

workingrite

the youth employment charity

Annual Report & Financial Statements

For Year Ended 31 March 2017

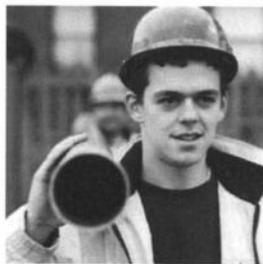


Working Rite

(A company limited by guarantee)

Registered Charity Number
SC042604

Company Registration Number
SC343819



Working Rite

(A Company Limited by Guarantee)

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Legal and Administrative Details

Charity name Working Rite

Principal and Registered Office 1 Constitution Street
Edinburgh, EH6 7BT

Trustees Mr Heinz Holsten
Ms Zoe Whyatt (appointed as Chair 07/12/15)
Ms Elsa Critchley (appointed 11/04/16)
Ms Victoria Di Ciacca (appointed 11/04/16)
Ms Susan Miller (appointed 11/04/16)
Ms Kirsty Markie (appointed 20 /01/17)

Secretary Mr Alexander Campbell

Bankers The Royal Bank of Scotland
2 Bernard Street, Leith,
Edinburgh, EH6 6PU

Auditor RSM UK Audit LLP
Third Floor, Centenary House
69 Wellington Street
Glasgow, G2 6HG

Website: www.workingrite.co.uk

Telephone no. 0131 476 1050

Registered No. SC042604

Company No. SC343819

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Trustees' Report for the year ended 31 March 2017

Introduction

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, 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 UK and Republic of Ireland (FRS 102).

Organisation and Governance

Since 19th September 2011 Working Rite has been constituted, under Trust Deed, as a charity with OSCR (Charity number SC042604) and company limited by guarantee. (From 8th June 2008 until 19th September 2011 Working Rite was a Community Interest Company.)

The Senior Management Team (SMT) consists of the Founder Director, Chief Operating Officer and Finance Manager, who are deemed to be the key management team responsible for the day to day management of the charity under authority delegated by the Trustees. The SMT makes recommendations to the Trustees on the strategic direction and proposes an annual operational budget. The SMT reports to the Board via monthly KPI Meetings and Quarterly Board Meetings.

The Trustees have identified all major risks to which the charity is exposed within a risk register. The risk register is reviewed at Trustee meetings to ensure the likelihood and impact of all risks has been minimised and mitigated and that appropriate actions are taken.

Risk Management

The key risks are:

- Failure to meet standards required by Skills Development Scotland.
- Negative PR resulting from serious accident involving young persons in workplace.
- Fundraising target not achieved.
- Decisions made on inaccurate projections or reporting; poor cash flow; ability to function as a going concern.

Identified key risk areas are managed through:

- Inspection by and compliance with Skills Development audits for quality assurance, compliance and health and safety. The company's audit rating remained at medium risk.
- HR and all employee terms and conditions followed the recommended procedures of Croner, an independent HR consultancy.
- Health and Safety support provided by Croner in line with Health and Safety Executive best practice guidelines.
- Appropriate employer liability insurance and disclosure checks for all staff in contact with young people.

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Trustees' Report for the year ended 31 March 2017 (Continued)

- Monthly income and expenditure accounts presented to the Board together with performance management against targets to deliver against all contracts.

Objectives and Activities

Working Rite's mission is to get 16-19 year olds into sustained employment, apprenticeships or purposeful learning. We do this through individually matching young people who need supported work placements with local employers.

We help some of the most vulnerable, disadvantaged young people who are, or are at risk of being, NEET (Not in Employment, Education or Training). Through the medium of work, they build confidence, find purpose and become equipped with the skills needed to transform their own lives.

The Working Rite program gives disadvantaged, NEET young people a chance. The chance to earn while they learn to take on real responsibility, to gain valuable experience and to prove themselves in the world of work. We do this with the help of committed, supportive and patient employers in the local community, whom our Project Co-ordinators personally seek out according to each young person's individual needs and aspirations.

In Scotland in 2016/17, Working Rite delivered its model in nine local authority areas:

Aberdeen city
Aberdeenshire
Argyll and Bute
Clackmannanshire
Glasgow
Highlands
Moray
Midlothian
Stirling

In July 2016, Working Rite ceased the contracts it had been delivering in England under the UK government's Department for Education recognised term of 'Work Pairing' and / or Programmes of Study or Traineeships:

Worcestershire and Herefordshire – contract with Worcestershire County Council
East Sussex – contract with the Education Funding Agency, Department for Education
Kent – contract with Towers School and Sixth Form Centre, Ashford

Achievements and Performance

During the course of the 16/17 financial year, Working Rite has worked with over 170 targeted young people. We met our contract targets for recruitment onto the program, and across our various contracts between 78% and 80% of young people complete the programme. The different contracts require us to work with different young people, some of whom are harder to reach with additional barriers. Of those young people that complete, c.80% go on to a positive destination - which we define as a job, apprenticeship, or purposeful learning.

As an accredited SQA centre, Working Rite supported 24 out of 42 (SDS stage 3) young people to achieve the Certificate of Work Readiness qualification. A further 108 young people completed one or more Certificate of

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Trustees' Report for the year ended 31 March 2017 (Continued)

Work Readiness unit through their participation on the People & Communities programme. In England, until July 2016, Working Rite delivered Functional Skills training to young people.

Financial Review

The charity had an overall surplus of £97,120 (2016: surplus of £39,104) for the year, of which a surplus of £223,104 (2016: deficit of £36,180) relates to unrestricted funds. As at the balance sheet date the charity had an accumulated surplus of £96,778 (2016: deficit £342), all of which relates to unrestricted funds (2016: £126,326 deficit)

Working Rite has achieved a beneficial restructuring of the two SIS loans. These have been rolled up into a single new risk capital facility. The interest accrued over a two year period will be written off, dependant on new agreed social outcomes being met.

Significant Events

During the year under review Working Rite replaced its over reliance on a single funder and a single major contract in 2015/16, with a diversified and improved fundraising programme, together with greater diversity of contracts.

In July 2016, the charity secured a new 18 month contract in Glasgow, from a new source, resulting in a 37.5% increase in the numbers of young people on programme in year and a corresponding increase in turnover. Working Rite has moved from an over-reliance on one single contract in previous years, to a spread of delivery across three equally significant contracts.

During the year the charity also secured funding from a number of trust funds to launch a new project in East Lothian in April 2017. Together with the new Glasgow contract, the charity has successfully expanded its delivery into two new local authority areas.

In the first quarter of the year, senior management successfully managed the process of restructuring the charity, which included implementing the decision from 2015/16 to close operations in England in July 2016 in order to reduce the overall cost of operations.

Working Rite has engaged positively throughout the year with the Scottish Government's new Developing the Young Workforce strategy through its high level engagement with civil servants, Ministers and other significant stakeholders.

The legacy of improvements achieved through the Theory of Change process from 2015/16, facilitated by I-PEF pro-bono support, has continued to pay dividends in 2016/17 in terms of improved outcomes for young people and greater ability to support a higher proportion of those young people with greater needs and bigger

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Trustees' Report for the year ended 31 March 2017 (Continued)

barriers to overcome. These processes and capacities are now well established within the charity's internal business processes, reporting and outcomes for young people.

Working Rite started the year with a significantly strengthened Board of Trustees with a greater diversity of trustee skills to meet the needs of the charity. Three new trustees were appointed in April 2016 with a further trustee in January 2017.

Going concern

In 12 months, Working Rite achieved a sustainable business and recorded a surplus, without reliance on the funding it previously received from its former major funder (I-PEF). During the year the charity increased its unrestricted fundraising, from sources other than its previous major funder, by 68%. Funding for the coming year is now in place from a number of grant making trusts and foundations, and this, combined with unrestricted income from confirmed contracts, ensures that Working Rite is in a healthy financial position for the coming 12 months and able to meet all liabilities.

We continue to stay abreast of developments with the Scottish Government's youth employability strategy and the opportunities it presents. We have identified, and are pursuing, new contract acquisition possibilities, over and above the sufficient volume of contracts already secured for the year ahead. We have budgeted for an increase in our fundraising capacity during the year ahead to further increase the level of unrestricted funds raised in forthcoming and future years. The incremental growth in contracts, the diversification of funding sources, efficiency improvements, audit improvements, robust risk mitigation, stronger governance, and greater influence on a national level, will enable Working Rite to continue to be a sustainable, going concern and to generate surpluses on an annual basis.

A significant proportion of the retained reserves of Working Rite have been treated as Restricted. Over the coming Financial Year, we will be liaising with both current and historic funders, to discuss the possibility of having some of these reserves reclassified as Unrestricted.

Reserves Policy

At the balance sheet date the charity had a reserves surplus of £96,778, all of which was unrestricted.

Common to the majority of charities, Working Rite is currently dependent on fundraising to sustain its activities. Earned income alone does not provide the funding needed to continue operations as currently structured. The Board has agreed to the aim of building up financial reserves according to the Reserves Policy, to ensure that Operations can continue for a period of between 3 and 6 months for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

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Trustees' Report for the year ended 31 March 2017 (Continued)

Trustees

Working Rite has strengthened its governance by recruiting four new trustees of high quality against a skills matrix to achieve a well-balanced board. An induction process for new trustees is being applied, including a Trustee Roles Description Handbook (following OSCR guidelines), provision of all policies and safeguarding procedures, and introductory meetings with staff. Further trustee recruitment will remain a target during 2017/18 to ensure the charity maintains a level of good governance and any future turnover of trustees does not result in key skill areas being under represented.

The trustees during the financial year were;

Mr Michael Stevenson	(resigned 23/06/16)
Mr Heinz Holsten	(resigned 04/05/17)
Ms Zoe Whyatt	(Chairman)
Ms Barbara Storch	(resigned 23/06/16)
Ms Elsa Critchley	(appointed 11/04/16)
Ms Victoria Di Ciacca	(appointed 11/04/16)
Ms Susan Miller	(appointed 11/04/16)
Ms Kirsty Markie	(appointed 20/01/17)

Pay Policy

The pay of the Key Management Personnel is set by considering a number of factors such as the salaries paid by other charities for similar roles and what the charity can afford.

Registered Office

1 Constitution Street, Edinburgh, EH6 7BT

Plans for Future Periods

Working Rite has a clear focus on its mission and improving the short and long term outcomes for young people that equate to our success. The charity will launch its new fully funded project in East Lothian in April 2017 and seek to grow its volumes of young people in all its other project areas year on year. It will use its new level of influence and access to decision makers to respond to the new opportunities in the Scottish Government's new employability strategy for young people as they unfold in the years ahead.

There is a committed and talented team of people throughout the organisation who have the right skills to deliver on the organisational strategy. Quality internal systems and strong financial controls and management,

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Trustees' Report for the year ended 31 March 2017 (Continued)

mean that over the course of the year ahead, we are confident that the team will meet the contract targets allocated (number of young people recruited) and improve on the outcome figures from previous years. We will continue to improve our capacity to help more young people with multiple barriers to employment, thus making our model more robust and attractive to new contract opportunities for more disengaged young people.

We will continue to improve on the range of relevant and multi-skilled members on the Board, for continued strong governance. We will further grow our fundraising and contract acquisition capacity, and therefore our unrestricted income through the year.

We have started the new year in a financially more secure, more efficient, better led, and more productive position than ever before. We have improved our intelligence and awareness of the new opportunities for growth available, coupled with the capability to respond. Following the successful turnaround in the fortunes and sustainability of the charity in 2016/17, we have planned for a year that will launch the charity into a long term future of greater and greater impact, built on solid business sustainability.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the charity's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small Company Provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board on 12/9/17 and signed on its behalf by:

ZOE WHITT
CHAIR

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Trustees' Responsibilities in Relation to the Financial Statements

The Trustees (who are also directors of Working Rite for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and the 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 incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards 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 business.

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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

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Opinion on financial statements

We have audited the financial statements of Working Rite (the 'charitable company') for the year ended 31 March 2017 which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, the Trustees' Report have 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 any material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, 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 exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



KELLY ADAMS MA (HONS) CA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3rd Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 31/10/17.

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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Statement of Financial Activities

(Including Income and Expenditure Account)

For the Year Ended 31 March 2017

		2017	2017	2017	2016	2016	2016
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
Income and endowments from:							
Donations and legacies	2	197,857	66,766	264,623	317,281	167,651	484,932
Charitable activities	3	143,682	409,142	552,824	448,741	350,237	798,978
Other	4	10	-	10	25	-	25
Total		341,549	475,908	817,457	766,047	517,888	1,283,935
Expenditure on:							
Raising funds	5	45,385	-	45,385	51,560	-	51,560
Charitable activities	5	217,841	457,111	674,952	733,372	459,899	1,193,271
Total		263,226	457,111	720,337	784,932	459,899	1,244,831
Net income / (expenditure)		78,323	18,797	97,120	(18,885)	57,989	39,104
Transfers between funds		144,781	(144,781)	-	(17,295)	(17,295)	-
Net movement in funds		223,104	(125,984)	97,120	(36,180)	75,284	39,104
Reconciliation of funds							
Total funds brought forward	15	(126,326)	125,984	(342)	(90,146)	50,700	(39,446)
Total funds carried forward		96,778	-	96,778	(126,326)	125,984	(342)

The notes on pages 15 to 26 form an integral part of these financial statements.

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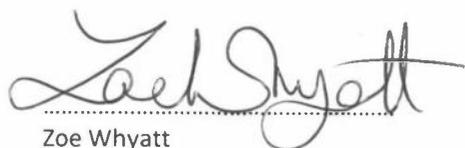
Statement of Financial Position as at 31 March 2017

Company Number: SC343819

	Note	31 March 2017		31 March 2016	
		£	£	£	£
Fixed assets					
Tangible assets	9		-		966
Current assets					
Debtors	10		38,395		33,202
Cash at bank and in hand			<u>267,181</u>		<u>184,767</u>
			305,576		217,969
Creditors: Amount falling due within one year	11		<u>(117,721)</u>		<u>(136,519)</u>
Net Current assets			187,855		81,450
Total assets less current liabilities			187,855		82,416
Creditors: Amount falling due after more than one year	12		<u>(91,077)</u>		<u>(82,758)</u>
Net assets (liabilities)			<u>96,778</u>		<u>(342)</u>
The funds of the charity:					
Restricted income funds	15		-		125,984
Unrestricted income funds	15		96,778		<u>(126,326)</u>
Total Charity Funds			<u>96,778</u>		<u>(342)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 12/9/17 and signed on its behalf by:



Zoe Whyatt
Trustee

Date

25/10/17

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Cash Flow Statement
For the Year Ended 31 March 2017

	2017	2016
	£	£
Net Cash From (Used In) Operating Activities	<u>91,451</u>	<u>43,610</u>
Investing Activities		
Interest received	<u>10</u>	<u>25</u>
Net Cash From (Used In) Investing Activities	<u>10</u>	<u>25</u>
Financing Activities		
Repayments of Borrowings	<u>(9,047)</u>	<u>(6,905)</u>
Net Cash From (Used In) Financing Activities	<u>(9,047)</u>	<u>(6,905)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>82,414</u>	<u>36,730</u>
Cash and Cash Equivalents at Beginning of the Year	<u>184,767</u>	<u>148,037</u>
Cash and Cash Equivalents at End of the Year	<u>267,181</u>	<u>184,767</u>

Note A

Surplus after tax	97,120	39,104
Depreciation of Fixed Assets	966	2,682
Interest Receivable	(10)	(25)
Interest Payable	<u>3,551</u>	<u>4,782</u>
Operating Flows before Movement in Working Capital	101,627	46,543
Decrease/(increase) in trade and other debtors	(5,194)	45,443
Increase/(decrease) in trade and other creditors	(19,916)	(58,376)
Increase/(decrease) in net pension liability	<u>14,934</u>	<u>10,000</u>
Cash From (Used In) Operating Activities	<u>91,451</u>	<u>43,610</u>

The notes on pages 15 to 26 form an integral part of these financial statements.

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Notes to the Financial Statements for the Year Ended 31 March 2017

1 Accounting Policies

General Information

Working Rite meets the definition of a public benefit entity under FRS 102.

The Registered Office is based at 1 Constitution Street, Edinburgh, EH6 7BT.

Working Rite is a charity, limited by guarantee, incorporated in Scotland.

Principal activities

Working Rite help 16-19 year olds who need support into sustained employment, apprenticeships or purposeful learning. Working Rite do this through individually matched work placements, with local employers.

Basis of preparation

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

Monetary amounts in these financial statements are in sterling and are rounded to the nearest £1.

Significant Judgements and Key Estimates

Expenditure on raising funds consists of an allocation of staff costs for the Founder/ Director and the Fundraising Manager – the allocation is based on time deemed to be spent on fundraising activities, being 25% and 100% respectively.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Notes to the Financial Statements for the Year Ended 31 March 2017

1 Accounting Policies (continued)

Going Concern

The trustees confirm that the charitable company will be able to meet its liabilities as they fall due and forecast the generation of future surpluses. As such the financial statements have been prepared on a going concern basis. The going concern position of the charity has been dealt with more fully in the Trustees' Report on page 6.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further details of each fund are disclosed in notes 15 and 16.

Incoming resources

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

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

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received. Such income is only deferred when:

- The donor specifies that the grant must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Resources Expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of raising funds comprise the costs associated with attracting donations and legacies and the costs of trading for fundraising purposes.

Charitable activities includes expenditure incurred by the charity in the delivery of its activities.

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Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

1 Accounting Policies (continued)

Support Costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters. Also included are professional fees in relation to the strategic planning process.

Expenditure and irrecoverable VAT

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

- Costs of raising funds comprise and their associated support costs.
- Expenditure on charitable activities
- Other expenditure represents those items not falling into any other heading.

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

Fixed Assets

Individual fixed assets costing £250 or more are initially recorded at cost.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Computer equipment	33.33% straight line basis
Fixtures and fittings	25% straight line basis

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provision of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

Financial assets

Trade and other debtors which are receivable within one year are initially measured at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Prepayments are valued at the amount prepaid. Accrued income is measured at the amount recoverable.

Financial Liabilities

Trade and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Operating leases

Rentals payable under operating leases are charged against the SOFA on a straight line basis over the lease term.

Pensions

The charity runs a defined contribution scheme. During 2016/17 the charity extended its pension offering to all employees. Pension contributions are charged to the Statement of Financial Activities in the year they become payable.

Funds

Unrestricted funds are expendable at the discretion of the Board of Trustees in furtherance of the charity's objectives. Restricted funds are awarded for specified projects which will be declared by the donor when awarded.

Working Rite

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

2 Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds Year Ended 31 March 2017 £	Total Funds Year Ended 31 March 2016 £
Donations				
Young Foundation	-	-	-	9,451
Kilt Walk	744	-	744	-
Ducks for Change	32	-	32	-
Easy Fundraising	48	-	48	-
Virgin Money Giving	<u>302</u>	<u>-</u>	<u>302</u>	<u>30</u>
	<u>1,126</u>	<u>-</u>	<u>1,126</u>	<u>9,481</u>
Grants				
Mickel Fund	-	-	-	1,000
Robertson Trust	-	15,000	15,000	15,000
J.P. Morgan	-	-	-	70,000
Impetus - Private Equity Foundation	85,500	-	85,500	306,500
Brownlie Charitable Trust	-	-	-	1,000
Scottish Government	40,000	-	40,000	-
Santander Learn and Grow	-	-	-	4,500
D M Thomas Foundation	-	-	-	1,000
STV Children's Appeal	15,000	-	15,000	-
Asfari	-	34,105	34,105	-
James T Howett	-	-	-	500
Gannochy Trust	-	5,833	5,833	4,167
Alasol	-	-	-	20,000
Peter Vardy Foundation	25,000	-	25,000	-
Suburban Taverns Charitable Trust	500	-	500	-
Erskine Cunningham Hill	500	-	500	-
Garfield Weston	20,000	-	20,000	-
Margaret Murdoch Trust	2,000	-	2,000	-
Killpatrick	1,980	-	1,980	-
SIM Charitable Trust	500	-	500	-
Youngstart	339	-	339	-
Rozelle	3,000	-	3,000	-
RBS	-	6,828	6,828	20,484
SJ Nobel Trust	350	-	350	-

Working Rite

(A Company Limited by Guarantee)

Notes to Financial Statements for the Year Ended 31 March 2017 (continued)

2 Donations and legacies (contd.)

Charles M Scott Charitable Trust	-	5,000	5,000	-
Schuh	2,062	-	2,062	-
Henry Smith	-	-	-	30,000
Michael Marsh	-	-	-	1,000
J Robinson	-	-	-	300
	<u>196,731</u>	<u>66,766</u>	<u>263,497</u>	<u>475,451</u>
	<u>197,857</u>	<u>66,766</u>	<u>264,623</u>	<u>484,932</u>

3 Incoming Resources from Charitable Activities

	Unrestricted Funds	Restricted Funds	Year Ended 31 March 2017	Year Ended 31 March 2016
	£	£	£	£
EFA Funding	41,734	-	41,734	101,813
SDS - Employability Fund	101,948	-	101,948	310,101
People and Communities	-	280,752	280,752	334,834
Glasgow City Council	-	128,390	128,390	-
Sussex Coast College Hastings	-	-	-	16,696
Worcester County Council	-	-	-	20,131
Employer contribution	-	-	-	10,253
Tower School & Sixth Form Centre	-	-	-	5,150
	<u>143,682</u>	<u>409,142</u>	<u>552,824</u>	<u>798,978</u>

Working Rite

(A Company Limited by Guarantee)

Notes to the Financial Statements for the Year Ended 31 March 2017 (continued)

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total Funds Year Ended 31-March 2017 £	Total Funds Year Ended 31-March 2016 £
Interest on cash deposits	<u>10</u>	-	<u>10</u>	<u>25</u>

5 Total Resources Expended

	Charitable activities £	Fundraising £	2017 £	2016 £
Direct Costs				
Work placements	164,720	-	164,720	313,789
Staff costs	213,861	45,385	259,246	386,308
Subcontractors	38,238	-	38,238	33,010
Travel and subsistence	18,540	-	18,540	61,498
Consultancy	-	-	-	5,965
Finance charges	4,237	-	4,237	30
Training and development	<u>6,738</u>	-	<u>6,738</u>	<u>6,499</u>
	<u>446,334</u>	<u>45,385</u>	<u>491,719</u>	<u>807,099</u>
Support costs				
Staff costs and recruitment	164,523	-	164,523	345,055
Rent and rates	13,914	-	13,914	13,660
Software, IT & telephone	15,299	-	15,299	24,607
Office expenses	6,943	-	6,943	24,398
Printing, posting and stationery	1,512	-	1,512	2,141
Advertising and promotion	1,190	-	1,190	1,696
Legal fees & governance	5,636	-	5,636	935
Auditors' remuneration	8,000	-	8,000	7,450
Accountancy	1,591	-	1,591	2,595
Heat, light and power	1,382	-	1,382	2,978
Bad debt provision	7,661	-	7,661	8,725
Depreciation of tangible fixed assets	<u>966</u>	-	<u>966</u>	<u>2,682</u>
	<u>228,618</u>	-	<u>228,618</u>	<u>437,732</u>
	<u>674,952</u>	<u>45,385</u>	<u>720,337</u>	<u>1,244,831</u>

Working Rite
(A Company Limited by Guarantee)

Notes to Financial Statements for the Year Ended 31 March 2017 (continued)

Total governance costs were £15,277 and were made up of accountancy fees, auditor's remuneration and governance related legal fees.

6 Net (Expenditure)/Income

Net (expenditure)/income is stated after charging/(crediting):

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£	£
Auditors' remuneration:		
Audit services	8,000	7,450
Non-audit services	1,591	2,595
Depreciation of tangible fixed asset	966	2,682
Payment under operating lease	12,470	9,700

7 Employees' Remuneration and Key Management Personnel (KMP)

	Year Ended 31 March 2017	Year Ended 31 March 2016
	No.	No.
Employees numbers calculated on a FTE basis (including KMP)		
Head office/support	5.0	7.0
Project delivery	<u>7.8</u>	<u>14.0</u>
	<u>12.8</u>	<u>21.0</u>

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£	£
Wages and salaries	364,664	653,775
Social security	36,375	63,768
Pension	<u>17,665</u>	<u>11,263</u>
	<u>418,704</u>	<u>728,806</u>

The key management personnel of the charity comprise the trustees, the Chief Operating Officer, the Founder/Director and the Finance Manager. The employee benefits, of the key management personnel for the charity, were therefore £157,679. (2016 - £198,299)

£Nil in expenses was paid out to Trustees in the year (2016: £Nil).

No remuneration was paid to any Trustees during the year (2016:£Nil).

Working Rite

(A Company Limited by Guarantee)

Notes to Financial Statements for the Year Ended 31 March 2017 (continued)

The number of key management personnel who received emoluments in the following range was as follows:

Range	Year Ended 31 March 2017	Year Ended 31 March 2016
£60,000 - £70,000	<u>-</u>	<u>1</u>

During the year the charity made pension contributions of £17,665. (2016 - £11,263).

8 Taxation

The company is a registered charity and is therefore exempt from taxation on its charitable activities.

9 Tangible Fixed Assets	Fixtures Fittings and Equipment	Computer Equipment	Total Fixtures Fittings and Comp Equipment
Cost	£	£	£
As at 1 April 2016	13,818	26,310	40,128
Additions	-	-	-
Disposals	-	-	-
as at 31 March 2017	<u>13,818</u>	<u>26,310</u>	<u>40,128</u>
Depreciation			
As at 1 April 2016	13,818	25,344	39,162
Charge for the year	-	966	966
Depreciation on disposal	-	-	-
As at 31 March 2017	<u>13,818</u>	<u>26,310</u>	<u>40,128</u>
Net Book Value			
As at 31 March 2017	-	-	-
As at 31 March 2016	-	<u>966</u>	<u>966</u>

10 Debtors

	31 March 2017	31 March 2016
	£	£
Trade debtors	10,022	17,844
Prepayment and accrued income	<u>28,373</u>	<u>15,318</u>
	<u>38,395</u>	<u>33,202</u>

Working Rite

(A company limited by guarantee)

Notes to the Financial Statement for the Year Ended 31 March 2017 (continued)

11 Creditors: Amount Falling Due Within One Year

	31 March 2017	31 March 2016
	£	£
Trade creditors	6,089	10,622
Taxation and social security	9,900	26,227
Other creditors	9,063	9,760
Other loans	-	4,678
Accruals and deferred income	<u>92,669</u>	<u>85,142</u>
	<u>117,721</u>	<u>136,519</u>

Analysis of deferred income

	£
At 1 st April 2016	18,495
Additions in the year	29,999
Released in year	<u>(18,495)</u>
At 31 st March 2017	<u>29,999</u>

Deferred income relates to grants that have been received in advance. This income is then released when the charity has entitlement to the income.

12 Creditors: Amount Falling Due After More Than One Year

	31 March 2017	31 March 2016
	£	£
Other loans	<u>91,077</u>	<u>82,758</u>

Loan maturity:

	31 March 2017	31 March 2016
	£	£
Due less than one year	-	4,768
Due between one and two years	12,491	5,112
Due between two and five years	74,952	72,878
More than five years	<u>3,634</u>	-
Total	<u>91,077</u>	<u>82,758</u>

Working Rite

(A Company Limited by Guarantee)

Notes to Financial Statements for the Year Ended 31 March 2017 (continued)

13 Members' Liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

14 Related Parties

Controlling Entity

No single individual or entity controls the charity.

There have been no transactions with related parties in the current or prior year.

15 Analyses of Funds

General funds	At 1 April 2016	Incoming resources	Resources expended	Transfers	At 31 March 2017
	£	£	£	£	£
Unrestricted income fund	(126,326)	341,549	(263,226)	144,781	96,778
Restricted funds					
People and Communities	56,145	280,752	(261,955)	(74,942)	-
J.P. Morgan	59,586	-	-	(59,586)	-
GCC/Pathfinder	-	128,390	(128,390)	-	-
Asfari	-	34,105	(34,105)	-	-
Gannochy Trust	-	5,833	(5,833)	-	-
RBS	-	6,828	(6,828)	-	-
Charles M Scott Charitable Trust	-	5,000	(5,000)	-	-
STV Children's Appeal	-	15,000	(15,000)	-	-
Employer Contributions	10,253	-	-	(10,253)	-
Total restricted funds	125,984	475,908	(457,111)	(144,781)	-
Total funds	(342)	817,457	(720,337)	-	96,778

Material funds

The People and Communities funding relates to four ongoing contracts to deliver services throughout Scotland.

The GCC/Pathfinder funding relates to a 18 month contract with Glasgow City Council. At the Balance sheet date the contract had been running for c. 6 months.

The transfers from People and Communities and JP Morgan relate to a prior year adjustment, to reflect the fact that some costs had previously been wrongly classified, resulting in a surplus on restricted activities. The People and Communities transfer also included the income created by the charging of a management fee, which is an unrestricted surplus.

Working Rite

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Notes to Financial Statements for the Year Ended 31 March 2017 (continued)

16 Net Assets by Fund

	Unrestricted Funds	Restricted Funds	Total Funds 31 March 2017	Total Funds 31 March 2016
	£	£	£	£
Tangible assets	1	-	1	966
Current assets	22,227	283,349	305,576	217,970
Creditors: Amount falling due within one year	(117,722)	-	(117,722)	(140,884)
Creditors: Amount falling due after more than one year	(91,077)	-	(91,077)	(73,894)
Net assets	<u>(186,571)</u>	<u>283,349</u>	<u>96,778</u>	<u>(342)</u>

17 Operating Lease Commitments

Amounts falling due:	Land and Buildings 31 March 2017	Land and Buildings 31 March 2016
	£	£
Within one year	620	9,610
Between one and five years	1,550	90
After five years	-	-
Total	<u>2,170</u>	<u>9,700</u>