

Company Registration Number SC193404  
Registered Charity Number SC031026

**THE CAPITAL CITY  
PARTNERSHIP LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 March 2014**

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**THE CAPITAL CITY PARTNERSHIP LIMITED**

**FINANCIAL STATEMENTS  
Year ended 31 March 2014**

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**THE CAPITAL CITY PARTNERSHIP LIMITED**

**FINANCIAL STATEMENTS  
Year ended 31 March 2014**

**MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS**

<b>Directors</b>	Donald Urquhart Ella Simpson Frank Ross
<b>Company Secretary</b>	James Rafferty
<b>Registered Office</b>	1-3 Canon Street Edinburgh EH3 5HE
<b>Bankers</b>	The Bank of Scotland 52 Shandwick Place Edinburgh EH2 4SB
<b>Solicitors</b>	Burness Solicitors 50 Lothian Road Edinburgh EH3 9WJ
<b>Auditor</b>	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD

## **THE CAPITAL CITY PARTNERSHIP LIMITED**

### **DIRECTORS' ANNUAL REPORT (continued) For the year ended 31 March 2014**

The Directors have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2014.

#### **STATUS**

The organization is a charitable company limited by guarantee incorporated on 5 February 1999 and recognized as a charity by the Inland Revenue on 1<sup>st</sup> April 2000.

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.

#### **PRINCIPAL ACTIVITIES**

The Capital City Partnership, since its formation, has promoted community regeneration by using a robust evidence base to report on and add value to local programmes and mainstream services aimed at tackling aspects of exclusion and disadvantage. It brought together key statutory, voluntary, community and private sector organizations to promote change and joint working for community regeneration. Drawing on the expertise of the staff team and its partners, CCP identified the key issues for the city and encouraged organizations to change and develop a culture of working together.

In 2002 the Partnership supported the launch of the city's strategy for jobs "Joined Up for Jobs". Since then it has increasingly focused its resources and attention on developing the delivery partnership to achieve the objectives of the Joined Up For Jobs strategy and on the procurement and performance management of expert employment support services to supplement the statutory services delivered by its member agencies.

A review of employability services was undertaken with the City of Edinburgh Council in 2010 and the conclusions of that review were implemented in 2011-12. The company subsequently amended its Memorandum to reflect its new status as an arm's length company of the City of Edinburgh Council. This was agreed to be the most appropriate means of providing an efficient delivery mechanism for employability services in a financially challenging economic situation. This mechanism was supported by a new service level agreement between the City of Edinburgh Council and Capital City Partnership and secures funding levels for the period to 2015. The SLA provides guidance on the respective roles and responsibilities of the two organizations and a robust collaborative approach to service delivery across key areas.

This year and ongoing under the Service Level Agreement, Capital City Partnership's focus is on provision of contract and performance management functions for services funded within the city's Integrated Employability Service, development / administrative support to the city's Jobs Strategy and the development/management of offers (to employers and jobseekers) and the common infrastructure which supports the Job Strategy including Caselink MIS, websites, directories and the quality assurance programme.

#### **ORGANISATION STRUCTURE**

The Capital City Partnership is governed by a Memorandum and Articles of Association which stipulates the statutory and non statutory organizations which form the partnership and from which the Board of Directors is appointed. Members of the Board of Directors, who are Directors for the purposes of company law and trustees for the purposes of charity law, who served during the period up to the date of this report are listed on page 1. The Directors are elected at the AGM to serve at least until the next AGM.

The memorandum was amended in 2012 to provide stronger links to and governance by the City of Edinburgh Council in tandem with a new service level agreement between The Capital City Partnership and the City of Edinburgh Council. The Board of Directors maintains its ability to gather opinion and expertise from a wide range of organizations, thus influencing policy and improving the steering role of the Board of Directors.

## **THE CAPITAL CITY PARTNERSHIP LIMITED**

### **DIRECTORS' ANNUAL REPORT (continued) For the year ended 31 March 2014**

The Board meets quarterly and is responsible for all strategic decisions. The Chief Executive, Jim Rafferty, has delegated authority from the Board to manage the organization on a day to day basis and to make funding decisions up to £25,000. Funding applications are approved in collaboration with officers of the City of Edinburgh Council under the new Service Level agreement. The Chief Executive and staff hold regular team meetings at which projects and activities are discussed and progress reviewed.

The independent directors are drawn from senior staff of major partner organisations in order to ensure a good balance of experience and expertise is available to the company which is complementary to that of the council appointed representatives. All directors have the benefit of their own substantial in house training and guidance programmes including focus on directors' responsibilities and, in addition, participate in company organised policy and review sessions from time to time. Each new directors receives a full induction briefing from the Chief Executive on appointment backed up by written material explaining the function roles and background of the company.

The current Directors of Capital City Partnership have a wealth of experience over many years with the company and are also acting at senior level in other voluntary sector organisations, however, if they indicate that they require further training or if a new and inexperienced Director is recruited, training would be provided in the form of one to one briefings with the Chief Executive and training modules provided by the company solicitors.

#### **ACHIEVEMENTS AND PERFORMANCE**

2013-14 was the second year of activity under the Service Level Agreement with the City of Edinburgh Council and activity focused upon performance management of the Employability Programme linked to the Strategic Skills Pipeline model for the City.

##### **Jobs Strategy**

The company continued to provide substantial staff and financial input to Joined up For Jobs, Edinburgh's employability framework which targets the vulnerable and difficult to reach sections of the population and performance managed contracts with over 30 organisations under the Employability Programme.

##### **Employer Engagement**

During 2013/14 the company successfully introduced and bedded in the "Joined Up for Business" service. This combines staff input from CCP with DWP advisors, Edinburgh Cyrenians, SDS, CEC Employability & Skills team alongside a number of advisors and support staff from the Business Gateway delivery team. The result is a single integrated "offer" of business advice and recruitment support to micro businesses in the city.

In addition we now have the Fort Kinnaird Recruitment & Skills Centre fully operational. Based in the Retail Park, this partnership between the JU4B team and British Land who own and manage the park delivers a full time Employer Offer direct to all of the retail businesses operating out of Fort Kinnaird.

##### **Youth Employment.**

The company successfully managed a substantial contract under Skills Development Scotland's Employability Fund, working with 9 provider organizations to ensure that quality support and upskilling was delivered to young people across Edinburgh, including those ineligible for support under the DWP Work Programme. The company implemented and continues to operate to robust audit, compliance, monitoring and reporting processes. This work continues into 2014/15 with a substantial EF contract award in place.

## THE CAPITAL CITY PARTNERSHIP LIMITED

### DIRECTORS' ANNUAL REPORT (continued) For the year ended 31 March 2014

#### Lone Parent Families

The company has entered into a four year funding agreement with the Big Lottery for a programme of activity supporting lone parent families into education and employment. The Making It Work programme began in October 2013 and employs outreach workers in key geographical areas to provide direct advice and support to families living on or below the poverty line.

#### Communications and Partnership Working

The company worked with partners in the statutory, private and voluntary sectors to achieve employability outcomes. A major redevelopment of the Joined Up for Jobs Website was completed, providing additional functionality and interaction. Results of customer feedback for the website have been very positive. This will provide a more functional and relevant site for partner agencies, employers and job / training seekers. The company has coordinated a range of activities including events focusing on Employer Engagement, the Partnership Forum, Youth Employment and Welfare Reform. CCP staff participate in a range of the city's strategic groups including the Welfare Reform Strategic Planning Group, The Economic Development Strategic Partnership and many other operational groups relating to the city's Jobs Strategy. Staff also co-edit Working Capital, the City of Edinburgh Council's Economic Development magazine.

This year Capital City Partnership is working with the City of Edinburgh Council, Chamber of Commerce and a range of statutory and business partners to initiate the Tom Buchanan Enterprise Award Scheme in memory of the late Cllr Tom Buchanan, former Chair of Capital City Partnership and convener of Economic Development at the City of Edinburgh Council.

#### **Cost of Delivery**

Partnership continues to be a people based function and core expenditure for the company is therefore primarily staff and office related. Careful deployment of resources has ensured that core costs remain low in proportion to overall expenditure. Net staff and operational costs account for 13% of overall budget.

#### **FUTURE PLANS**

The Capital City Partnership continues to operate to the Service Level Agreement with the City of Edinburgh Council and will performance manage contracts with approximately 32 organisations under the auspices of the CEC Integrated Employability Programme. The company will continue to develop and manage common infrastructure including Caselink MIS, Joined Up For Jobs website, directories and the quality assurance programme.

In 2014/15 the strategic focus on employability will remain central to the work of the company. A number of key sectoral reviews are underway which will be completed in year affecting the priorities for investment, the mix of contracts offered and the ways in which we engage with businesses. The overall impact of these reviews will be to place the aims and activities of the company in line with the city's Economic Development Strategy ("A Strategy for Jobs").

Individual reviews underway and impacting in 2014/15 comprise;

- Review of services to clients with disabilities (nearing completion and anticipated to be out of tender June 2014)
- Review of Youth employment services (consultant appointed, reports and Implementation Plan expected by January 2015 with tendering if required, resulting in new service delivery arrangements by mid 2015.
- Review of the overall match between (employer) demand and (jobseeker) supply concluding by July 2014
- Overall strategy "refresh" and operational evaluation of partnership process – refresh underway, operational evaluation planned for end of 2014.

## **THE CAPITAL CITY PARTNERSHIP LIMITED**

### **DIRECTORS' ANNUAL REPORT (continued) For the year ended 31 March 2014**

The partnership also intends to commission a major "customer experience survey" this year. This will be the most extensive customer survey ever undertaken by the company and each of the reviews noted above will be informed by its results.

During the year the company anticipated completing negotiations (which are already well in hand) with the Council on a revised Service Level Agreement which will cover the period 2015-18. One likely outcome of this process will be to provide the company with a more direct role in the selection and commissioning of specific employability services to meet improvement targets. Should this be realized within the new SLA the current range of directorships will be extended to ensure that the Board of Directors has the range of skills and knowledge to manage this task properly.

#### **GRANT MAKING POLICY**

Capital City Partnership has a programme of funding which is outcome based and focuses specifically on employability related activities.

Grants are made to organisations for specific activities which meet the requirements set out in the funding guidance documents. A funding panel comprising representatives of each funding partner will score funding applications to strict criteria and award funds based both on aggregate score and funding limitations. Contracts drawn up with the successful organisations stipulate funding criteria, reporting format / timeframe, payment schedule and actions required throughout the year.

Progress is monitored by CCP and reported to the Board of Directors by contract managers.

#### **FUNDING POLICY**

Capital City Partnership has a programme of funding which is outcome based and focuses specifically on employability related activities. Templates have been developed for funding claims, outputs reports, guidelines and criteria which are available on request. Organisations seeking funding must meet the criteria and complete an application which is then assessed by a panel comprising representation from the partnership members. Staff will work with organisations to develop a project to application stage where it is deemed to meet the objectives of Capital City Partnership and merits further investigation.

#### **RISK MANAGEMENT**

Systems and procedures have been established to mitigate the risks faced by the organisation. Internal controls have been established to ensure all transactions are authorised and documented. IT systems are backed up daily, weekly and backups held off site. Procedures are in place to ensure compliance with health and safety regulations.

#### **RESERVES POLICY**

Due to the requirements in respect of reporting on pension provision and the lack of reliable data from Lothian Pension Fund (LPF) it is difficult to identify with confidence the absolute level of reserves which the company is required to maintain in respect of pension liabilities. However, steps have been taken to make best use of any reserves available. Funding agreements for 2014 have been secured but assume assistance from reserves and this policy will continue subject to achieving continuity in the reporting of the value of the pension fund.

The Unrestricted General Fund represents the unrestricted funds arising from past operating results. It also represents the free reserves of the charity. The directors are satisfied that the fund, amounting to £516,787 (2013 £728,836) approximates to the equivalent of 8.5 months operating expenditure, which is reasonable given the revenue funding secured with the funding authorities and the contractual obligations to staff.

The Restricted Funds represent those activities which have included support from external funding sources whose criteria limits the use of the funds or stipulates specific reporting requirements. CCP aims to support activities using any appropriate funds made available for the purpose and in doing so,

## THE CAPITAL CITY PARTNERSHIP LIMITED

### DIRECTORS' ANNUAL REPORT (continued) For the year ended 31 March 2014

the organization takes care to scrutinize funding agreements and adhere to any specific requirements therein. The Directors are aware of the need for transparency and accountability, therefore all restricted funds are accounted for using dedicated cost centres and reports are provided to funders as per contractual agreements.

#### FINANCIAL REVIEW

The Board of Directors regularly receives financial reports and exercises prudence when necessary. The annual budget is set at the first board meeting of the year alongside budget outturn for the preceding year. Routine updates are provided to directors in year with attention drawn to variations on budget estimate if any. The reserves position is also reviewed regularly to ensure an adequate but not excessive reserve is maintained for operational activities and other liabilities. A planned redeployment of reserves over the past two years has allowed key activities and core functions to be fully funded. This has resulted in the (expected) reduction in reserves this year. Financial operations in general have been within the anticipated level.

#### MEMBERS

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2014 was 4.

#### RESPONSIBILITIES OF THE DIRECTORS

##### Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006. They are 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the



**THE CAPITAL CITY PARTNERSHIP LIMITED**

**DIRECTORS' ANNUAL REPORT (continued)  
For the year ended 31 March 2014**

responsibility of the trustees. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken steps that he/she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to re-appoint BDO LLP as auditor will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

**Signed by order of the  
Directors**



**JIM RAFFERTY  
Company Secretary**

29 AUGUST 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CAPITAL CITY PARTNERSHIP LIMITED

We have audited the financial statements of The Capital City Partnership Limited for the year ended 31 March 2014 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the 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.

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

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 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 applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CAPITAL CITY  
PARTNERSHIP LIMITED**

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

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

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

BDO LLP

29 August 2014

Martin Gill, Senior Statutory Auditor  
For and on behalf of BDO LLP, Statutory Auditor  
Edinburgh  
United Kingdom

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE CAPITAL CITY PARTNERSHIP LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (incorporating  
INCOME AND EXPENDITURE ACCOUNT)

Year ended 31 March 2014

	Note	Unrestricted funds £	Restricted funds £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
<i>Voluntary income</i>		593,851	4,245,536	4,839,387	5,062,377
<i>Activities for generating funds</i>		27,911	-	27,911	31,770
<i>Investment income</i>		18,742	-	18,742	24,859
Incoming resources from charitable activities:					
<i>Furthering Social Justice in Edinburgh</i>		-	-	-	-
<b>Total incoming resources</b>	<b>2</b>	<b>640,504</b>	<b>4,245,536</b>	<b>4,886,040</b>	<b>5,119,006</b>
<b>Resources expended</b>					
Charitable activities:					
<i>Furthering Social Justice in Edinburgh</i>		725,728	4,850,166	5,575,894	4,179,491
<i>Governance costs</i>		4,825	-	4,825	4,750
<b>Total resources expended</b>	<b>3</b>	<b>730,553</b>	<b>4,850,166</b>	<b>5,580,719</b>	<b>4,184,241</b>
<b>Net incoming/ (outgoing) resources before transfers</b>	<b>5</b>	<b>(90,049)</b>	<b>(604,630)</b>	<b>(694,679)</b>	<b>934,765</b>
<b>Other recognised gains and (losses)</b>					
Actuarial losses on defined benefit pension scheme	13	(122,000)	-	(122,000)	(127,000)
<b>Net movement in funds</b>		<b>(212,049)</b>	<b>(604,630)</b>	<b>(816,649)</b>	<b>807,765</b>
<b>Total funds brought forward</b>		<b>728,836</b>	<b>1,039,854</b>	<b>1,768,690</b>	<b>960,925</b>
<b>Balances carried forward at 31 March 2014</b>	<b>15/16</b>	<b>516,787</b>	<b>435,224</b>	<b>952,011</b>	<b>1,768,690</b>

The charity has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the charity are classed as continuing

THE CAPITAL CITY PARTNERSHIP LIMITED

BALANCE SHEET  
As at 31 March 2014

Company registration  
number: SC193404

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	9	6,550	5,791
<b>Current assets</b>			
Debtors	10	99,072	62,308
Cash at bank		1,390,294	1,966,316
		<u>1,444,366</u>	<u>2,028,624</u>
Creditors :amounts falling due within one year	11	(320,905)	(160,725)
<b>Net current assets</b>		<u>1,168,461</u>	<u>1,867,899</u>
<b>Net assets excluding pension scheme asset</b>		<b>1,175,041</b>	<b>1,873,690</b>
Defined benefit pension scheme liability	13	(223,000)	(105,000)
<b>Total assets less current liabilities</b>		<u>952,011</u>	<u>1,768,690</u>
<b>Funds</b>			
Unrestricted funds	15	739,787	833,836
Pension funds	13/15	(223,000)	(105,000)
Restricted funds	16	435,224	1,039,854
		<u>952,011</u>	<u>1,768,690</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of The Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved and authorised for issue by the directors on 29 August 2014 and are signed on their behalf by:



Frank Ross  
Director

**THE CAPITAL CITY PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2014**

**1. Accounting policies**

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006, Charities Accounts (Scotland) Regulations 2006 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005.

**(b) Incoming resources**

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they relate. Grants received during the period but relating to a future accounting period are included under deferred income.

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. It also includes Core Grant Funding.

Incoming resources from investments is included when receivable.

**(c) Resources expended**

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

Charitable activities	80%
Support costs	20%

Governance costs are charged directly to the Statement of Financial Activities when incurred and include audit and accountancy fees and any directors' expenses.

Grants are recognised in full in the Statement of Financial Activities in the year in which an offer is formally accepted by the benefactor.

**(d) Fixed assets**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Building improvements	over 10 year life of lease
Office equipment	evenly over 3 years
Fixtures and fittings	evenly over 4 years

All fixed assets are initially recorded at cost. Items of expenditure are capitalised where the purchase price exceeds £500.

**THE CAPITAL CITY PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**1. Accounting policies (continued)**

**(e) Funds accounting**

Unrestricted funds are donations and other incoming resources receivable for the objects of the charity without further specified purpose and are available as general funds.

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

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, together with a fair allocation of management and support costs.

**(f) Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the surplus on a straight-line basis over the period of the lease.

**(g) Charitable status**

The company has been granted charitable status by HMRC and is not therefore liable for taxation.

**(h) Pension contribution**

The company participates in a multi-employer defined benefit pension scheme into which payments are made. The contributions are charged to the Statement of Financial Activities as they fall due (see note 13).

The organisation fully adopts the Financial Reporting Standard FRS17 'Retirement Benefits'. The scheme actuary has calculated the split of net assets and liabilities between the participating employers. The impact on the results and on reserves is given in note 13 to the financial statements and the Statement of Financial Activities.

The Statement of Financial Activities is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in total recognised gains and losses.

The organisation's share of the accumulated pension scheme deficit is recognised in full and included in the balance sheet.

THE CAPITAL CITY PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 March 2014

2. Incoming resources

	Unrestricted £	Restricted £	Total 2014 £	Total 2013 £
<b>Voluntary income</b>				
Core grants:				
- Employer engagement	-	74,358	74,358	65,748
- Employability Fund (SDS)	-	300,817	300,817	
- Making it work (Big lottery)	-	148,560	148,560	
- City of Edinburgh Council	593,851	3,721,801	4,315,652	4,996,629
	<u>593,851</u>	<u>4,245,536</u>	<u>4,839,387</u>	<u>5,062,377</u>
<b>Activities for generating funds</b>				
Service charges	1,343	-	1,343	2,300
Rental income	26,568	-	26,568	29,470
	<u>27,911</u>		<u>27,911</u>	<u>31,770</u>
<b>Investment income</b>				
Bank interest	1,742	-	1,742	1,859
FRS 17 adjustment	17,000	-	17,000	23,000
	<u>18,742</u>		<u>18,742</u>	<u>24,859</u>
<b>Incoming resources from charitable activities</b>				
Local authority and other grants	-	-	-	-
	<u>640,504</u>	<u>4,245,536</u>	<u>4,886,040</u>	<u>5,119,006</u>

3. Resources expended

	Direct activities £	Direct grants (note 6) £	Support costs £	2014 Total £	2013 Total £
<b>Charitable activities</b>					
Furthering social justice in Edinburgh	917,894	4,498,657	159,343	5,575,894	4,179,491
<b>Governance costs</b>					
Audit and accountancy	-	-	4,825	4,825	4,750
Total resources expended	<u>917,894</u>	<u>4,498,657</u>	<u>164,168</u>	<u>5,580,719</u>	<u>4,184,241</u>



**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**4. Support cost allocation**

	<b>Further social Justice in Edinburgh £</b>
Management, IT and finance	<b>164,170</b>

**5. Net incoming/(outgoing) resources before transfers**

Net incoming/ (outgoing) resources before transfers are stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets	2,908	5,092
Auditors' remuneration	4,825	4,750
Operating Lease:		
Rent	33,462	80,000
Pension costs – employers contribution (Note 7)	90,753	75,902
Pension costs - current service cost deficit/surplus	13,000	(9,000)

**6. Grants payable**

	2014	2013
	£	£
Grants to institutions:		
Edinburgh College	1,828,361	1,024,256
The Action Group	238,165	238,158
The Engine Shed	211,200	211,200
Enable	197,228	197,231
The Princes Trust	191,424	-
Barnardos	184,060	61,401
Access to Industry	180,047	323,953
Edinburgh Cyrenians	159,402	25,739
Action for Children	159,095	55,177
Community Renewal	123,341	66,659
Intowork	100,000	100,000
Edinburgh Trades Union Council	99,973	99,972
Impact Arts Projects	95,491	28,509
RNIB	93,600	93,600
Volunteer Centre Edinburgh	79,554	109,714
Four Square	71,172	23,724
Move on	59,570	19,858
Women on to Work	50,000	98,277

THE CAPITAL CITY PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 March 2014

	2014	2013
	£	£
Grants to institutions (continued):		
Caselink	47,949	118,937
Maximyse	46,000	46,000
Ethnic Minorities Law Centre	45,000	30,000
CHAI	42,000	42,000
Port of Leith HA – TOIL	42,000	42,000
Citadel Youth Centre	38,000	38,000
Places for People	28,400	28,401
Out of the Blue	24,670	24,670
Link Mentoring	20,000	20,000
The Broomhouse Centre	15,882	-
Canongate Youth Project	13,573	-
Working Rite	13,500	20,000
COSS	-	17,000
Forth Sector	-	284,432
Recruit With Conviction	-	24,995
SBIC	-	20,000
Skillnet Edinburgh	-	30,000
	<u>4,498,657</u>	<u>3,563,863</u>

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**7. Staff costs and numbers**

	<b>2014</b>	2013
	<b>£</b>	£
Salaries and wages	<b>423,321</b>	318,764
Social security costs	<b>30,302</b>	27,335
Pension costs	<b>103,753</b>	66,902
	<b><u>557,376</u></b>	<u>413,001</u>

Included in the pension costs above is a debit adjustment required for accounting for the defined benefit pension scheme which amounted to £13,000 (2013: £9,000 credit).

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

	<b>2014</b>	2013
	<b>No.</b>	No.
Chief executive	<b>1</b>	1
Project and support staff	<b>12</b>	7
Finance and admin staff	<b>1</b>	1
	<b><u>14</u></b>	<u>9</u>

13 employees received emoluments between £10,000 and £60,000 in the year (2013: 8)

1 employee received emoluments between £60,000 and £70,000 in the year (2013: 1).

No directors were paid any fees or expenses during either the current or previous years.

**8. Taxation**

The charitable company is exempt from corporation tax on its charitable activities.

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**9. Tangible Fixed Assets**

	Office equipment £	Fixtures and fittings £	Building improvement £	Total £
<b>Cost</b>				
At 1 April 2013	10,317	52,087	69,314	131,718
Additions in the year	3,667	-	-	3,667
Disposals in the year	-	-	-	-
<b>At 31 March 2014</b>	<b>13,984</b>	<b>52,087</b>	<b>69,314</b>	<b>135,385</b>
<b>Depreciation</b>				
At 1 April 2013	4,526	52,087	69,314	125,927
Charge for the year	2,908	-	-	2,908
Disposals in the year	-	-	-	-
<b>At 31 March 2014</b>	<b>7,434</b>	<b>52,087</b>	<b>69,314</b>	<b>128,835</b>
<b>Net Book Value</b>				
<b>At 31 March 2014</b>	<b>6,550</b>	<b>-</b>	<b>-</b>	<b>6,550</b>
At 31 March 2013	5,791	-	-	5,791

**10. Debtors**

	2014 £	2013 £
Grants receivable	66,015	46,953
Other debtors	33,057	15,355
	<b>99,072</b>	<b>62,308</b>

**11. Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	35,680	115,261
Accruals and deferred income	52,462	36,606
Social security and other taxes	10,312	8,858
Provision for committed grants	222,451	-
	<b>320,905</b>	<b>160,725</b>

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**12. Commitments under operating leases**

At 31 March 2014 the charity had annual commitments for land and buildings under a non-cancellable operating lease as set out below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating lease which expires:		
Within 1 year	<b>45,130</b>	<b>80,000</b>

A new lease is being finalised for the period 15<sup>th</sup> May 2013 to 15<sup>th</sup> May 2018 with an annual commitment of £45,130.

**13. Pensions**

**General**

The Capital City Partnership participates in The Lothian Pension Fund Final Salary Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

During the accounting period The Capital City Partnership paid contributions at the rate of 17.1% plus a lump sum of £22,200 for the year. Member contributions were paid on a sliding scale dependant upon salary level and range from 5% to 9%. The Capital City Partnership contribution rate from April 2014 remains capped at 17.1% plus a lump sum payment to the pension fund of £22,200 for the year.

As at the balance sheet date there were 11 active and 9 deferred members of the Scheme employed by The Capital City Partnership. The Capital City Partnership continues to offer membership of its scheme to its employees.

The last full valuation of the scheme was performed as at 31 March 2011 by a professional qualified actuary using the "projected unit credit" method.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 30 September 2025.

**Financial Assumptions**

The financial assumptions underlying the valuation were as follows:

	<b>31 March</b>	31 March	31 March
<b>Assumptions as at</b>	<b>2014</b>	2013	2012
	<b>%</b>	%	%
Price increase	<b>2.8</b>	2.8	2.5
Salary increases	<b>5.1</b>	5.1	4.8
Expected return on Assets	<b>6.1</b>	5.3	5.8
Discount rate	<b>4.3</b>	4.5	4.8

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

<b>Assets (Employer)</b>	<b>31 March 2014</b>		<b>31 March 2013</b>	
	<b>Long Term Returns</b>	<b>Assets £(000)</b>	<b>Long Term Returns</b>	<b>Assets £(000)</b>
Equities	6.6%	2,297	5.7%	2,160
Bonds	3.9%	268	3.5%	219
Property	4.8%	239	3.9%	246
Cash	3.7%	179	3.0%	109
<b>TOTAL</b>		<b>2,983</b>		<b>2,734</b>

	<b>31 March 2014 £(000)</b>	<b>31 March 2013 £(000)</b>
Estimated employer assets (A)	2,983	2,734
Present value of scheme liabilities	(3,206)	(2,839)
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	(3,206)	(2,839)
Net pension Asset (A-B)	<b>(223)</b>	<b>(105)</b>

**Recognition in the Statement of Financial Activities**

	<b>Year to 31 March 2014 £(000)</b>	<b>Year to 31 March 2013 £(000)</b>
Current service cost	97	67
Interest cost	130	112
Expected return on Employer Assets	(147)	(135)
Losses/(gains) on curtailments and settlements	-	-
<b>Total</b>	<b>80</b>	<b>44</b>
Actual return on plan assets	<b>166</b>	<b>364</b>

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**13. Pensions (continued)**

**Reconciliation of defined benefit obligation**

Year Ended:	31 March 2014 £(000)	31 Mar 2013 £(000)
<b>Opening Defined Benefit Obligation</b>	<b>2,840</b>	<b>2,307</b>
Current Service costs	97	67
Interest Costs	130	112
Contributions by Members	25	22
Actuarial Losses/(Gains)	140	355
Past Service Costs/(Gains)	-	-
Losses/(Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(26)	(24)
<b>Closing Defined Benefit Obligation</b>	<b>3,206</b>	<b>2,840</b>

**Reconciliation of fair value employer assets**

Year Ended:	31 March 2014 £(000)	31 Mar 2013 £(000)
<b>Opening Fair Value of Employer Assets</b>	<b>2,734</b>	<b>2,297</b>
Expected Return on Assets	147	135
Contributions by Members	25	22
Contributions by the Employer	84	76
Contributions in Respect of Unfunded Benefits	-	-
Actuarial Losses/(Gains)	19	228
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Unfunded Benefits Paid	-	-
Benefits Paid	(26)	(24)
<b>Closing Defined Benefit Obligation</b>	<b>2,983</b>	<b>2,734</b>

**THE CAPITAL CITY PARTNERSHIP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**13. Pensions (continued)**

**Movement in surplus/deficit during the year**

	<b>Year to 31 March 2014 £(000)</b>	<b>Year to 31 March 2013 £(000)</b>
<b>Deficit at beginning of year</b>	<b>(105)</b>	<b>(10)</b>
Current service cost	(97)	(67)
Interest gain / (cost)	17	23
Actuarial gain / (loss)	(122)	(127)
Contributions made	84	76
Past service gain / (cost)	-	-
<b>Deficit at end of year</b>	<b>(223)</b>	<b>(105)</b>

**Amounts for current and previous periods**

<b>Year Ended</b>	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Fair value of employer assets	2,983	2,734	2,297	2,112	1,885
Present value of defined benefit obligation	(3,206)	(2,840)	(2,307)	(2,183)	(2,470)
Surplus/(deficit)	(233)	(105)	(10)	(71)	(585)
Experience gains/(losses) on assets	19	228	(61)	(35)	379
Experience gains/(losses) on liabilities	1	2	137	-	-

**Amounts recognised in the Statement of Financial Activities (SOFA)**

<b>Year Ended</b>	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Actuarial gains/(losses)	(122)	(127)	22	274	(661)
Increase in irrecoverable surplus from membership changes and other factors	-	-	-	-	-
Actuarial gains/(losses) recognised in SOFA	(122)	(127)	22	274	(661)
Cumulative actuarial gains and losses	(485)	(364)	(237)	(259)	(533)



**THE CAPITAL CITY PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2014**

**14. Related party transactions**

The charity has a code of conduct whereby a director of the charity must note his interest and withdraw from the discussion where the charity is considering awarding a grant to an organisation over which that director has an influence.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities. However, it is noted that the Chairman of the Capital City Partnership, Councillor Frank Ross is also Convenor of Economic Development at the City of Edinburgh Council, which currently provides core funding for the Capital City Partnership. All necessary steps have been taken to ensure compliance and transparency and all parties are aware of and comfortable with Councillor Ross role in respect of both organisations.

**15. Statement of unrestricted funds**

	At 1 April 2013 £	Incoming £	Outgoing £	Transfers £	Gains & losses £	At 31 March 2014 £
General reserve	833,836	<b>623,504</b>	<b>(717,553)</b>	-	-	<b>739,787</b>
Pension Reserve	(105,000)	<b>17,000</b>	<b>(13,000)</b>		<b>(122,000)</b>	<b>(223,000)</b>
Total Unrestricted reserves	728,836	<b>640,504</b>	<b>(730,553)</b>	-	<b>(122,000)</b>	<b>516,787</b>

The general reserve comprises funds utilised for core activities of the charity including funding allocations for service provision Employability Programme.

The transfers represent core funding which has been designated to projects included within restricted funds.

The designated fund comprises of funds received from the City of Edinburgh Council which have not been spent at the year end but relate to specific projects and are to be spent post year end.

THE CAPITAL CITY PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 March 2014

16. Restricted funds

	At 1 April 2013 £	Incoming £	Outgoing £	Transfers £	At 31 March 2014 £
Challenge Fund	442,428	1,535,764	(1,990,732)	-	(12,540)
HUBs	536,667	1,394,000	(1,558,268)	-	372,399
H&SC	20,006	792,037	(805,535)	-	6,508
Employability Fund (SDS)	-	300,817	(300,817)	-	-
Making it work (Big Lottery)	-	148,560	(99,439)	-	49,121
Employer Engagement	40,753	74,358	(95,375)	-	19,736
	1,039,854	4,245,536	(4,850,166)	-	435,224

Purposes of restricted funds

**Employer Engagement** - aims to provide support and guidance to employers to maximise employment opportunities for key groups of unemployed people in the city. Among the initiatives undertaken are support for recruitment events, job matching, up skilling, training for recruiters and the Edinburgh Guarantee, which will provide a package of support for employers able and willing to provide employment or work experience to the most disadvantaged groups.

**H&SC** – the Health and Social Care Fund provides service level agreements to deliver activities under the City of Edinburgh Council's Health and Social Care remit. The SLAs were brokered with organisations with a primary remit in health and wellbeing who also provide activities and support resulting in employment or employability outcomes.

**HUBs** – this service level agreement collates the abilities and expertise of several organisations to provide a comprehensive employability service across the city.

**Challenge Fund** – this is the City of Edinburgh Council's third party grants for employability activities and awarded through competitive process.

**Employability Fund (SDS)** - working with 9 provider organizations to ensure that quality support and upskilling was delivered to young people across Edinburgh, including those ineligible for support under the DWP Work Programme.

**Making it work (Big Lottery)** – this is a programme of activity supporting lone parent families into education and employment. The Making It Work programme began in October 2013 and employs outreach workers in key geographical areas to provide direct advice and support to families living on or below the poverty line.

The balances carried forward as at 31 March 2014 are in respect of monies received but not spent at the year end and will be fully expended in next 12 months.

THE CAPITAL CITY PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 March 2014

17. Analysis of net assets between funds

	Unrestricted funds £	Pension Reserve £	Restricted funds £	Total funds £
Tangible fixed assets	6,550	-	-	6,550
Net current assets/(liabilities)	733,237	-	435,254	1,168,491
Defined benefit pension scheme liability	-	(223,000)	-	(223,000)
<b>Net assets at 31 March 2014</b>	<u>739,787</u>	<u>(223,000)</u>	<u>435,254</u>	<u>952,041</u>

18. Company limited by guarantee

The members have agreed to contribute £1 each in the event of the company being wound up.