

Company number: 4604379
Charity number: 1096492

ReachOut Youth

Report and financial statements
For the year ended 31 August 2022

Contents

For the year ended 31 August 2022

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Reference and administrative information

For the year ended 31 August 2022

Company number 4604379
Country of Incorporation United Kingdom

Charity number 1096492
Country of Registration England and Wales

Registered office & operational address Unit 0.2
244-254 Cambridge Heath Road
LONDON
E2 9DA

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Edmund Lehmann (Chairman, Person of Significant Control)
Marion Baker (Person of Significant Control)
David Fass (resigned as of 30/06/22)
Nimesh Patel
Zeynab Yusuf
James Browne
Tom Edmonds (as of 16/11/21)

Company Secretary Kevin McCarthy

Key management Personnel Bejal Shah, Chief Executive Officer (resigned as of 13/01/23)
Alice Memminger, Interim Chief Executive Officer (as of 06/02/23)
Joy Upchurch, Head of Delivery
James Williams, Head of Marketing and Partnerships (as of 01/10/21)

Network Development Group Melanie Moore (Chair)
Steve McCann
Alex Martin
Jenna Buckland
Luke Louca

Bankers RBS
Drummond House
Redheughs Ave
Edinburgh
EH12 9RH

The Co-operative Bank
PO Box 250
Skelmersdale

Reference and administrative information

For the year ended 31 August 2022

WN8 6WT

Solicitors

Morgan, Lewis & Bockius
Condor House
5-10 St. Paul's Churchyard
London
EC4M 8AL

Menzies LLP
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

GBH Law Ltd.
7-8 Innovation Place
Douglas Drive
Godalming
GU7 1JX

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

The Trustees present their report and financial statements for the year ended 31 August 2022.

Reference and administrative information set out on pages 1 and 2 forms part of this report. 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: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Our Mission

ReachOut is a mentoring charity working with children in disadvantaged communities to raise aspirations and help them grow in character and attainment.

We improve self-confidence and develop Numeracy, Literacy and Communication, whilst reinforcing our core character strengths of Fairness, Self-Control, Good Judgement and Staying Power.

We do this through one-to-one mentoring with positive role models and team activities, to promote leadership, trust and responsibility.

How our activities deliver public benefit

The Trustees review the aims, objectives and activities of the charity each year. The Impact Report together with this report summarise the achievements of the charity and the outcomes of its work during the reporting period. The Trustees are pleased to report the success of the key activities of the charity with benefits delivered to those groups of people that the charity has been set-up to help, in line with its stated purpose.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In the opinion of the Trustees we have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Policies to further the charity's objects

The income and property of the charity from whatever source derived are applied solely towards the promotion of its objects as set out above. No portion thereof is paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to the members of the company.

We are very grateful to all our funders, large and small, as well as our individual donors who are not named here, for their decision to donate to ReachOut and help us pursue our objectives. Their confidence in us is very much appreciated.

Mentoring Programmes

Our mentoring programmes use long term, one-to-one mentoring to support young people to develop character and confidence, leading to improved outcomes through key transition points during school and beyond. Led by paid staff who support our volunteer mentors throughout, the weekly after school sessions are tailored for each of our three age groups and include both one-to-one and group activities.

- **ReachOut Club:** Primary school pupils Year 5-6 (aged 9 – 11)
Academic and character-building activities to boost academic confidence and support the transition to secondary school.
- **ReachOut Academy:** Secondary school pupils Year 7-11 (aged 11 – 16)
Academic and character-building activities to support the period through adolescence and prepare young people for future success.
- **ReachOut+:** Year 12-13 pupils (aged 16 – 18)
Supporting young people with the transition post-GCSEs, exploring career options and pathways.

For all age groups, young people are referred by their teachers at our partner schools which are located in areas of economic and social disadvantage.

In 2021/22, we delivered the highest number of projects, reaching the highest number of young people in ReachOut's history:

2021/22 Delivery	Number of Projects Delivered	Places for young people
Programme		
ReachOut Club London	20	240
ReachOut Club Manchester	9	108
ReachOut Club Liverpool	5	60
Total ReachOut Club	34	408
ReachOut Academy London	18	288
ReachOut Academy Manchester	14	224
ReachOut Academy Yorkshire	2	24
ReachOut Academy Nottingham	2	24
Total ReachOut Academy	36	576
ReachOut+ London	3	48
Total ReachOut+	3	48
Total	73	1032

Youth Participation

Youth Participation has continued to be a priority for us to ensure that our beneficiaries can make meaningful contributions to our work to benefit themselves and ReachOut.

Each group had the opportunity to elect 2 'Mentee Reps' to take part in our youth council. These young people were provided with training, and attended meetings where they shared their peers' views on ReachOut's activities.

Our Mentors

We aim to recruit a diverse pool of mentors who bring different skills, interests and experiences to our young people. Our mentors are a mixture of working professionals, who mostly volunteer at our Academy or RO+ programmes, and students from local universities, who mostly volunteer at our Club programmes.

833 mentors volunteered on our programmes in 2021/22, 179 of whom were returning mentors from previous years.

Leadership Development Programme

Our mentoring sessions are facilitated by Project Leaders, sessional staff members who are recruited onto our Leadership Development Programme. In 2021/22, 87 Project Leaders were trained and supported to deliver effective and safe mentoring sessions and provided with a range of opportunities for professional development including career mentoring.

ReachOut Level Up Experience

Our ReachOut Level Up Experience grew in 2021/22, with 195 university students from participating universities volunteering on our programmes.

46 of these students engaged with the corporate opportunities on offer, with 28 students benefiting from a career mentor from one of our corporate partners, and 13 students applying for additional opportunities. Other students participated in activities like workshops.

Career Mentoring

We continued to provide Career Mentoring to both Project Leaders and 'Level Uppers'. We supported 47 people:

- 19 Projects Leaders in London
- 28 'Level Uppers'

Career Mentors came from a range of backgrounds and industries and provided support with careers advice, interview preparation, building confidence and leadership skills, networking and goal-setting.

Achievements and performance

Mentee Attendance

	2021/22	2020/21	2019/20
ROA Average number of mentees attending per session	8.8	7.8	11.0
ROC Average number of mentees attending per session	9.5	7.7	8.7
RO+ Average number of mentees attending per session	5.0		

Mentees attending per session increased in 2021/22 as capacity with the return to majority in-person delivery.

For further impact information please see our 2021/22 impact report available on our website.

<https://www.reachoutuk.org/wp-content/uploads/2023/03/Read-our-202021-Impact-Report.png>

Financial review

Incoming resources increased this year to £1,053,289. We saw a significant increase in Community and Individual income this year. School funding saw a general increase however this was mainly due to the increased number of projects run. Changes in the mix of funding sources from the last financial year can be seen below:

Principle Funding Sources	2021/2022	2020/2021
Trusts & Foundations	59%	60%
Corporates	25%	27%
Schools	5%	2%
Community and Individual	11%	5%
Government	0%	6%

Outgoing expenditure rose to £1,147,711. This was primarily due to the increase in staff and overall delivery. Overall, this resulted in a net deficit of £94,422.

Reserves

The charity's policy is to hold reserves for the purpose of protecting the work of the charity in the short term, should funding targets not be met or if the charity should need to cease or curtail its activities. The reserves policy is reviewed annually where specific factors affecting the level of continuity, restructuring and dissolution funds are looked at with changes being made as necessary.

The charity target reserves level based on 2022/23 budget as of May 2022 was set at £486k. As of 31st August 2022 general reserves were £563,996, which is above this target. The Board of Trustees have put in place a plan to invest and draw down reserves in excess of our target to support future growth of the charity over future financial years.

Fundraising

ReachOut is lucky to have a wide range of committed supporters who fund and support our work in a variety of different ways.

Overall, 2021/22 was another strong year for ReachOut. In a difficult economic climate, we are fortunate that our friends and supporters recognise the importance of the work being done by ReachOut in addressing the multiple challenges faced by young people.

Again this year, the majority of our funding (58%) came from grants from trusts and foundations; a mixture of project and unrestricted funding. We are deeply grateful to our long-term trust supporters as well as those who are new to supporting us this year.

Our partnerships with companies continue to be crucial to our work in so many ways. Alongside providing large numbers of our mentors and valuable workplace experiences which greatly enhance our programmes, partnerships with companies also generate vital funds for the charity through sponsorship, donations and payment for services. We work hard to develop mutually beneficial, long-term partnerships with companies which best serve the interests of the young people we support. We are delighted that many of our longstanding corporate partners continued to support our work during the year including Kroll, Bregal Investments, Blackrock, Bloomberg, Macquarie, The Pokemon Company International, Simkins and Tibra Capital. We also welcomed new partners including Richer Sounds, ECI Partners and Aegis London.

In addition to the above, a very important part of our funding mix comes from contributions from schools, individuals and community events. School payments comprise a growing portion of our funding, which reflects of the value that they place on our programmes for their pupils. This year was another challenging year for community events following the disruption caused by the pandemic. Nevertheless, hundreds of supporters took part in events including the Hackney Half Marathon, Great Manchester Run, Royal Parks Half Marathon as well as our own events – The ReachOut Raise and The Charity Cup, raising hugely valuable unrestricted funding for our work.

An exciting development this year was the launch of our new Network Development Group. This is a group of senior volunteers charged with expanding our network of individual and corporate contacts. The group meets quarterly and is chaired by Melanie Moore from Macquarie. This year we also launched our new "Friends of ReachOut" Giving Club for individuals giving over £2,500 per year (or £200 per month). Both the NDG and Friends of ReachOut are part of our plans to engage new high-level supporters – vital for the future financial resilience of the charity.

All our fundraising activities are carried out by our in-house fundraising team, overseen by the charity's leadership. The Charity is registered with the Fundraising Regulator and our fundraising activities are in line with the Code of Fundraising Practice and our own ethical fundraising policy. We are committed to protecting vulnerable people in all our activities. We do not use any professional fundraising organisations and did not receive any complaints about our fundraising activities during the year.

We are enormously grateful to everyone who has supported ReachOut this year.

Principal risks and uncertainties

The Trustees are responsible for ensuring key risks faced by ReachOut are managed and adequate mitigating measures are implemented. How we proactively identify and manage our risks is recorded in the Risk Register and reviewed biannually at board meetings.

Key risks for ongoing attention:

Safeguarding - The Trustees are aware the principal risk for the Charity is concerned with the safeguarding of the young people it aims to support, and as such, this is always taken into account when risks are discussed. ReachOut's Safeguarding & Child Protection Policy is reviewed annually by the Trustees which sets out procedures and controls to mitigate the associated risks. Our Designated Safeguarding Leads ensure safeguarding reporting and recording procedures are followed and that concerns are flagged and communicated rapidly and securely. All staff and volunteers are screened and vetted, and we deliver continually updated safeguarding training to volunteers. Staff undergo annual refresher training and we liaise with schools regarding at risk young people.

Funding - In order to mitigate the funding risks, we continue to diversify our funding streams across trusts and foundations, government grants, schools, corporate donations and community fundraising. We are also funding our work further in advance, meaning we have more lead time to solve problems and seek additional funders should issues arise.

Loss of key personnel – Through progression and succession planning, we are ensuring that we are constantly developing staff internally so that they are ready to step into more senior roles if required. Through our volunteer and sessional staff pool, we have a pipeline of junior delivery staff. We have also worked hard to ensure that staff across the organisation feel valued and supported by investing in training, as well as through reward and recognition.

Volunteer and Project Leader recruitment and retention – Recruiting sufficient numbers of volunteers and Project Leaders remains a high risk for ReachOut as they are integral to our delivery and the impact on our beneficiaries. This is being continuously monitored and plans implemented to minimise this risk.

Plans for the future

The need for our work is greater than ever. The young people we exist to support have been disproportionately affected by the pandemic, and the inequalities between them and their peers worsened. Our holistic approach to mentoring allows young people to feel empowered and take ownership of their lives and futures, to see their potential and believe in it.

Trustees' annual report

For the year ended 31 August 2022

In 2021, we set out a 3-year strategic plan for growth to meet this need, with the following priorities:

- Increasing our reach
- Deepening our impact
- Sustainable income generation
- Organisational development
- Equality, Diversity and Inclusion

In 2021/22 we successfully delivered the first year of this strategic plan. Targets for Year 2 of the plan were reviewed taking into account the economic climate and we are pleased to continue growing to reach even more young people across our locations.

Going concern

ReachOut has a healthy level of reserves, a growing network of supporters and a clear case for support with current and prospective funders. This, coupled with the appointment of a new Senior Management Team and the adoption of a new strategic plan, puts the organisation in a stable position with a platform for future sustainable growth. This gives the Trustees a reasonable expectation that the charity has the resources required to continue operations for the next 12 months from the date of signing. Therefore, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 29 November 2002 and registered as a charity on 12 March 2003. 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.

Responsibility for day-to-day operations and the leadership of the staff and volunteer team is delegated to the Senior Management Team. The team is responsible for all day-to-day decisions affecting the charity. Decisions of a strategic or directional nature, including the employment of the senior staff, remain the responsibility of the Trustees, as laid out in our Delegation of Executive Powers. The Trustees are ultimately responsible for setting and approving remuneration of senior management. Remuneration is approved by the Trustees as part of the annual budget process. The charity has no subsidiaries or related parties.

A minimum of two trustees will be nominated members of the charity at the Annual General Meeting and therefore become persons of significant control. At time of founding, ReachOut's membership was separated from Trusteeship, as a separate membership and trustee cohort was envisaged by the Charity's founders. Today, the members of the charity are a subset of the current Trustee board. As membership is addressed only irregularly in order to minimise administration, it tends to be the case that the longer serving Trustees are also members.

Trustees' annual report

For the year ended 31 August 2022

The recruitment of Trustees takes place through contacts within the current Board and wider recommendation from other stakeholders, including schools, volunteers and funders. Appointments are made by a vote of the existing members. In the last year, we reviewed the expertise of the board and identified gaps in finance, senior experience in education/young people and marketing. In November 2021, we recruited one new trustee to fill the marketing expertise gap and are working to fill the remaining areas.

We ensure trustees complete all ReachOut relevant trainings and are DBS checked once they are appointed to the board.

All Trustees give their time voluntarily and receive no benefits from the charity. No expenses were claimed by the Trustees in this financial year.

Related parties and relationships with other organisations

There were no related party transactions during the year.

Remuneration policy for key management personnel

Our approach to pay is to provide fair and appropriate remuneration packages for our people to ensure we can attract and retain people with the skills and experience to deliver the Charity's objectives. We aim to be competitive in the marketplace from which we draw our people and review this regularly.

Statement of responsibilities of the Trustees

The Trustees (who are also directors of ReachOut Youth for the purposes of company law) are responsible 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements

Trustees' annual report

For the year ended 31 August 2022

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 August 2022 was 2. Two Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Auditor Sayer Vincent LLP was reappointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The Trustees' annual report has been approved by the Trustees on 28 March 2023 and signed on their behalf by Edmund Lehmann and Nimesh Patel.

Edmund Lehmann
Chair of Trustees

Nimesh Patel
Trustee

Independent auditor's report

To the members of

ReachOut Youth

Opinion

We have audited the financial statements of ReachOut Youth (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on ReachOut Youth's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

To the members of

ReachOut Youth

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, and trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report

To the members of

ReachOut Youth

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Joanna Pittman (Senior statutory auditor)

DATE 29 March 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 August 2022

		Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
	Note						
Income from:							
Donations	2	408,133	66,050	474,183	555,334	55,800	611,134
Charitable activities							
ReachOut Club	3	21,000	142,570	163,570	3,000	120,682	123,682
ReachOut Academy	3	29,600	364,511	394,111	17,950	342,461	360,411
ReachOut Plus	3	–	19,755	19,755	–	–	–
Other income		1,449	–	1,449	51	–	51
Investment income		221	–	221	51	–	51
Total income		460,403	592,886	1,053,289	576,335	518,943	1,095,278
Expenditure on:							
Raising funds	4	198,023	–	198,023	133,562	–	133,562
Charitable activities							
ReachOut Club	4	207,485	167,008	374,493	64,225	135,190	199,415
ReachOut Academy	4	106,467	402,159	508,626	113,461	383,753	497,214
ReachOut Plus	4	42,850	23,719	66,569	–	–	–
Total expenditure		554,825	592,886	1,147,711	311,248	518,943	830,191
Net income for the year and net movement in funds	5	(94,422)	–	(94,422)	265,087	–	265,087
Reconciliation of funds:							
Total funds brought forward		658,418	–	658,418	393,331	–	393,331
Total funds carried forward		563,996	–	563,996	658,418	–	658,418

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

As at 31 August 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	10		–	–	–
			–	–	–
Current assets:					
Debtors	11	58,229		3,707	
Cash at bank and in hand		611,757		714,228	
		669,986		717,935	
Liabilities:					
Creditors: amounts falling due within one year	12	(105,990)		(59,517)	
Net current assets			563,996		658,418
Total net assets	13		563,996		658,418
The funds of the charity:	14				
Restricted income funds			–		–
Unrestricted income funds:					
General funds		563,996		658,418	
Total unrestricted funds			563,996		658,418
Total charity funds			563,996		658,418

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

Approved by the trustees on 28 March 2023 and signed on their behalf by

Edmund Lehmann
Chair of Trustees

Nimesh Patel
Trustee

Statement of cash flows

For the year ended 31 August 2022

Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2022 £	2021 £
Net income (expenditure) for the reporting period (as per the statement of financial activities)	(94,422)	265,087
Depreciation charges	–	779
Increase in debtors	(54,522)	2,700
Decrease in creditors	46,473	6,214
Net cash provided by operating activities	<u>(102,471)</u>	<u>274,780</u>

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash provided by operating activities		(102,471)		274,780	
Cash flows from investing activities:					
Net cash (used in) investing activities		–		–	
Change in cash and cash equivalents in the year		(102,471)		274,780	
Cash and cash equivalents at the beginning of the year		714,228		439,448	
Cash and cash equivalents at the end of the year		<u>611,757</u>		<u>714,228</u>	

1 Accounting policies

a) Statutory Information

ReachOut Youth is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is Unit 0.2, 244–254 Cambridge Heath Road, E2 9DA

b) Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

ReachOut has a healthy level of reserves, a growing network of supporters and a clear case for support with current and prospective funders. This, coupled with the appointment of a new Senior Management Team and the adoption of a new strategic plan, puts the organisation in a stable position with a platform for future sustainable growth. This gives the Trustees a reasonable expectation that the charity has the resources required to continue operations for the next 12 months from the date of signing. Therefore, the Trustees continue to adopt the going concern basis in preparing the financial statements.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

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

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

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Schools income is recognised in the academic year to which it relates.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

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

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

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

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services and activities undertaken to further the purposes of the charity and their associated support costs

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

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on projects undertaken, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on projects undertaken, of the amount attributable to each activity

- | | |
|--------------------|-----|
| • ReachOut Club | 37% |
| • ReachOut Academy | 57% |
| • ReachOut Plus | 6% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-------------|----------------------|
| • Fixtures | 5% reducing balance |
| • Equipment | 33% reducing balance |

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

The charity operates a defined contribution scheme with NEST and currently contributes 2% of qualifying earnings.

Notes to the financial statements

For the year ended 31 August 2022

2 Income from donations and legacies

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Individual Fundraising	26,156	–	26,156	23,448	–	23,448
Community Fundraising	86,144	–	86,144	24,752	–	24,752
Total community	112,300	–	112,300	48,200	–	48,200
Bloomberg	–	–	–	20,000	–	20,000
Bregal Investments	40,611	–	40,611	–	–	–
ECI Partners	23,437	–	23,437	–	–	–
Macquarie Group Foundation	–	–	–	50,000	–	50,000
The Pokemon Company	37,068	–	37,068	87,417	–	87,417
Other corporates	66,917	5,400	72,317	122,117	–	122,117
Total corporates	168,033	5,400	173,433	279,534	–	279,534
COVID-19 Job Retention Scheme	–	–	–	81,886	–	81,886
Total government	–	–	–	81,886	–	81,886
Four Acre Trust	–	45,000	45,000	–	–	–
Garfield Weston Foundation	40,000	–	40,000	40,000	–	40,000
The Henry Smith Charitable Trust	–	5,990	5,990	–	55,800	55,800
The AKO Foundation	50,000	–	50,000	50,000	–	50,000
The Prince Andrew Charitable Trust	–	–	–	100,000	–	100,000
Swire Charitable Trust	25,000	–	25,000	–	–	–
Other trusts	10,800	9,660	20,460	37,600	–	37,600
Total trusts	125,800	60,650	186,450	227,600	55,800	283,400
Total gifts	406,133	66,050	472,183	555,334	55,800	611,134
Donated services	2,000	–	2,000	–	–	–
	408,133	66,050	474,183	555,334	55,800	611,134

Individual funders have been listed where they account for more than 5% of total annual income, or where they requested to be named.

Donated services represents an amount received during the year for professional design work. These amounts have been calculated based on what the charity would pay for these services were they not provided pro-bono.

Notes to the financial statements

For the year ended 31 August 2022

3 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Total corporates	-	-	-	-	4,600	4,600
BBC Children in Need	-	36,332	36,332	-	35,832	35,832
Four Acre Trust	-	11,212	11,212	-	-	-
The Henry Smith Charitable Trust	-	20,149	20,149	-	-	-
TNL Community Fund	-	-	-	-	49,250	49,250
Wellington Management UK	-	35,000	35,000	-	25,000	25,000
Other Trusts	-	39,877	39,877	-	6,000	6,000
Total trusts	-	142,570	142,570	-	116,082	116,082
Total schools and other	21,000	-	21,000	3,000	-	3,000
Sub-total for ReachOut Club	21,000	142,570	163,570	3,000	120,682	123,682
Total community	-	-	-	-	13,600	13,600
Tibra Capital Foundation	-	25,000	25,000	-	-	-
Other corporates	-	10,132	10,132	-	23,337	23,337
Total corporates	-	35,132	35,132	-	23,337	23,337
Careers and Enterprise Company	-	-	-	-	61,749	61,749
Four Acre Trust	-	17,087	17,087	-	-	-
The Henry Smith Charitable Trust	-	30,706	30,706	-	-	-
Jack Petchey Foundation	-	65,100	65,100	-	54,500	54,500
St. James' Place Foundation	-	30,000	30,000	-	-	-
The Portal Trust	-	-	-	-	20,000	20,000
The Clothworkers' Foundation	-	50,000	50,000	-	50,000	50,000
The City Bridge Trust	-	-	-	-	50,000	50,000
The Constable Educational Trust	-	100,000	100,000	-	-	-
Other trusts	-	36,486	36,486	-	69,275	69,275
Total trusts	-	329,379	329,379	-	243,775	243,775
Total schools and other	29,600	-	29,600	17,950	-	17,950
Sub-total for ReachOut Academy	29,600	364,511	394,111	17,950	342,461	360,411
Four Acre Trust	-	1,700	1,700	-	-	-
Jack Petchey Foundation	-	15,000	15,000	-	-	-
The Henry Smith Charitable Trust	-	3,055	3,055	-	-	-
Total trusts	-	19,755	19,755	-	-	-
Total schools and other	-	-	-	-	-	-
Sub-total for ReachOut Plus	-	19,755	19,755	-	-	-
Total income from charitable activities	50,600	526,836	577,436	20,950	463,143	484,093

Individual funders have been listed where they account for more than 5% of total annual income, or where they requested to be named.

4a Analysis of expenditure (current year)

	Charitable activities							
	Cost of raising funds £	ReachOut Club £	ReachOut Academy £	ReachOut Plus £	Governance costs £	Support costs £	2022 Total £	2021 Total £
Staff costs (Note 6)	165,743	281,409	368,137	52,634	5,740	75,519	949,182	720,375
Direct project costs	–	25,894	36,533	4,826	–	–	67,253	28,455
Rent, light and heat	–	14,164	23,146	1,069	–	11,342	49,721	33,546
Travel expenses	2,071	–	–	–	–	2,465	4,536	(41)
Miscellaneous office costs	5,769	–	–	–	3,477	18,336	27,582	20,172
Recruitment and other staff costs	572	610	929	92	–	9,477	11,680	6,920
Legal and professional fees	375	412	628	62	–	12,787	14,264	17,470
Fundraising costs	21,493	–	–	–	–	–	21,493	3,294
Donated services (Note 2)	2,000	–	–	–	–	–	2,000	–
	198,023	322,489	429,373	58,683	9,217	129,926	1,147,711	830,191
Support costs	–	48,559	74,004	7,363	–	(129,926)	–	–
Governance costs	–	3,445	5,250	522	(9,217)	–	–	–
Total expenditure 2022	198,023	374,493	508,626	66,569	–	–	1,147,711	
Total expenditure 2021	133,562	199,415	497,214	–	–	–		830,191

ReachOut Youth

Notes to the financial statements

For the year ended 31 August 2022

4b Analysis of expenditure (prior year)

		Charitable activities				
	Cost of raising funds £	ReachOut Club £	ReachOut Academy £	Governance costs £	Support costs £	2021 Total £
Staff costs (Note 6)	128,132	140,268	340,272	6,844	104,859	720,375
Direct project costs		8,220	20,235	–	–	28,455
Rent, light and heat	–	8,334	15,078	–	10,134	33,546
Travel expenses	(52)	–	–	–	11	(41)
Miscellaneous office costs	228	–	–	3,179	16,765	20,172
Recruitment and other staff costs	498	–	363	–	6,059	6,920
Legal and professional fees	1,462	812	2,349	–	12,847	17,470
Fundraising costs	3,294	–	–	–	–	3,294
Donated services (Note 2)	–	–	–	–	–	–
	<u>133,562</u>	<u>157,634</u>	<u>378,297</u>	<u>10,023</u>	<u>150,675</u>	<u>830,191</u>
Support costs	–	39,175	111,500	–	(150,675)	–
Governance costs	–	2,606	7,417	(10,023)	–	–
Total expenditure 2021	<u>133,562</u>	<u>199,415</u>	<u>497,214</u>	<u>–</u>	<u>–</u>	<u>830,191</u>

Notes to the financial statements

For the year ended 31 August 2022

5 Net income for the year

This is stated after charging :

	2022 £	2021 £
Depreciation	-	779
Operating lease rentals:		
Property	52,058	28,421
Auditor's remuneration (excluding VAT):		
Audit	7,650	6,750
	<u>7,650</u>	<u>6,750</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	854,794	591,890
Consultancy Fees	2,871	52,072
Termination Payments	-	12,000
Social security costs	73,368	49,713
Employer's contribution to defined contribution pension schemes	18,149	14,700
	<u>949,182</u>	<u>720,375</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2022 No.	2021 No.
£60,000 to £69,999	1	-
	<u>1</u>	<u>-</u>

The total employee benefits including employers' national insurance and pension contributions of the key management personnel were £163,742 (2021: £134,985).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2021: £nil).

7 Staff numbers

The average number of full time equivalent employees during the year was as follows:

	2022 No.	2021 No.
Raising funds	4.6	3.7
ReachOut Club	9.8	4.2
ReachOut Academy	14.8	11.9
ReachOut Plus	1.5	–
Support	1.3	2.3
	32.0	22.0

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2022 No.	2021 No.
Raising funds	4.6	3.7
ReachOut Club	26.8	15.7
ReachOut Academy	40.8	44.7
ReachOut Plus	4.0	–
Support	1.3	2.3
	77.5	66.4

8 Related party transactions

The charity received £2k gift in kind from Edmond's Elder where one of the charity's trustees is a founding director. The gift related to marketing work.

9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

	Fixtures and fittings £	Total £
Cost		
At the start of the year	2,337	2,337
Disposals	(2,337)	(2,337)
At the end of the year	–	–
Depreciation		
At the start of the year	2,337	2,337
Disposals	(2,337)	(2,337)
At the end of the year	–	–
Net book value		
At the end of the year	–	–
At the start of the year	–	–

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31 August 2022

11 Debtors

	2022 £	2021 £
Trade debtors	21,300	–
Accrued Income	20,000	–
Prepayments	16,929	3,707
	58,229	3,707

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,900	6,646
Taxation and social security	22,237	15,405
Pension	3,497	2,412
Accruals	10,656	8,590
Deferred income	67,700	26,464
	105,990	59,517

Deferred income comprises grant income received in the year but which has a time bound criteria not met at the balance sheet date.

13a Analysis of net assets between funds (current year)

	General Unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	–	–
Net current assets	563,996	–	563,996
Net assets at the end of the year	563,996	–	563,996

13b Analysis of net assets between funds (prior year)

	General Unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	–	–
Net current assets	658,418	–	658,418
Net assets at the end of the year	658,418	–	658,418

14a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
ReachOut Club	–	142,570	(142,570)	–	–
ReachOut Academy	–	364,511	(364,511)	–	–
ReachOut Plus	–	19,755	(19,755)	–	–
Central cost grants	–	66,050	(66,050)	–	–
Total restricted funds	–	592,886	(592,886)	–	–
Unrestricted funds:					
General funds	658,418	460,403	(554,825)	–	563,996
Total unrestricted funds	658,418	460,403	(554,825)	–	563,996
Total funds	658,418	1,053,289	(1,147,711)	–	563,996

14b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
ReachOut Club	–	120,682	(120,682)	–	–
ReachOut Academy	–	342,461	(342,461)	–	–
Central cost grants	–	55,800	(55,800)	–	–
Total restricted funds	–	518,943	(518,943)	–	–
Unrestricted funds:					
General funds	393,331	576,335	(311,248)	–	658,418
Total unrestricted funds	393,331	576,335	(311,248)	–	658,418
Total funds	393,331	1,095,278	(830,191)	–	658,418

Purposes of restricted funds

The funds for ReachOut Club are utilised to provide mentoring programmes to primary school children (year 5/6) from a partner school.

The funds for ReachOut Academy are utilised to provide mentoring programmes to secondary school children (years 7 to 11) from a partner school.

The funds for ReachOut Plus are utilised to provide mentoring programmes to young people over the age of 16 from partner schools and local authorities.

The Central cost grants are restricted funds that cover the salary cost of members of the Senior Management Team.

Notes to the financial statements

For the year ended 31 August 2022

15 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	2022 £	2021 £
Less than one year	13,922	2,539
	<u>13,922</u>	<u>2,539</u>

There is a 5 year lease on the London office until August 2027, however this includes a 4 month break clause.

16 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.