **Grant making policy**

The Young Foundation provided 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.

During 2017, Action for Happiness became a new entity and a grant of £90,000 was given to provide initial funding for the new venture.

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).

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

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; and
- ◆ 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 4 July 2018 and signed on their behalf by:

Julie Mellor

Chair

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

### **Opinion**

We have audited the financial statements of The Young Foundation (the 'charitable company') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the trustees' report 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 applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

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

9 July 2018

**Statement of financial activities** Year ended 31 December 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>Income and expenditure</b>					
<b>Income from</b>					
Donations	1	—	—	—	3,860
Investments	3	8,634	—	<b>8,634</b>	10,042
Charitable activities					
. Grants and other earned fees	2a	694,247	1,523,140	<b>2,217,387</b>	3,581,313
. Other	2b	181,345	—	<b>181,345</b>	178,466
Other sources					
. Surplus on disposal of tangible fixed assets	2c	—	—	—	1,544,765
<b>Total income</b>		<b>884,226</b>	<b>1,523,140</b>	<b>2,407,366</b>	<b>5,318,446</b>
<b>Expenditure on</b>					
Charitable activities	4	1,466,399	1,745,153	<b>3,211,552</b>	3,466,722
<b>Total expenditure</b>		<b>1,466,399</b>	<b>1,745,153</b>	<b>3,211,552</b>	<b>3,466,722</b>
<b>Net (expenditure) income before transfers</b>		<b>(582,173)</b>	<b>(222,013)</b>	<b>(804,186)</b>	<b>1,851,724</b>
<b>Transfers between funds</b>	15	<b>(75,078)</b>	<b>75,078</b>	<b>—</b>	<b>—</b>
<b>Net (expenditure) income and net movement in funds for the year</b>		<b>(657,251)</b>	<b>(146,935)</b>	<b>(804,186)</b>	<b>1,851,724</b>
<b>Reconciliation of funds:</b>					
<b>Total funds brought forward</b>		<b>3,064,442</b>	<b>1,694,546</b>	<b>4,758,988</b>	<b>2,907,264</b>
<b>Total funds carried forward</b>		<b>2,407,191</b>	<b>1,547,611</b>	<b>3,954,802</b>	<b>4,758,988</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 32 to 41 form part of these financial statements.



**Balance sheet** 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	8	<b>925,544</b>		945,725	
Investments	9	<b>327,000</b>		105,000	
			<b>1,252,544</b>		1,050,725
<b>Current assets</b>					
Debtors	10	<b>434,292</b>		387,883	
Cash at bank and in hand		<b>2,965,634</b>		4,045,723	
		<b>3,399,926</b>		4,433,606	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	11	<b>(697,668)</b>		(725,343)	
<b>Net current assets</b>			<b>2,702,258</b>		3,708,263
<b>Total assets less current liabilities</b>			<b>3,954,802</b>		4,758,988
<b>The funds of the charity:</b>					
Restricted funds	15	<b>1,547,611</b>		1,694,546	
Unrestricted funds		<b>2,407,191</b>		3,064,442	
		<b>3,954,802</b>		4,758,988	

The financial statements were approved by the Trustees on 4 July 2018 and signed on their behalf, by:

Julie Mellor

Chair

The Young Foundation

Company registration number 01319183 (England and Wales)

The notes on pages 32 to 41 form part of these financial statements.

# Statement of cash flows 31 December 2017

	Notes	2017 £	2016 £
<b>Cash outflow from operating activities:</b>			
Net cash used in operating activities	A	<b>(860,569)</b>	(84,298)
<b>Cash (outflow) inflow from investing activities:</b>			
Interest and dividends from investments		<b>8,634</b>	10,042
Proceeds from the disposal of tangible fixed assets		<b>494</b>	2,422,790
Purchase of tangible fixed assets		<b>(6,648)</b>	(5,874)
Purchase of investments		<b>(222,000)</b>	(55,000)
<b>Net cash (used in) provided by investing activities</b>		<b>(219,520)</b>	2,371,958
<b>Change in cash and cash equivalents in the year</b>		<b>(1,080,089)</b>	2,287,660
<b>Cash and cash equivalents at 1 January 2017</b>	B	<b>4,045,723</b>	1,758,063
<b>Cash and cash equivalents at 31 December 2017</b>	B	<b>2,965,634</b>	4,045,723

Notes to the cash flow statement for the year to 31 December 2017.

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

	2017 £	2016 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(804,186)</b>	1,851,724
<b>Adjustments for:</b>		
Depreciation charge	<b>26,829</b>	30,560
Interest and dividends from investments	<b>(8,634)</b>	(10,042)
Surplus on disposal of tangible fixed assets	<b>(494)</b>	(1,544,765)
(Increase) / decrease in debtors	<b>(46,409)</b>	132,776
Decrease in creditors	<b>(27,675)</b>	(544,551)
<b>Net cash used in operating activities</b>	<b>(860,569)</b>	(84,298)

## B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<b>977,835</b>	1,057,924
Instant access cash accounts	<b>1,987,799</b>	2,987,799
<b>Total cash and cash equivalents</b>	<b>2,965,634</b>	4,045,723

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 2017.

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;
- ◆ the provision of bad debt; 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 of 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 remained with the Young Foundation until its assets and liabilities were transferred out to a separate legal entity on 31 December 2017.

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.

**Income recognition** (continued)

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.

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.

### **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 £	2017 Total funds £	2016 Total funds £
Donations from individuals	—	—	—	3,860
2017 Total funds	—	—	—	3,860
2016 Total funds	3,860	—	3,860	

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

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Communities	307,633	628,253	935,886	1,395,710
Research	78,944	174,106	253,050	299,428
Social Investment and Innovation	20,397	531,559	551,956	1,346,480
Equalities and Gender	—	189,222	189,222	186,997
Action for Happiness	287,273	—	287,273	352,698
2017 Total funds	694,247	1,523,140	2,217,387	3,581,313
2016 Total funds	998,069	2,583,244	3,581,313	

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

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Hub for social innovation – rent and room hire	142,825	—	142,825	145,460
VAT recovery	26,192	—	26,192	3,071
Tenant recharges	10,275	—	10,275	16,723
Speaking fees, events and publications	1,451	—	1,451	7,156
Other	602	—	602	6,056
2017 Total funds	181,345	—	181,345	178,466
2016 Total funds	178,466	—	178,466	

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

During the year ended 31 December 2016, the freehold property 17 Victoria Park Square was sold. The sale was completed on 1 March 2016 for proceeds of £2.5million generating a surplus on disposal £1,544,765.



### 3 Income from investments

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Interest receivable on cash deposits	7,901	—	7,901	10,042
Repayments from Young Academy investments	733	—	733	—
2017 Total funds	8,634	—	8,634	10,042
2016 Total funds	10,042	—	10,042	

### 4 Expenditure on charitable activities

	Restricted direct costs £	Unrestricted direct costs £	Unrestricted support costs £	2017 Total funds £	2016 Total funds £
Communities	659,035	194,449	200,928	1,054,412	1,651,461
Research	256,601	45,512	89,301	391,414	359,823
Social Investment and Innovation	679,357	13,425	178,603	871,385	691,114
Equalities and Gender	150,160	—	44,651	194,811	219,908
Action for Happiness	—	435,027	22,325	457,352	345,280
Hub for social innovation	—	197,527	44,651	242,178	199,136
2017 Total funds	1,745,153	885,940	580,459	3,211,552	3,466,722
2016 Total funds	2,130,052	1,076,874	259,796	3,466,722	

#### *Action for Happiness*

Included within direct costs above is a grant of £90,000 to Action for Happiness which was transferred out of The Young Foundation into its own separate legal entity under a transfer agreement on 31 December 2017.

#### *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:

	2017 £	2016 £
Finance, human resources and premises management	522,116	211,132
Information technology	30,691	20,160
Governance costs		
. Auditor's remuneration	10,560	9,720
. Staff costs	17,092	18,784
	580,459	259,796

**5 Staff costs and remuneration of key management personnel**

	2017 £	2016 £
Wages and salaries	<b>1,384,671</b>	1,467,321
Social security costs	<b>145,106</b>	148,081
Other pension costs	<b>126,675</b>	140,771
	<b>1,656,452</b>	1,756,173

During the year, the Young Foundation made total termination payments of £32,102 (2016 – £8,398). These are included within wages and salaries.

The average head count during 2017 was 37 (2016 – 48).

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

	2017	2016
Charitable activities	<b>26.0</b>	28.0
Support	<b>7.0</b>	6.0
	<b>33.0</b>	34.0

The number of higher paid employees was:

	2017 no.	2016 no.
£60,000 - £70,000	<b>3</b>	1
£70,001 - £80,000	—	3
£90,001 - £100,000	<b>1</b>	1
	<b>4</b>	5

These employees are accruing retirement benefits under either a defined benefits or defined contribution scheme. Employer contributions made in respect of these individuals totalled £32,980 (2016 – £41,135).

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, employer's pension contributions and national insurance costs) of the key management personnel for the year was £385,780 (2016 – £420,037).

No remuneration was paid to any trustee during the year. Trustees' travel and accommodation expenses reimbursed during the year to two trustees were £155 (2016 – one trustee £1,104) and course fees of £nil (2016 – £98).

## 6 Net income for the year

This is stated after charging:

	2017 £	2016 £
Auditor's remuneration (including VAT):		
. Audit – current year	10,560	9,720
Depreciation	26,829	30,560
Operating lease rentals	1,738	2,526

## 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 2017	1,093,701	95,637	150,925	1,340,263
Additions	—	6,648	—	6,648
Disposals	—	—	(1,308)	(1,308)
At 31 December 2017	1,093,701	102,285	149,617	1,345,603
<b>Depreciation</b>				
At 1 January 2017	167,579	78,063	148,896	394,538
Charge for the year	15,344	9,859	1,626	26,829
Eliminated on disposal	—	—	(1,308)	(1,308)
At 31 December 2017	182,923	87,922	149,214	420,059
Net book value at 31 December 2017	910,778	14,363	403	925,544
Net book value at 1 January 2017	926,122	17,574	2,029	945,725

## 9 Investments

	Total funds 2017 £	Total funds 2016 £
Social investments:		
. Young Academy		
Market value at 1 January 2017	105,000	50,000
Additions at cost	222,000	55,000
Market value at 31 December 2017	327,000	105,000
Historic cost	327,000	105,000

## 9 Investments (continued)

### **Social investments**

Included above are social investments as set out below:

	2017 £
Edukit	10,000
Proversity	10,000
Think for the Future	35,000
Performance in Context	50,000
Mydex Data Services	—
Infused Learning	50,000
Motilab Waterwall	120,000
Structural Learning	10,000
Smart Schools Council	42,000
	<b>327,000</b>

The Young Foundation made four social investments in 2017 of £222,000 in the form of a convertible loan notes in Infused Learning (£50,000), Motilab Waterwall (£120,000), Structural Learning (£10,000) and Smart Schools Council (£42,000). 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 five investments from the Young Academy Investment Fund:

- two in 2014, each of £10,000, in the form of participation loans in Edukit and Proversity;
- one in 2015 in the form of a £30,000 convertible loan note to Think for the Future; and
- two in 2016 in the form of a further £5,000 convertible loan note to Think for the Future and a £50,000 convertible loan note to Performance in Context.

The Young Foundation holds shares in a community interest company Mydex Data Services. 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 financial statements. The shareholding is treated as a social investment as it is made directly in pursuit of the Young Foundation's charitable purposes.

The Young Academy investments were reviewed for diminution in value and there was not deemed to be any provision required at December 2017.

## 10 Debtors and prepayments

	2017 £	2016 £
Trade debtors	137,835	201,478
Prepayments and accrued income	296,457	186,405
	<b>434,292</b>	<b>387,883</b>

## 11 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	105,524	105,577
Other creditors	232,977	82,084
Deferred income and accrued expenditure	359,167	537,682
	<b>697,668</b>	<b>725,343</b>

Included in creditors is deferred income as set out below:

	2017 £	2016 £
Deferred income at 1 January 2017	453,654	977,831
Resources deferred in the year	262,920	63,427
Amounts released in the year	(470,653)	(587,604)
Deferred income at 31 December 2017	<b>245,921</b>	<b>453,654</b>

Deferred income includes funds received in advance for the Young Academy from UBS. A sum of £341,000 of the investment fund had not been spent by the end of the project. £170,500 will therefore be returned to the Cabinet Office and is included in other creditors and £170,500 will be reallocated to fund other work with the agreement of UBS and is included in deferred income.

## 12 Operating lease commitments

At 31 December 2017, the charity had future minimum operating lease commitments on plant and machinery as follows:

	2017 £	2016 £
Payments which fall due:		
. Within one year	1,117	1,543
. Within two and five years	151	514
	<b>1,268</b>	<b>2,057</b>

## 13 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.

#### 14 Movement in funds

	Balance at 1 January 2017 £	Net expenditure £	Transfers £	Balance at 31 December 2017 £
Restricted funds	1,694,546	(222,013)	75,078	<b>1,547,611</b>
Unrestricted funds				
. General fund	2,138,320	(566,829)	(75,078)	<b>1,496,413</b>
. Property fund	926,122	(15,344)	—	<b>910,778</b>
	<u>3,064,442</u>	<u>(582,173)</u>	<u>(75,078)</u>	<u><b>2,407,191</b></u>
Total funds	<u>4,758,988</u>	<u>(804,186)</u>	<u>—</u>	<u><b>3,954,802</b></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 15.

**15 Restricted fund analysis**

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2017 £
<b>Research</b>					
SI Drive – EU	40,637	27,228	(118,275)	50,410	—
Dolphins	—	22,288	(22,288)	—	—
EACEA Youth Entrepreneurship	—	2,825	(2,886)	61	—
UIA – Barcelona	—	30,797	(30,797)	—	—
Leeds True	—	15,431	(16,410)	979	—
ESRC – Bright Futures	—	46,729	(37,137)	—	<b>9,592</b>
LSE – Atlantic Fellows	—	18,000	(18,000)	—	—
ESRC - SDAI	—	10,808	(10,808)	—	—
	<b>40,637</b>	<b>174,106</b>	<b>(256,601)</b>	<b>51,450</b>	<b>9,592</b>
<b>Equalities and Gender</b>					
AGENDA Alliance	40,256	168,022	(149,782)	—	<b>58,496</b>
Llankelly Chase scoping paper	—	20,000	—	—	<b>20,000</b>
JRF – Women experiencing poverty, violence and abuse	—	1,200	(378)	—	<b>822</b>
	<b>40,256</b>	<b>189,222</b>	<b>(150,160)</b>	<b>—</b>	<b>79,318</b>
<b>Communities</b>					
Northern Ireland BLF	3,893	265,812	(250,772)	—	<b>18,933</b>
Credit Suisse – Amplify Youth	—	101,560	(8,296)	—	<b>93,264</b>
Amplify Cymru	—	24,815	(24,815)	—	—
Communities Can	102,343	134,803	(236,899)	—	<b>247</b>
Belfast City Council	18,167	49,065	(67,232)	—	—
Refugees and Parks	—	31,471	(26,668)	—	<b>4,803</b>
Share to Know (Erasmus)	—	20,727	(44,355)	23,628	—
	<b>124,403</b>	<b>628,253</b>	<b>(659,037)</b>	<b>23,628</b>	<b>117,247</b>
<b>Social Innovation and Investment</b>					
The Young Academy – Operating costs	95,055	318,790	(304,036)	—	<b>109,809</b>
The Young Academy Social Incubator Fund Grant – Cabinet Office and UBS	1,125,000	34,000	—	—	<b>1,159,000</b>
Rootslab	—	6,694	(6,694)	—	—
Social Innovation Community	96,833	90,956	(132,369)	—	<b>55,420</b>
OpenMaker	163,873	—	(152,179)	—	<b>11,694</b>
Realising Ambition – BLF	8,489	39,361	(47,850)	—	—
Nationwide – Reimagining Rent	—	41,758	(36,227)	—	<b>5,531</b>
	<b>1,489,250</b>	<b>531,559</b>	<b>(679,355)</b>	<b>—</b>	<b>1,341,454</b>
	<b>1,694,546</b>	<b>1,523,140</b>	<b>(1,745,153)</b>	<b>75,078</b>	<b>1,547,611</b>

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 £1,390,405 from the Social Incubator Fund which is administered on behalf of the Cabinet Office by the Big Lottery Fund.

During the year, transfers of £75,078 were made from the unrestricted fund to the restricted fund to reduce the balance of funds on completed projects to £nil. The transfer for SI Drive reflects the additional costs funded by the Young Foundation on a project only partially funded by the EU. The transfer for Share to Know (Erasmus) reflects exchange losses on that project.

## 16 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	925,544	—	<b>925,544</b>
Investments	—	327,000	<b>327,000</b>
Net current assets	1,481,647	1,220,611	<b>2,843,258</b>
	<b>2,407,191</b>	<b>1,547,611</b>	<b>3,954,802</b>

## 17 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 £5,562 and made payments of £50,006 (2016 – received £8,380 and made payments of £65,263).

One of the Young Foundation's trustees is an employee of LSE. During the year the Young Foundation received payments from LSE of £53,000 (2016 – £14,788).

One of the Young Foundation's trustees is an employee of Power To Change. During the year the Young Foundation received payments from The Power to Change of £nil (2016 – £53,500).

During the year, donations of £nil (2016 – £1,500) were received from trustees.

## 18 Commitments

The Young Foundation participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS 102 "Employee benefits", The Young Foundation therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

The total cost charged to the statement of financial activities for USS Pension Contributions is £88,649 (2016 – £108,331). This includes £11,981 (2016 – £2,964) 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. The valuation as at 31 March 2017 is underway.

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.



## 18 Commitments (continued)

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 2017	31 March 2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases	2.41%	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

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:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%