

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 2007

www.londoncitizens.org.uk

**London Citizens
Report and Financial Statements
Contents**

| | Page |
|--|-------------|
| Legal and administrative information | 1 |
| Report of the Trustee Board | 2-10 |
| Independent auditors' report | 11-12 |
| Statement of financial activities | 13 |
| Balance sheet | 14 |
| Notes forming part of the financial statements | 15-23 |

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

Dates of appointment (in year)
As a trustee As a director

| | | | |
|-----------------------|--------------------------|-----------------|-----------------|
| Revd. Stephen Sichel | Chair | | |
| Adewale Adenekan | | | |
| Father Claro Conde | Resigned 6 December 2006 | 6 December 2006 | 6 December 2006 |
| Cliff D'Souza | | | |
| Jean Geldart | | | |
| Mary Grisdale | Resigned 6 December 2006 | | (1) |
| Saleha Islam | Co-opted | | |
| Dharmachari Jnanavaca | | | |
| Dilowar Khan | | | |
| Sher Khan | | | (1) |
| Deborah Littman | Vice Chair | | |
| Christoph von Luttitz | | | |
| Frank McDowell | Treasurer, co-opted | | |
| Akber Mohamedali | | 6 December 2006 | (1) |
| Anthony Ogunniyi | Resigned 6 December 2006 | | |
| Una McCreesh | | 6 December 2006 | 6 December 2006 |
| Revd. Paul Nicolson | | | |
| Paul O'Shea | Vice Chair | | |
| Father Edward Perera | | | |
| Revd. Paul Regan | Co-opted | | |
| Anthony Thomas | | | |
| Richard Zipfel | | | |

(1) not appointed as a director

Company Secretary

Colin Weatherup

Lead Community Organiser

Neil Jameson

Independent Auditors

Gotham Erskine LLP
 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 Preston Gates Ellis LLP
 110 Cannon Street
 London
 EC4N 6AR

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

We are pleased to present our report together with the audited financial statements of the charity for the year ended 31 March 2007.

Legal and administrative information set out on page 1 forms part of this report. The Trustees confirm that the financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

Structure, Governance and Management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 15 August 2001, and registered as a charity on 23 August 2001. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company, and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Recruitment and appointment of members of the Trustee Board

The directors of the company are also charity trustees for the purpose of charity law and under the company's Articles of Association are known as members of the Trustee Board. Under the requirements of the Articles one third of the members of the Trustee Board are required to retire annually at the Annual General Meeting. The minimum number of members of the Trustee Board is three, and there is no maximum.

Trustee induction and training

The chair of the trustees is responsible for the induction of new trustees, which involves awareness of a trustee's responsibilities, the governing document, and the work of the trust.

Risk management

The trustees have formally assessed business risks, and this has involved assessing the types of risk facing the charity, prioritising them in terms of the potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees have assessed the adequacy of the charity's internal controls and the costs of operating particular controls relative the benefits obtained.

Organisational structure

The Trustees are responsible for policy setting and the charity's strategy. They have delegated the day-to-day management and running of the charity to Neil Jameson, the Executive Director and Lead Organiser. He is assisted by the charity's Business Manager, Colin Weatherup. The Citizen Organising Foundation provides the services of Mr Jameson and Mr Weatherup to the charity.

Related parties

London Citizens is affiliated to The Citizen Organising Foundation, a registered charity nationwide support organisation for broad-based community organisations. London Citizens and The Citizen Organising Foundation operate from the same premises and share some staff and office services.

Membership

The membership comprises organisations supporting the objects of the charity.

Objectives and activities

The object of LONDON CITIZENS is for the 'benefit of the public, to develop the capacity and skills of the members of the socially and economically disadvantaged communities of Greater London in such a way that such members are better able to identify and help meet their needs and to participate more fully in society, and to assist by directly promoting the more effective working of local charitable community capacity building organisations designed to pursue that aim'.

'LONDON CITIZENS is as diverse, determined and as vital a network of related and relating communities as exist in the UK today!'

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

Capacity Building is our objective; to enhance the Governance of London our focus; Civil Society and the key local institutions of faith, labour, education and association our constituency; seeking the Common Good our quest.

LONDON CITIZENS leaders and organisers are the builders and architects of local institutions and associations that have the power and capacity to teach their members how to 'do' democracy and work with others for the common good.

Next to the extended family it is in these groups that we first learn how to relate to others, debate and converse and find our identity. Yet everywhere these institutions are under pressure and either losing members or narrowing their focus to purely spiritual or work place agendas, thus denying the rich broadness of the human condition.

This year we celebrated TELCO's Tenth Anniversary so can claim some reasonable experience of institution building and support. The pressure from the market to make us all shoppers rather than informed citizens is pernicious and threatens the stability and integration of each community if it is not challenged regularly and kept in its place. The last ten years has taught us that the (political) experience of our large and diverse membership is critical to the health of London and the legitimate consent given by the governed (us) to the governors (them).

On November 16th, 2006, over 1200 people packed York Hall in Bethnal Green to celebrate TELCO's Tenth Anniversary – ten years of action, solidarity and the development of thousands of East London citizens to be more effective and informed.

Trustees believe this to be a unique experience in the political life of the capital and so celebrated in style and with conviction, since what Trustees have achieved is against the drift towards apathy, sectarianism and schism.

Ten year's on forty diverse communities acting together on a range of local and regional social justice issues and not falling out, resigning or imploding is unprecedented. The steadfastness and commitment of our members (and those who have followed from South and West London) needs to be recognised and applauded. Their willingness to pay almost £300,000 in dues over ten years towards this effort from their own pockets is also well worth noting.

LONDON CITIZENS – powerful communities acting together for change!

We are;

- **A broad based community organisation that seeks the power and influence to allow our member groups to be in relationship with each other and thus have the ability to act more effectively on their values and promote the common good.**
- **A learning organisation or 'university of the streets' that seeks out and trains a new generation of community leadership to be fit and equipped for the many complex challenges of the twenty first century.**
- **A builder of institutions that honour the human condition and the need for respect and dignity in public life; a reorganiser; an organiser; a Retreat House which learns from the past in order to build a better future; an Engine for creative ideas and experiments with (political) lessons learned and shared across a developing membership of apprentices.**
- **A vehicle to enhance and strengthen those key aspects of governance which are so vital to making London a safe and dynamic city – informed consent, participation, compromise, political recognition and the love of and knowledge of one's neighbour.**

Our main strategic aim is to be the primary civil society organisation in London powerful enough to negotiate with and be recognised by the other two main players in the governance of the capital – government and business.

We demand a seat at the table of decision makers on issues which effect our neighbourhoods, our children and our joint future – and we work hard and democratically to deserve it.

How did LONDON CITIZENS do in 2006/07 to foster this strategic aim and these ambitious objectives?

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

Achievements and Performance; 2006/07.

1. Building and broadening LONDON CITIZENS

- 20 new and diverse communities joined LONDON CITIZENS Assemblies, with ten of joining TELCO in time for the Tenth Anniversary Assembly on November 16th. Our 'dues base' increased to over £70,000 in membership dues. 93 civil society institutions were in dues paying membership as of March 31st 2007.
- Trustees are grateful to the following Trusts and Foundations who invested in CITIZENS and allowed us to sustain our income level and broaden that base; City Parochial Foundation; The Execution Trust; New Philanthropy Capital; The Tudor Trust; Westway Development Trust; The City Bridge Trust; The GLA; The Hollick Family Trust; The Big Lottery; London Catalyst; UNITE HERE; The T&G section of Unite Union; UNISON.
- On May 1st LONDON CITIZENS supported the first Workers Mass on The Feast of St Joseph the Worker – over 2,500 people attended the Mass in Westminster Cathedral led by The Cardinal and his priests and Bishops. This was followed immediately by a LONDON CITIZENS 'Living Wage' Rally. This launched the LONDON CITIZENS WORKERS ASSOCIATION (LCWA) attended by over 500 people on the Piazza outside the Cathedral. Prior to this action intense work and support had been offered to the forty plus Roman Catholic Ethnic Chaplaincies across London – with the Lithuanians, Brazilians, Czechs and Zimbabweans all joining as formal members in the year. The Cardinal commissioned a report by The Von Hugel Institute into the plight of migrants in the London RC Dioceses – and also used the Mass to call on the government to 'regularise' the citizenship position of certain groups of irregular migrants.
- In October and November 2006 over 2,500 citizens attended a variety of CITIZENS Assemblies in South, West and East London to debate and agree on the various social justice campaigns which the members would pursue in the coming months. On October 4th (WLC/Hammersmith Town Hall); November 2nd (SLC/Fairfield Hall, Croydon) and November 16th (TELCO/York Hall, Bethnal Green) – thousands of our members came together to ratify decisions made at Delegates Assemblies and thus broaden the agenda of concerns to include – 'Bin the Rats' in Ealing; to persuading the Hilton Hotel and Tate Galleries to pay a Living Wage; to offering a 'Friends' support service to the Immigration Service at Lunar House in Croydon; to supporting the launch of a (CITIZENS) Independent Asylum Commission (House of Commons/October 18th); to sustaining pressure on the London Olympics managers to honour their ethical pledges made in 2004; and (with BIRMINGHAM CITIZENS and under the umbrella of The Citizen Organising Foundation (COF)) launching the first national campaign intended to offer a one off 'earned amnesty or regularisation' to 500,000 'irregular' workers across the UK – a CITIZENS campaign to turn 'Strangers into Citizens'(November 16th/ TELCO Assembly).
- In April 2007 LONDON CITIZENS leaders attended a Press Conference at City Hall and stood by the Mayor as he announced the Living Wage figure of 7.20 an hour for 2007/8. This is the third year that this has happened and Trustees congratulate the Mayor for both sticking to his election pledge to LONDON CITIZENS in April 2004 – and for his increasing enthusiasm for this anti poverty strategy. During 2006/07 the London School of Economics joined Queen Mary London University as a Living Wage Campus and now most major banks and finance houses honour the Mayor's figure. We have worked closely with the T&G union to keep the pressure on the banks and are using our new LCWA to recruit workers from the Hotel Sector as our Living Wage Campaign broadens to the hospitality sector. In July and August London and Birmingham Citizens combined to hold various forms of original direct action at the Metropol Hilton, Park Lane and Birmingham Hilton – and eventually started negotiations with senior Hilton managers in September. Trustees estimate that our Living Wage campaign has led to approx eight million extra pounds annually going into the pockets of thousands of low wage workers across the capital.

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

2. LONDON CITIZENS – a ‘university of the streets’.
 - Trustees affiliate annually to The Citizen Organising Foundation (COF) our parent body, and benefit from the mentoring and training of our developing professional staff team. This also gives us access to COF ‘National Training’ for our key leaders – over the year 47 leaders attended one of the two COF five day trainings – 14th to 18th November/Chigwell; and 18th to 22nd March/Birmingham. This allows staff and leaders to meet with BIRMINGHAM CITIZENS and for common issues of concern – Living Wage; ‘Strangers into Citizens’; Asylum Policy – to develop naturally into ‘joint campaigns’. COF in turn affiliate to the US based Industrial Areas Foundation (IAF) which has fifty year’s experience of community organising across the United States. We are grateful to Jonathan Lange and Ed Chambers from IAF for their support – and to Neil Jameson and Colin Weatherup and COF Trustees for their expertise and guidance.
 - COF is a Training Institute and also a Guild of Organisers. Most of these Organisers are employed directly by LONDON CITIZENS and play a vital role in the teaching and practice of ‘community organising’. It is estimated that there are over 10,000 ‘community organisers’ in the USA – in the UK there are just 10 – all employed by a CITIZENS group via COF. Since there is little recent tradition of ‘community organising’ in the UK the quest for effective Organisers is a preoccupation for Trustees and current staff alike. One of the most effective ways of finding talented Organisers has proved to be LONDON CITIZENS Summer Academy. In July/August 2006 we held the Academy for the fourth year running and managed to raise funds to employ twelve Student Organisers to undertake a range of action/research tasks mainly focussed on Living Wage issues and various low wage sectors. Alice Brickley, Linas Danielius, Matthew Bolton and Julie Camacho have all been recruited through the Summer Academy.
 - COF Trustees see London as the training ground for a developing national team of experienced Organisers – and so were pleased to see a smooth transition of Organiser take place when Andrew Crossley left TELCO in June 2006 to replace Kirk Noden as Lead Organiser in Birmingham CITIZENS, directly employed by their own board of Trustees. COF has raised funds from The Tudor Trust in this period and a condition of this grant is that more CITIZENS groups will be established across the country. This is a real challenge to the slow and patient art of seeking and the training an Organiser in London. The role of Rev Angus Ritchie from the Limehouse based Contextual Theology Centre and Dilowar Hussain at The Islamic Foundation, as COF Fellows, offering theological and philosophical reflection on civil society and ‘organising’ has been invaluable in supporting leaders, trustees and organisers. In June 2006, Lena Jamoul was awarded a PhD by London University for her three year study of TELCO.
 - LONDON CITIZENS organised four two day ‘Introduction to Leadership’ courses in this period for a total of 204 new leaders – May 19th/20th (City Centre/Queen Mary); July 14th/15th (University of Notre Dame); October 6th/7th Emmaus Centre, Notting Hill; 2nd/3rd February (Transport House, Holborn). In addition to this Organisers hold local workshops in member groups on a regular basis. Following the big Assembly in November 2006, TELCO members were offered a menu of ‘refresher organising workshops’ for three months.
 - Each ‘action’ is a learning experience and the process of any good ‘action should involve – research/action and evaluation for all the players involved. An example of how this worked in 2006/07 is ‘The Strangers into Citizens’ Campaign where not only the democratic and enthusiastic consent of the members was required over a six month period of workshops, assemblies, voting and testimony – but also a ‘national team of leaders’ was appointed to steer the campaign through its first phase (November 2006 to July 2007). Nominations were sought from both Birmingham and London CITIZENS and a schedule of Saturday monthly meetings was established mainly in London but twice in Birmingham. Numbers of leaders attending varies but a steady 40 to 50 people were regular and played a key role in shaping the campaign, agreeing the criteria and holding staff and others accountable to tasks agreed at previous meetings. This team played an invaluable role in supporting, training and delivering ‘irregular’ workers who were prepared to speak to the press and ensuring that the two major demonstrations on May 7th went well and numbers turned out. Trustees are very grateful to Austen Ivereigh, who joined the COF team from November 06 to June 07 as the Campaign Coordinator (and Tutor). The absence of resources meant that he has had to step down from this paid position, but we appreciate his willingness to remain as a key volunteer until this campaign is won.

London Citizens
Report of the Trustee Board
for the year ended 31 March 2007

- Trustees appreciate the hard work and creativity of LONDON CITIZENS professional staff team and welcome particularly David Gardner, Alice Brickley, Julie Camacho and Linas Danielius who joined us as full time Organisers during this period. We wish Andrew Crossley well in his new posting with BIRMINGHAM CITIZENS (June 2006) and bid farewell to Jordan Estevao as he moved on from South London CITIZENS to a new teaching career in March 2007. We also welcome Josephine Mukanjira who joined Colin Weatherup in our Business and Administration Team (March 2007). Thanks to Catherine Howarth (WLC), Matthew Bolton (TELCO) and Neil Jameson (Lead Organiser) for the experience, stability and wisdom they bring to the cause and especial thanks to the hundreds of unpaid volunteers and friends who have joined us at times during the year – in actions, to prepare for actions, to learn at our workshops and to help fund and sustain this exciting organisation.
3. LONDON CITIZENS – builder of sustainable civil society institutions.
- Trustees are pleased that there are now over ninety civil society groups in membership of LONDON CITIZENS and that these vary from local Mosques, to trade union branches, to schools and student groups and even a few local businesses and homeless projects. In September 2006 some of our member groups adopted one Sunday as CITIZENS Sunday and used the worship opportunity to teach and celebrate the work of LONDON CITIZENS and citizenship in general. We are keen that as many members as possible use 'organising' methods to help them find good leaders and, where appropriate, as their 'mission strategy'.
 - The development of new institutions like the Workers Association and even West and South London Citizens are a welcome challenge and have taught us lessons about ownership and accountability and democracy. The Living Wage Campaigns extension into universities has opened exciting doors and now academic departments and student groups have joined LONDON CITIZENS recognising their need to work with their neighbours on agreed objectives etc. Nevertheless our core members are faith institutions and they offer both the most effective and substantial turn out, as well as regular teaching opportunity through the Friday or Sunday worship opportunity. We have supported the Cardinal's quest for more information about the impact of new migrants on the RC church in London and worked closely with Francis Davis and his team from The Von Hugel Institute in their research (due to report to the London Bishops by May 2007).
 - Trustees are grateful to The City Bridge Trust for a new grant of £60,000 to be spent in next two financial years for a Teacher/Organiser to work specifically with new and potential member schools across London. We hope to use this post to encourage schools and student bodies to get much more involved in their neighbourhood and wider issues and to provide relevant curriculum material for teaching about on going campaigns etc.
 - LONDON CITIZENS is itself a relatively new civil society institution so Trustees were pleased when LONDON FIRST (the capital's older and more established business alliance) agreed to co-host a national conference with us on May 25th called 'Keeping London Clean and Well – a cleaning industry to be proud of for an Olympic City'. This event was held at The British Library and attended by 130 senior executives from leading FTSE 100 companies and the cleaning industry itself. Our other partner in the planning and delivery was The Cleaning and Support Services Administration (CSSA). Together we offered a platform of good practice to the audience which included paying a Living Wage plus pension, more full time and day time work and a career structure which makes the industry more attractive and competitive. Since this event several major companies have now moved to day time cleaning – Barclays, KPMG and Clifford Chance for instance.
 - One of the early lessons from 'The Strangers into Citizens' campaign has been how to try and reach the majority of people who are not in any civil society institution at all – or whose circumstance makes them almost 'invisible'. On May 7th 2007 this campaign managed to organise between 10,000 and 15,000 people into Trafalgar Square. The role of our membership in providing the guaranteed turn out, the discipline, the floor team, the volunteers and the tone of the action was vital and allowed us to attract about another two thirds of allies, supporters and sympathisers outside the membership – particularly 'irregular' workers themselves, recruited via radio stations, informal networks and friends. The specific web site we established also proved to be an invaluable organising tool for this purpose and reached many more people than is possible through our newsletters, the pulpit and the talk in school.

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

4. LONDON CITIZENS – strengthening the governance of the city and enhancing the process of democracy in London.
 - Over the last ten years we have reintroduced the practice of democratic Assembly into the governance of those parts of London where there are CITIZENS members. In the last five years we have complemented the large Assemblies with smaller, internal delegates Assemblies where teams of leaders from our member groups come together to discuss and argue, hear testimony and debate and eventually vote (as an institution) on a position, new campaign etc. An example of how this culture and good practice worked in 2006/07 was the process of gaining consent for such a radical proposal as an ‘amnesty’ for ‘irregular workers’. For instance;
 - *In May 2005 West London CITIZENS voted to extend the Living Wage Campaign into the hotel sector. This brought us into contact with large numbers of exploited workers, many of whom were undocumented or overstayers. From January 2006 we worked very closely with most of the RC ethnic chaplaincies and this also brought us into contact with many ‘undocumented’ workers and worshippers.*
 - *On May 1st, 2006 the Cardinal’s brave call for the ‘regularisation’ of these workers was greeted with thunderous applause by the 2,500 worshippers in Westminster Cathedral. Following the Mass, Paul Regan, Chair of LC Trustees asked members to spend six months reflecting on this issue and aim to reach some consensus for action by the late autumn.*
 - *Over the summer of 2006 local meetings were held in member groups, we engaged with JCWI and other groups with experience of the issue of ‘irregular’ workers and we called for ‘stories’ or testimony from our own members. We asked our members to talk to each other.*
 - *On October 2nd and October 3rd delegates from TELCO and SLC met in two Delegates Assemblies and considered the various proposals for action that were before them – each proposal had someone testify or illustrate the issue with their own story. The proposal for a ‘Strangers into Citizens’ campaign was voted the most important at both Assemblies and later ratified by much fuller Assemblies (total of 1500 people) at the main Assemblies on November 2nd and 16th.*
 - *Meanwhile BIRMINGHAM CITIZENS had followed the same process and again the proposal to act with LONDON on this matter was their number one issue.*
 - *A tense and tough Strategy Team in West London CITIZENS met in November 2006 and, though sympathetic to the issue was less convinced that they knew enough and enough people had been involved. They asked for more time and agreed to meet to decide on the issue on March 5th 2007 – meanwhile bringing in advisers, specialists etc.*
 - *COF launched the campaign at the TELCO Assembly on November 16th, 2006 because at least two thirds of the membership supported action.*
 - *On March 4th WLC members met and voted almost unanimously to support the campaign (with only one dissenter). This meant that 200 LONDON CITIZENS members travelled to Birmingham on March 22nd 2007 for a re-launch and Midlands launch joining 600 Birmingham CITIZENS.*
 - *It also meant that on May 7th we knew that thousands would turn out in support and that we had the solid support of our own member groups – who had moved from a position of sympathy and some interest to one of passion, personal involvement and ownership over the period of a year’s carefully crafted democratic activity and debate.*

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

- In April and May 2006 LC members also voted to act during the elections for local Borough Councils. LC 'Accountability Assemblies' were held in Lambeth and Croydon by SLC; Hammersmith and Fulham, Ealing and Kensington and Chelsea by WLC and Redbridge, Newham and Tower Hamlets by TELCO – a total of 800 citizens attended these Assemblies to meet the party leaders from the major parties and hear their responses to the issues put to them by CITIZENS. Deals were done, promises made, compromises reached and occasionally ideas rejected. The leader of Lambeth promised action on more public toilets in Brixton and has not delivered; Ealing promised wheelie bins for Southall if WLC could prove the need and had delivered; Newham refused to attend at the last minute and then moaned about the low turn out at elections; Redbridge councillors lectured the bright students of TELCO how complicated everything was and were sent packing; whilst the leader of Kensington and Chelsea agreed to almost nothing, but did so politely. Each time the candidates were asked to agree to work with or at least recognise LONDON CITIZENS if elected – mostly they did and so fruitful and, hopefully mutually beneficial relations have flowed from these public promises.

- On May 18th 2006, WLC held their 'Go Public' Assembly in Hammersmith Town Hall, attended by about 300 CITIZENS and Ed Milliband MP (the present Children's Minister). Business was also done with Westfield Shopping Malls plc and the newly elected leader of Ealing Council – a vote was carried to broaden the Living Wage campaign into the hotel sector and to target the Hilton Group particularly. On November 2nd SLC's Autumn Assembly welcomed Lin Homer, the Director General of the then Immigration and Nationality Directorate to their stage to account for the important changes she had introduced at Lunar House following the SLC 'Lunar House Report'. On November 16th TELCO's guest list was large and broad reflecting the ten years of public action and relationship building – but one of the surprise guests was Sir John Bond and his family! He had recently stood down as Chair of HSBC and been the target for TELCO's three year campaign to persuade the bank to pay a Living Wage to their cleaners. Sir John was garlanded by TELCO for now being a 'Living Wage' champion and was very generous in his praise of the tenacity and fortitude of TELCO members.

- LONDON CITIZENS own internal democracy is as important as the external actions so we welcomed 150 members to the AGM on December 6th at the University of Notre Dame – said good bye and thanks to three Trustees, Mary Grisdale, Anthony Ogunniyi and Marvin Alstott and welcomed four new Trustees. Appreciation was also expressed from all sides for the work of Rev Paul Regan (Bryant Street Methodist Church, Stratford and Aston Mansfield Charities, Newham) who was standing down as Chair of Trustees at the end of his four year's of office. Paul was on the original Sponsoring Committee in 1992 that raised the first seed money to start the organising drive which became TELCO in 1996. He became Chair of the Trustees of LONDON CITIZENS at our first AGM in 2003. Paul has given his professional working life to supporting civil society, particularly in Newham and brought a wealth of experience and relationships to TELCO and later LONDON CITIZENS. He is a pillar of East London's civil society and we have been blessed to have him lead and guide us in our early years. The AGM elected Rev Stephen Sichel, (St Matthew's, Anglican Church, Brixton) to replace him – and Deborah Littman (UNISON/co-opted) and Paul O'Shea (St Charles Sixth Form College, Ladbrooke Grove) as Vice Chairs. Trustees have met five times in 2006/07 with much of the work now being carried by a Finance and a Personnel Committee, ably supported by our Treasurer Frank McDowell and Colin Weatherup, Company Secretary.

Plans for future periods

Trustees look forward to the next five years with tremendous confidence and enthusiasm. The quest for talented organisers and then the money to sustain them and the running costs of the organisation is likely to remain a challenge, although the annual Summer Academies are proving good recruiting grounds for young Organisers. We still hope for a North London and Central London Assembly. The challenge of managing the new Workers Association – and organising people not in institutions will be tackled and resolved in the next few years, helped by new technology. We do not propose to leave our Cavell Street, Whitechapel base for at least two years – but would ideally like to invest in our own premises in the longer term. The search for a diverse mix of sustainable income sources is on going.

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

Financial review

The charity's total incoming resources for the year were £372,582, including £216,115 of restricted grant income. Resources expended amounted to £370,658, giving net income retained of £1,924.

Unrestricted free reserves at 31 March 2007 amounted to £49,940, compared to £58,283 at the beginning of the financial year.

Principal funding sources

Subscriptions from member organisations, which are the lifeblood of the charity, amounted to £63,893. Other principal grants received and their purposes were as follows:

| | | |
|----------------------------|--------------------------------------|---------|
| Execution Charitable Trust | Unrestricted use | £85,000 |
| Bridge House Trust | South London Organiser | £37,080 |
| City Parochial Foundation | East London/Hotel Workers' Organiser | £13,750 |
| Community Fund | East London Organiser | £43,583 |
| Unite Here | Workers' Association Organiser | £52,652 |
| Waterside Trust | Pastoral report | £10,000 |
| Westway Development Trust | West London Organiser | £22,500 |

Investment policy

The charity's Memorandum of Association does not confer any specific rights or restrictions on the Trustee Board in respect of investing its funds. The funds received by the charity during the period under review were not sufficient to justify separate investment, other than to be placed on deposit with the charity's bankers.

Reserves policy

The Trustees recognise the need for a reasonable level of reserves base to protect the charity from fluctuations in funding and sudden emergency requirements. In 2002/03 the Trustees agreed a basic reserve of £18,000 and made a commitment to try to add to this each financial year. Ideally, London Citizens would like a reserve which represents three months' annual expenditure. Whilst not yet at this level, the Trustees are pleased to report significant progress in building free, unrestricted reserves and at 31 March 2007 these stand at very nearly £50,000.

Affiliation with The Citizen Organising Foundation does include possible access to the larger reserve base of that organisation as London Citizens continues to accrue its own level of reserves.

Plans for future periods

Trustees look forward to the next five years with confidence and enthusiasm. The search for good Organisers and the resources to fund them and the Organisations is likely to remain a challenge, so seeking sustainable funding is a priority. It is hoped that – if this funding and Organiser talent happens then LONDON CITIZENS will grow to include North London and hopefully Central London, with the five Assemblies or Chapters working together in harmony under the LONDON CITIZENS umbrella. The rent for the Cavell Street office is due to be reviewed in 2007. It is hoped that this will not lead to relocation since we are about the welcome The Muslim Council of Britain as an immediate neighbour and the base works well for all.

Responsibilities of the Trustee Board

Company law requires the Trustee Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustee Board should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

**London Citizens
Report of the Trustee Board
for the year ended 31 March 2007**

The Trustee Board is also responsible for maintaining proper accounting records which 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 1985. The Trustee Board is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Trustee Board

Members of the Trustee Board, who are directors of for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report, are set out on page 1.

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

A resolution will be proposed at the Annual General meeting that Gotham Erskine LLP be re-appointed as auditors to the charity for the ensuing year.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Trustee Board and signed on their behalf on

Revd. Stephen Sichel
Chair of the Trustee Board

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 2007, 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 2007 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 LLP
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 2007

| | Notes | Unrestricted funds 2007 £ | Restricted funds 2007 £ | Total funds 2007 £ | Total funds 2006 £ |
|---|-------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| <i>Voluntary income:</i> | | | | | |
| Grants and donations | 2 | 90,795 | 216,115 | 306,910 | 290,563 |
| <i>Activities for generating funds:</i> | | | | | |
| Investment income | | 1,022 | - | 1,022 | 174 |
| Incoming resources from charitable activities: | | | | | |
| Membership dues | | 63,893 | - | 63,893 | 49,801 |
| Projects and other income | | 757 | - | 757 | 19,254 |
| Total incoming resources | | 156,467 | 216,115 | 372,582 | 359,792 |
| Resources expended | | | | | |
| Cost of generating funds: | | | | | |
| Fundraising costs for grants and donations | 3 | 8,364 | - | 8,364 | - |
| Charitable activities: | | | | | |
| Community organising | 3 | 152,612 | 206,744 | 359,356 | 280,585 |
| Governance costs | 3 | 2,938 | - | 2,938 | 4,906 |
| Total resources expended | | 163,914 | 206,744 | 370,658 | 285,491 |
| Net income/(expenditure) for the year | 4 | (7,447) | 9,371 | 1,924 | 74,301 |
| Transfers between funds | | 2,500 | (2,500) | - | - |
| Net movement in funds | | (4,947) | 6,871 | 1,924 | 74,301 |
| Fund balances at 1 April 2006 | | 58,283 | 3,129 | 61,412 | (12,889) |
| Fund balances at 31 March 2007 | | 53,336 | 10,000 | 63,336 | 61,412 |

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 2007**

| | Notes | 2007 £ | 2006 £ |
|---|-------|---------------|----------------|
| Fixed assets | | | |
| Tangible assets | 8 | 3,396 | - |
| Investments | 9 | 20,000 | - |
| | | <u>23,396</u> | <u>-</u> |
| Current assets | | | |
| Debtors | 10 | 24,256 | 28,818 |
| Cash at bank | | 70,442 | 118,484 |
| | | <u>94,698</u> | <u>147,302</u> |
| Creditors: amounts falling due within one year | 11 | <u>31,023</u> | <u>9,919</u> |
| Net current assets | | 63,675 | 137,383 |
| Total assets less current liabilities | | <u>87,071</u> | <u>137,383</u> |
| Accruals and deferred income | 12 | 23,735 | 75,971 |
| Net assets | 13 | <u>63,336</u> | <u>61,412</u> |
| Charity funds | | | |
| Unrestricted funds | | | |
| Designated funds | | 3,396 | - |
| General funds | | 49,940 | 58,283 |
| Total unrestricted funds | | <u>53,336</u> | <u>58,283</u> |
| Restricted funds | | 10,000 | 3,129 |
| Total funds | | <u>63,336</u> | <u>61,412</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 and authorised for issue by the Trustee Board on

Revd. Stephen Sichel
Chair of the Trustee Board

**London Citizens
Notes to the Accounts
for the year ended 31 March 2007**

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 14 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

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.

Tangible fixed assets and depreciation

Assets with a cost of less than £350 are expensed. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write down to estimated residual value the cost of all other tangible fixed assets over their estimated useful lives as follows:

| | |
|--------------|-----------------------|
| IT equipment | 25% per annum on cost |
|--------------|-----------------------|

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

1 Accounting policies (continued)

Fixed asset investments

Cash held on long term deposits is included in the accounts at cost.

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 15

2 Grants and donations

| | Unrestricted funds 2007 £ | Restricted funds 2007 £ | Total funds 2007 £ | Total funds 2006 £ |
|--|--|--|---------------------------------------|---------------------------------------|
| Bridge House | - | 37,080 | 37,080 | 3,083 |
| Citizen Organising Foundation | - | - | - | 71,000 |
| City Parochial Foundation Central Fund | - | 13,750 | 13,750 | 20,000 |
| Community fund | - | 43,583 | 43,583 | - |
| Execution Charitable Trust | 85,000 | 8,333 | 93,333 | 110,000 |
| Greater London Authority | - | 5,000 | 5,000 | - |
| Hollick Family Trust | - | 5,000 | 5,000 | - |
| London Catalyst | - | 6,250 | 6,250 | - |
| Transport and General Workers Union | - | 7,500 | 7,500 | 7,500 |
| Tudor Trust | - | 4,167 | 4,167 | 25,000 |
| Unite Here | - | 52,652 | 52,652 | - |
| Waterside Trust | - | 10,000 | 10,000 | - |
| Wates Foundation | - | - | - | 10,112 |
| Westway Development Trust | - | 22,500 | 22,500 | 32,500 |
| Miscellaneous donations | 5,795 | 300 | 6,095 | 11,368 |
| | 90,795 | 216,115 | 306,910 | 290,563 |

**London Citizens
Notes to the Accounts
for the year ended 31 March 2007**

| 3 Resources expended | Fund- raising 2007 £ | Community organising 2007 £ | Gover- nance 2007 £ | Total 2007 £ | Total 2006 £ |
|--|---|--|--|-----------------------------|-----------------------------|
| Costs directly allocated to activities | | | | | |
| Donations and grants | - | - | - | - | 1,950 |
| Staff costs | 8,364 | 180,574 | - | 188,938 | 151,269 |
| Project costs | - | 35,524 | - | 35,524 | 39,651 |
| Lead organiser/business and communications manager | - | 63,750 | - | 63,750 | 50,960 |
| Support costs allocated to activities | | | | | |
| Affiliation fees | - | 20,000 | - | 20,000 | 12,000 |
| Premises costs | - | 20,468 | - | 20,468 | 12,029 |
| Postage, printing and stationery | - | 17,349 | - | 17,349 | 6,000 |
| Travel and subsistence | - | 14,153 | - | 14,153 | 4,472 |
| Communications | - | 2,364 | - | 2,364 | 1,409 |
| Consultancy | - | 1,221 | - | 1,221 | 1,500 |
| Staff training and seminars | - | 1,726 | - | 1,726 | 1,020 |
| Depreciation | - | 719 | - | 719 | - |
| Audit fees | - | - | 2,938 | 2,938 | 2,365 |
| Other expenses | - | 1,508 | - | 1,508 | 866 |
| Total resources expended | 8,364 | 359,356 | 2,938 | 370,658 | 285,491 |

| 4 Net income for the year | 2007 £ | 2006 £ |
|--|-------------------|-------------------|
| This is stated after charging: | | |
| Depreciation | 719 | - |
| Auditors' remuneration for statutory audit | 2,938 | 2,365 |

| 5 Staff costs and numbers | 2007 £ | 2006 £ |
|----------------------------------|-------------------|-------------------|
| Staff costs were as follows | | |
| Salaries and wages | 149,453 | 131,111 |
| Social security costs | 14,449 | 13,376 |
| Pension costs | 4,501 | 6,782 |
| | 168,403 | 151,269 |

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:

| | 2007 No. | 2006 No. |
|----------------------|---------------------|---------------------|
| Community organisers | 5 | 5 |

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

6 Trustee remuneration

No trustee received any remuneration during the year or the preceding year. One trustee (2006: one) claimed travel expenses totalling £73 (2006: £41) 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 Tangible fixed assets

| | IT equipment £ |
|-----------------------|-------------------------------|
| Cost | |
| At 1 April 2006 | - |
| Additions | 4,115 |
| At 31 March 2007 | <u>4,115</u> |
| Depreciation | |
| At 1 April 2006 | - |
| Charge for the year | 719 |
| At 31 March 2007 | <u>719</u> |
| Net book value | |
| At 31 March 2007 | 3,396 |
| At 31 March 2006 | <u>-</u> |

There were no capital commitments at 31 March 2007.

The charity's tangible fixed assets are used to support charitable activities.

9 Fixed asset investments

| | 2007 £ | 2006 £ |
|-----------------------------|-------------------|-------------------|
| Unlisted investments | | |
| Cost | | |
| Additions | 20,000 | - |
| At 31 March 2007 | <u>20,000</u> | <u>-</u> |

During the year the charity placed cash not required for immediate purposes on a 5 year deposit with Bristol and West Building Society, the CAF Guaranteed Equity Account. Substantial penalties apply for early withdrawal.

The ultimate value of the investment is dependent on the performance of the fund, but there is a guaranteed minimum return of 3.8%. This is provided for in the accounts under investment income and accrued income.

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

| 10 Debtors | 2007 | 2006 |
|-------------------|---------------|---------------|
| | £ | £ |
| Grants receivable | 24,163 | 28,500 |
| Other debtors | 93 | 318 |
| | <u>24,256</u> | <u>28,818</u> |

| 11 Creditors: amounts falling due within one year | 2007 | 2006 |
|--|---------------|--------------|
| | £ | £ |
| Accounts payable | 1,485 | 3,953 |
| Social security and other taxation | 8,252 | 3,816 |
| Other creditors | 21,286 | 2,150 |
| | <u>31,023</u> | <u>9,919</u> |

| 12 Grants received in advance (deferred income) | 2007 | 2006 |
|--|---------------|---------------|
| | £ | £ |
| Deferred at 1 April 2006 | 68,917 | 47,612 |
| Released to Statement of financial activities | (68,917) | (47,612) |
| Received and deferred in the year | 17,417 | 68,917 |
| | <u>17,417</u> | <u>68,917</u> |

| 13 Analysis of net assets between funds | Designated funds | General funds | Restricted funds | Total funds |
|--|-------------------------|----------------------|-------------------------|--------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 3,396 | - | - | 3,396 |
| Current assets | - | 67,281 | 27,417 | 94,698 |
| Current liabilities | - | (31,023) | - | (31,023) |
| Accruals and deferred income | - | (6,318) | (17,417) | (23,735) |
| | <u>3,396</u> | <u>29,940</u> | <u>10,000</u> | <u>43,336</u> |

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

14 Movement in funds

| | At 1 Apr 06 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | At 31 Mar 07 £ |
|--|---------------------|----------------------------|----------------------------|----------------|----------------------|
| Unrestricted funds: | | | | | |
| Unrestricted funds: | | | | | |
| Designated funds | | | | | |
| Fixed asset fund | - | - | - | 3,396 | 3,396 |
| General funds | 58,283 | 156,467 | (163,914) | (896) | 49,940 |
| Total unrestricted funds | 58,283 | 156,467 | (163,914) | 2,500 | 53,336 |
| Restricted funds: | | | | | |
| East London organiser (1) | - | 5,000 | (5,000) | - | - |
| East London organiser (1) | - | 43,583 | (43,583) | - | - |
| South London organiser (1) | - | 37,080 | (37,080) | - | - |
| South London organiser (2) | - | 4,167 | (4,167) | - | - |
| West London organiser (3) | - | 22,500 | (22,500) | - | - |
| Community organiser | - | 8,333 | (8,333) | - | - |
| Living Wage organiser and costs | 3,129 | 7,500 | (10,629) | - | - |
| London Citizens Workers' Association (1) | - | 8,750 | (8,750) | - | - |
| London Citizens Workers' Association (2) | - | 6,250 | (6,250) | - | - |
| London Citizens Workers' Association (3) | - | 52,652 | (50,152) | (2,500) | - |
| Summer Academy (1) | - | 5,000 | (5,000) | - | - |
| Summer Academy (2) | - | 5,000 | (5,000) | - | - |
| Pastoral report | - | 10,000 | - | - | 10,000 |
| Miscellaneous | - | 300 | (300) | - | - |
| | 3,129 | 216,115 | (206,744) | (2,500) | 10,000 |
| Total funds | 61,412 | 372,582 | (370,658) | - | 63,336 |

Purposes of funds

The fixed asset fund represents the net book value of tangible fixed assets, and has been designated by the trustees to reflect the fact that these funds are not in a liquid form and so are not expendable funds.

The Summer Academy fund is to fund a training project run by London Citizens for students during their summer break.

The London Citizens Workers Association is a unique attempt to organize London's low-wage migrant workers, providing a voice for the invisible workforce which fuels the city's economic success.

The Pastoral Report fund is for a Parish Guide to Catholic Social Teaching and Citizen Organising which will be distributed within the Catholic Church.

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 2007**

15 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 was one active member 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 2005 by a professionally qualified actuary. The market value of the Plan's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96% (September 2002 - assets £418 millions, liabilities £418 million, funding level 100%).

The financial assumptions underlying the valuation were as follows:

| | 30 Sep 05 % pa | 30 Sep 02 % pa |
|--------------------------------------|---------------------------------|---------------------------------|
| Rate of return on accumulated assets | 6.6 | 6.7 |
| Bonuses on accrued benefits | 0.0 | 0.0 |
| Rate of price inflation | 2.5 | 2.5 |

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

15 Pension commitments (continued)

At 30 September 2006 the scheme actuary provided an approximate update of the funding position. The funding update revealed an increase in the asset value of the scheme to £747 million and indicated a surplus of assets compared to liabilities of £2 million, equivalent to a funding level of 100.2%.

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 30 September 2006 (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 £486 (2006: £870) were payable to the fund at the balance sheet date and included under other creditors.

16 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:

- London Citizens paid £63,750 to COF for the services of the lead community organiser and the business and communications manager
- London Citizens became liable to affiliation fees of £20,000
- London Citizens paid rent and other office costs of £20,468 to COF (which leases the premises from which London Citizens operates)
- London Citizens became liable to pay travel and subsistence costs of £3,204
- London Citizens raised £50,000 from City Parochial Foundation in order to fund a COF Campaign, 'Strangers into Citizens'. The grant was/is to be received by London Citizens and passed on to COF, and due to the pass-through nature of this transaction the income has not been shown in these accounts.

London Citizens
Notes to the Accounts
for the year ended 31 March 2007

16 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 £18,460 (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

London Citizens
Income and expenditure account (page 1 of 2)
for the year ended 31 March 2007
for the information of the trustees only

| | 2007 | | 2006 |
|---|----------------|---------------|----------------|
| | £ | | £ |
| CHARITY INCOME | | | |
| Donations and grants | | | |
| Bridge House | 37,080 | | 3,083 |
| Citizen Organising Foundation | - | | 71,000 |
| City Parochial Foundation Central Fund | 13,750 | | 20,000 |
| Community Fund | 43,583 | | - |
| Execution Charitable Trust | 93,333 | | 110,000 |
| Greater London Authority | 5,000 | | - |
| Hollick Family Trust | 5,000 | | - |
| London Catalyst | 6,250 | | - |
| Transport and General Workers Union | 7,500 | | 7,500 |
| Tudor Trust | 4,167 | | 25,000 |
| Unite Here | 52,652 | | - |
| Waterside Trust | 10,000 | | - |
| Wates Foundation | - | | 10,112 |
| Westway Development Trust | 22,500 | | 32,500 |
| Miscellaneous donations | 6,095 | | 11,368 |
| | <hr/> | | <hr/> |
| | 306,910 | | 290,563 |
| Charitable activities | | | |
| Membership dues | 63,893 | 49,801 | |
| Projects, training and other income | <u>757</u> | <u>19,254</u> | |
| | 64,650 | | 69,055 |
| Bank interest | 1,022 | | 174 |
| | <hr/> | | <hr/> |
| TOTAL CHARITY INCOME (carried forward) | 372,582 | | 359,792 |

London Citizens
Income and expenditure account (page 2 of 2)
for the year ended 31 March 2007
for the information of the trustees only

| | 2007 | | 2006 |
|--|----------------|----------------|----------------|
| | £ | | £ |
| TOTAL CHARITY INCOME (brought forward) | <u>372,582</u> | | <u>359,792</u> |
| CHARITY EXPENDITURE | | | |
| Staff costs | | | |
| Salaries and wages | 149,453 | 131,111 | |
| Employers national insurance | 14,449 | 13,376 | |
| Company pension contributions | 4,501 | 6,782 | |
| Subcontract | 18,707 | - | |
| Relocation | 1,828 | - | |
| | <u>188,938</u> | <u>151,269</u> | |
| Project costs | | | |
| Grants made | - | 1,950 | |
| National training | 2,720 | 4,840 | |
| Living Wage | - | 903 | |
| Lunar House - Immigration Service | - | 11,707 | |
| Assemblies | 22,735 | 15,193 | |
| Workers' Association | 7,986 | 3,184 | |
| Summer Academy | 2,083 | 3,824 | |
| | <u>35,524</u> | <u>41,601</u> | |
| Administrative costs | | | |
| Lead organiser and business and communications manager | 63,750 | 50,960 | |
| Affiliation costs | 20,000 | 12,000 | |
| Rent and premises costs | 20,468 | 12,029 | |
| Printing, postage and stationery | 17,349 | 6,000 | |
| Travel and subsistence | 14,153 | 4,472 | |
| Communications | 2,364 | 1,409 | |
| Consultancy | 1,221 | 1,500 | |
| Staff training and seminars | 1,726 | 1,020 | |
| Depreciation | 719 | - | |
| Auditors' remuneration for statutory audit | 2,938 | 2,365 | |
| Miscellaneous expenses | 1,508 | 866 | |
| | <u>146,196</u> | <u>92,621</u> | |
| TOTAL CHARITY EXPENDITURE | <u>370,658</u> | | <u>285,491</u> |
| NET INCOME FROM CHARITABLE SOURCES | <u>1,924</u> | | <u>74,301</u> |