

Registered charity number
1088174

Registered company number
04270448

London Citizens

(A company limited by guarantee)

Management Committee Report and Financial Statements

for the year ended 31 March 2006

www.londoncitizens.org.uk

**London Citizens
Report and Financial Statements
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London Citizens Legal and Administrative Information

Reference and administrative information

Charity name: London Citizens
Charity registration number: 1088174
Company registration number: 04270448
Registered office and operational address: 112 Cavell Road
London
E1 2JA

Members of the Trustee Board

		<u>Dates of appointment (in year)</u>	
		<u>As a trustee</u>	<u>As a director</u>
Revd. Paul Regan	Chair		
Adewale Adenekan			3 January 2006
Marvin Alstott	Treasurer, resigned 6 December 2005		
Father Claro Conde			27 January 2006
Muslehuddin Faradhi	Resigned 6 December 2005		
Jean Geldart			12 December 2005
Mary Grisdale			(1)
Saleha Islam	Co-opted	6 December 2005	15 December 2005
Dharmachari Jnanavaca	Reappointed 6 December 2005		9 January 2006
Dilowar Khan		6 December 2005	27 January 2006
Sher Khan			(1)
Deborah Littman	Vice Chair		12 December 2005
Christoph von Luttitz		6 December 2005	14 December 2005
Frank McDowell	Treasurer, co-opted	6 December 2005	6 December 2005
Roger Matland	Co-opted, resigned 17 January 2006	6 December 2005	(1)
Anthony Ogunniyi			17 January 2006
Paul O'Shea		6 December 2005	6 January 2006
Revd. Paul Nicolson			12 December 2005
Father Edward Perera			7 January 2006
Revd. Stephen Sichel	Vice Chair		12 December 2005
Anthony Thomas		6 December 2005	13 December 2005
Richard Zipfel			12 December 2005

(1) not appointed as a director

Company Secretary

Colin Weatherup

Lead Community Organiser

Neil Jameson

Independent Auditors

Gotham Erskine
Chartered Accountants and Registered Auditors
Friendly House
52-58 Tabernacle Street
London, EC2A 4NJ

Bankers

HSBC Bank plc
349 Green Street
Upton Park
London
E13 9AS

Solicitors

Kirkpatrick & Lockhart Nicholson Graham LLP
110 Cannon Street
London
EC4N 6AR

London Citizens Independent auditors' report

Independent auditors' report to the members of London Citizens Limited

We have audited the financial statements of London Citizens Limited for the year ended 31 March 2006, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention, the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The Trustees' (who are also the directors of London Citizens Limited for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**London Citizens
Independent auditors' report**

**Independent auditors' report to the members of London Citizens Limited
(continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005), of the state of the charity's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Gotham Erskine
Chartered Accountants and Registered Auditors
Friendly House
52-58 Tabernacle Street
London
EC2A 4NJ

London Citizens
Statement of Financial Activities
(incorporating Income and Expenditure Account)
for the year ended 31 March 2006

	Notes	Unrestricted funds 2006 £	Restricted funds 2006 £	Total funds 2006 £	Total funds 2005 £
Incoming resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Grants and donations	2	167,368	123,195	290,563	118,549
<i>Activities for generating funds:</i>					
Investment income		174	-	174	351
Incoming resources from charitable activities:					
Membership dues		49,801	-	49,801	30,266
Projects and other income		5,554	13,700	19,254	8,130
Total incoming resources		222,897	136,895	359,792	157,296
Resources expended					
Charitable activities	3	143,660	136,925	280,585	180,280
Governance costs	3	4,906	-	4,906	2,820
Total resources expended		148,566	136,925	285,491	183,100
Net income/(expenditure) for the year	4	74,331	(30)	74,301	(25,804)
Net movement in funds		74,331	(30)	74,301	(25,804)
Fund balances at 1 April 2005		(16,048)	3,159	(12,889)	12,915
Fund balances at 31 March 2006		58,283	3,129	61,412	(12,889)

The statement of financial activities includes all gains or losses for the year. All incoming resources and resources expended derive from continuing activities.

**London Citizens
Balance Sheet
as at 31 March 2006**

	Notes	2006 £	2005 £
Current assets			
Debtors	8	28,818	-
Cash at bank		118,484	45,229
		<u>147,302</u>	<u>45,229</u>
Creditors: amounts falling due within one year			
	9	<u>9,919</u>	<u>2,310</u>
Net current assets		137,383	42,919
Accruals and deferred income		75,971	55,808
Net assets		<u>61,412</u>	<u>(12,889)</u>
Charity funds			
	11		
Unrestricted funds			
General funds		58,283	(16,048)
Restricted funds		3,129	3,159
Total funds		<u>61,412</u>	<u>(12,889)</u>

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

The financial statements were approved by the Trustee Board on

Revd. Paul Regan
Chair of the Trustee Board

**London Citizens
Notes to the Accounts
for the year ended 31 March 2006**

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the previous year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

Fund accounting

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

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors which have been raised by the charity for particular purposes. The aim and use of each fund is set out in Note 11 to the financial statements.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable.

Investment income is included when receivable.

Dues receivable from member organisations are recognised when received with no provision made for dues receivable at the balance sheet date, as members are not legally bound to renew.

Deferred income comprises grants received in the year, but which the grantor has specified must be used in future accounting periods.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated usage, as set out in Note 3.

Pensions

The charity operates a defined contribution pension scheme, although the scheme does have a guaranteed element of pension benefits. The pension cost charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the charity in an independently administered fund. Additional disclosures in respect of the guaranteed element of the pension scheme benefits are given in Note 12.

London Citizens
Notes to the Accounts
for the year ended 31 March 2006

2 Grants and donations

	Unrestricted funds 2006 £	Restricted funds 2006 £	Total funds 2006 £	Total funds 2005 £
Bridge House	-	3,083	3,083	-
Citizen Organising Foundation (Note 13)	71,000	-	71,000	5,000
City Parochial Foundation Central Fund	-	20,000	20,000	22,500
Execution Charitable Trust	85,000	25,000	110,000	16,667
Persula Foundation	-	-	-	1,434
Transport and General Workers Union	-	7,500	7,500	-
Tudor Trust	-	25,000	25,000	20,833
Waters Foundation	-	10,112	10,112	17,333
Westway Development Trust	-	32,500	32,500	30,000
Miscellaneous donations	11,368	-	11,368	4,782
	<u>167,368</u>	<u>123,195</u>	<u>290,563</u>	<u>118,549</u>

3 Resources expended

	Community organising 2006 £	Gover- nance 2006 £	Total 2006 £	Total 2005 £
Costs directly allocated to activities				
Donations and grants	1,950	-	1,950	-
Staff costs	151,269	-	151,269	118,231
Project costs	39,651	-	39,651	18,840
Lead organiser/business and communications manager	48,460	2,500	50,960	-
Support costs allocated to activities				
Affiliation fees	12,000	-	12,000	12,000
Premises costs	12,029	-	12,029	8,000
Insurance	-	-	-	146
Postage, printing and stationery	6,000	-	6,000	12,476
Travel and subsistence	4,431	41	4,472	3,164
Communications	1,409	-	1,409	913
Consultancy	1,500	-	1,500	1,000
Staff training and seminars	1,020	-	1,020	4,867
Audit fees	-	2,365	2,365	2,820
Other expenses	866	-	866	643
Total resources expended	<u>280,585</u>	<u>4,906</u>	<u>285,491</u>	<u>183,100</u>

4 Net income/(expenditure) for the year

	2006 £	2005 £
This is stated after charging:		
Auditors' remuneration for statutory audit	<u>2,365</u>	<u>2,820</u>

London Citizens
Notes to the Accounts
for the year ended 31 March 2006

5 Staff costs and numbers

	2006	2005
	£	£
Staff costs were as follows		
Salaries and wages	131,111	102,927
Social security costs	13,376	9,323
Pension costs	6,782	5,981
	<u>151,269</u>	<u>118,231</u>

No employee received emoluments of more than £60,000.

The average monthly number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2006	2005
	No.	No.
Community organisers	<u>5</u>	<u>5</u>

6 Trustee remuneration

No trustee received any remuneration during the year or the preceding year. One trustee (2005: Nil) claimed travel expenses totalling £41 (2005: £Nil) during the year. No trustee or other person related the charity had any personal interest in any contract or transaction entered into by the charity during the year or the preceding year.

7 Taxation

As a registered charity, London Citizens is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

The charity is registered for Gift Aid with HM Revenue & Customs under reference number XR77265.

8 Debtors

	2006	2005
	£	£
Grants receivable	28,500	-
Other debtors	318	-
	<u>28,818</u>	<u>-</u>

9 Creditors: amounts falling due within one year

	2006	2005
	£	£
Accounts payable	3,953	1,517
Social security and other taxation	3,816	-
Other creditors	2,150	793
	<u>9,919</u>	<u>2,310</u>

**London Citizens
Notes to the Accounts
for the year ended 31 March 2006**

10 Grants received in advance (deferred income)	2006	2005
	£	£
Deferred at 1 April 2005	47,612	32,945
Released to Statement of financial activities	(47,612)	(32,945)
Received and deferred in the year	68,917	47,612
	<u>68,917</u>	<u>47,612</u>
Deferred at 31 March 2006	<u>68,917</u>	<u>47,612</u>

11 Analysis of net assets between funds

	General funds	Restricted funds	Total funds
	£	£	£
Current assets	144,173	3,129	147,302
Current liabilities	(9,919)	-	(9,919)
Accruals and deferred income	(75,971)	-	(75,971)
	<u>58,283</u>	<u>3,129</u>	<u>61,412</u>

12 Movement in funds

Unrestricted funds:	At 1 Apr 05	Incoming resources	Outgoing resources	Transfers	At 31 Mar 06
	£	£	£	£	£
General funds	(16,048)	222,897	(148,566)	-	58,283
Restricted funds:					
Citizenship Education Program	3,159	-	(3,159)	-	-
East London organiser	-	20,000	(20,000)	-	-
South London organiser (1)	-	3,083	(3,083)	-	-
South London organiser (2)	-	25,000	(25,000)	-	-
South London organiser (3)	-	10,112	(10,112)	-	-
West London organiser (3)	-	32,500	(32,500)	-	-
Community organiser	-	25,000	(25,000)	-	-
Living Wage organiser and costs	-	7,500	(4,371)	-	3,129
Summer Academy	-	13,700	(13,700)	-	-
	<u>3,159</u>	<u>136,895</u>	<u>(136,925)</u>	<u>-</u>	<u>3,129</u>
Total funds	<u>(12,889)</u>	<u>359,792</u>	<u>(285,491)</u>	<u>-</u>	<u>61,412</u>

Purposes of restricted funds

The Citizenship Education Program is to assist 16 to 19 year-olds in East London. The Summer Academy fund is to fund a training project run by London Citizens for students during their summer break. All other restricted grants represent funding for community organisers in the areas shown.

**London Citizens
Notes to the Accounts
for the year ended 31 March 2006**

13 Pension commitments

London Citizens participates in the Pensions Trust's Growth Plan.

The Growth Plan is a multi-employer pension Plan which is in most respects a money purchase arrangement but it has some guarantees. Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The Plan is funded and is not contracted out of the state scheme. The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The main purpose of the valuation is to determine the financial position of the Plan and so determine the future prospects for discretionary bonuses and/or investment credits.

The actuarial valuation assesses whether the Plan's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

London Citizens paid contributions at the rate of 10% during the accounting period. Members paid contributions at the rate of 5% during the accounting period.

As at the balance sheet date there were two active members of the Plan employed by London Citizens. London Citizens continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable. Under FRS17 it is also necessary to disclose any outstanding or prepaid contributions at the balance sheet date.

The last formal valuation of the Plan was performed at 30 September 2002 by a professionally qualified actuary. The market value of the Plan's assets at the valuation date was £418 million. The financial assumptions underlying the valuation were as follows:

	% pa
Rate of return on accumulated assets	6.7
Bonuses on accrued benefits	0.0
Rate of price inflation	2.5

The valuation revealed that the assets of the Plan broadly equalled the accrued liabilities as at the valuation date.

**London Citizens
Notes to the Accounts
for the year ended 31 March 2006**

13 Pension commitments (continued)

The next actuarial valuation will be carried out as at 30 September 2005. The results of the valuation will be available before the end of September 2006.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, and the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

London Citizens has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 31 March 2005 (the latest date for which information is available at the time of preparation of these accounts). As of this date the estimated employer debt for London Citizens was £Nil.

Contributions totalling £870 (2005: £776) were payable to the fund at the balance sheet date and included under other creditors.

14 Related party transactions

London Citizens is formally affiliated to another registered charity, The Citizen Organising Foundation (COF), which provides training and support for Community Organisers, and advice for trustees on overall policy and strategic actions. This arrangement, and the responsibilities of both parties, is summarised in a written agreement signed by both parties. This agreement also gives London Citizens access to the COF network and the affiliated groups in other parts of the UK for joint training and potential national campaigns.

London Citizens complies with the 'Accreditation' criteria of COF trustees for a 'COF broad based community organisation'. This does not give COF any nomination rights for trustees of London Citizens nor any veto on London Citizens activities or campaigns.

During the year:

- COF gave grants totalling £71,000 to London Citizens for general community organising purposes
- London Citizens paid £50,960 to COF for the services of the lead community organiser and the business and communications manager
- London Citizens became liable to affiliation fees of £12,000
- London Citizens paid rent and other office costs of £14,032 to COF (which lease the premises from which London Citizens operates)

London Citizens
Notes to the Accounts
for the year ended 31 March 2006

14 Related party transactions (continued)

At the year end COF owed London Citizens £21,000 (in Grants receivable), and London Citizens owed COF £3,500 (in Accruals and deferred income) and £960 (in Other creditors).

London Citizens is the umbrella, accountable body for the London based affiliate organisations. During the year this included the following organisations:

TELCO (The East London Communities Organisation)
South London Citizens
West London Citizens