



COMMON PURPOSE UK
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019

Company registered number: 3556983
Charity registered number: 1023384
Scottish charity registered number: SCO41166



COMMON PURPOSE UK
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2019

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COMMON PURPOSE UK

REPORT OF THE TRUSTEES

YEAR ENDED 31 JULY 2019

The trustees of Common Purpose UK ("CPUK" or the "Charity") are pleased to present their annual report together with the audited financial statements for the year ended 31 July 2019, which have been prepared in accordance with the Companies Act 2006, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102).

1. OBJECTIVES AND AIMS

The charitable objective of CPUK is the advancement of education for the public benefit. Its governing document describes its charitable objects as:

"the advancement of education for the public benefit and in particular but without prejudice to the generality of the foregoing to educate men and women and young people of school age, from a broad range of geographical, political, ethnic, institutional, social and economic backgrounds in constitutional, civic, economic and social studies with special emphasis on civil and social awareness and responsibility in the United Kingdom and elsewhere."

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

CPUK was established as a charity in 1989 and is registered with the Charity Commission in England and Wales under the registered Charity number 1023384 and with the Office of Scottish Charity Regulator under number SC041166.

Ethos and vision

CPUK is a not-for-profit leadership development organization specializing in leadership development.

We run leadership development programmes in cities across the UK for senior and emerging leaders as well as for university students. Our programmes are experiential and we ensure that our participants leave with clear thinking on how to apply their learning back in the workplace and in wider society. As a result, leaders, have a far more sustained impact. We convene leaders across sectors and from all backgrounds, so that they learn to cross boundaries and see how diversity brings fresh perspectives and sparks innovation.

CPUK is totally committed to ensuring that our programmes are open to all and not simply to those who can pay fees. Ability to pay is not part of the application process and each programme maintains a bursary fund for people who are unable to meet the full fee.

For more details visit our website: www.commonpurpose.org/uk

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2. COMMON PURPOSE UK

At the heart of all we do is our purpose i.e. we believe leaders who cross boundaries make cities work better, and cities that work better will be better at dealing with their own problems and the world's.

The three key areas of activity for CPUK continue to be open programmes, student work and customised (the last delivered via the Common Purpose Charitable Trust trading company, Common Purpose Global Customised). The financial strategy as in previous years was to achieve a surplus to help build the CPCT group general reserves at year-end.

Our goals for 2018/19 were to:

- double our participant numbers
- produce excellent participant and buyer feedback, and
- produce a positive contribution to reserves.

Open programmes

In 2018/19, we ran 17 open programmes in seven cities with 491 participants in comparison to the 12 programmes we ran with 370 participants in 2017/18. We ran programmes in England, Northern Ireland and Scotland. We introduced two Meridian programmes (our programme for senior leaders) in all of our cities and two streetwise mba programmes – for emerging leaders – in each of Birmingham and Manchester.

Diversity on our programmes continues to be important for us. We provided a significant level of bursary support for those applicants who genuinely cannot afford full fees. CPUK provides most of the bursaries but we also receive some sponsorship for bursary places. We gratefully acknowledge the Barrow Cadbury Trust for providing bursaries to support voluntary sector leaders in Birmingham and Baillie Gifford for doing the same in Scotland. Our ability to provide bursaries is also made possible thanks to support in-kind for venues and catering which keeps our costs down and for which we are very grateful.

2018/19 – Programme Numbers		2017/18 – Programme Numbers	
Meridian	13	Meridian	8
Streetwise mba	4	Common Purpose Navigator	1
Total	17	Streetwise mba	3
		Total	12

2018/19 – Participant Numbers		2017/18 – Participant Numbers	
Open Programmes	491	Open Programmes	370

Student work

In 2018/19, we delivered 19 programmes for 14 universities compared to the 22 programmes and workshops we delivered for 15 universities in 2017/18. Towards the end of the business year, we decided to build on the expertise and experience of the Common Purpose Student Experiences team and handed over the responsibility for selling and delivering university student programmes to that team.

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Customised

We delivered customised work for a range of clients, including Hermes and Skipton Building Society as well as delivering work on behalf of the Common Purpose Charitable Trust including:

- The Manchester study tours for CSCLeaders in May
- The FCO International Leaders study tours in Sheffield, Bradford and Edinburgh.

Customer experience

We ask all of our participants to tell us whether the programme was good value for their time rating their response on a scale of 1-6 (6 being excellent value for time and 1 being very poor). Our target is for 90%+ of participants to score our programmes as 5 or 6 – this is our participant experience Key Performance Indicator.

2018/19 – KPI Report		2017/18 – KPI Report	
Meridian	93%	Meridian	93%
Streetwise mba	83%	Streetwise mba	95%
Frontrunner	86%	Frontrunner	93%
Customised	90%	Customised	99%
Navigator	n/a	Navigator	98%

Our KPIs provide an immediate indicator of participant response to their programme. These are complemented by a more thoughtful approach on the final day of open programmes and again three months later. We are pleased that our customers continue to score their programme experience highly. In addition to this, we collate and share stories about the impact of Common Purpose.

We will continue to use our value-for-time KPI as an immediate indicator of how programmes are doing but we are going to put more emphasis ahead on participant impact and learning outcomes.

Marketing and profile-raising

Our visibility in the UK comes from a mix of Programme Director meetings, communications with, and events for, alumni and stakeholders in cities, business breakfasts, speaking engagements, social media presence as well as the quality and diversity of those who contribute to and host our programmes. In 2018/19 and 2019/20, we are celebrating 30 years of Common Purpose with a series of events for alumni and stakeholders in ten cities in the UK.

3. PLANS FOR THE FUTURE

Our goals for 2019/20 were formulated before the COVID-19 crisis and we remain committed to these as longer term aspirations. However, delivery may be delayed or otherwise affected by the immediate need to respond to COVID-19 as set out separately in this report. We will continue to:

- deliver excellent participant and buyer impact
- raise our profile in our cities to attract new customers
- produce 1100 participants on our open, customized and Legacy Programmes
- produce a positive reserves contribution.

Building on the success of the 2019 Chicago Legacy Programme, our plan is to deliver Legacy Programmes for young people (aged 18-25) in four cities in 2020.

We will introduce a Net Promoter Score to measure buyer experience.

4. REVIEW OF FINANCIAL ACTIVITIES

The net movement in unrestricted funds for the year ended 31 July 2019 was a loss of £17,666 (2017/18: surplus of £21,476). Total income improved by 17% over 2017/18. Income from course fees increased by 28% as we fully implemented the two Meridian model and began running the Streetwise mba programme. Income from Student programmes fell by 40% as the result of tougher conditions in the tertiary sector. Costs increased in line with the higher revenue figure.

The net movement in restricted funds for the year was nil (2017/18: nil) as the Charity once again did not receive any restricted grant funding. Details of the results for the year are given in the Statement of Financial Activities on page 10.

Donated goods and services

During the year, expenditure in CPUK was kept to a minimum through the receipt of significant support received locally and nationally. Generous in-kind support was received from contributors who act as advisors, speakers and hosts on the course days. Such contribution enables CPUK to run the high quality and range of courses currently in operation as well as enabling CPUK to offer bursary and part bursary places on those courses. During 2018/19, donated goods and services amounted to £538,799 compared with £349,993 in 2017/18.

Income from charitable activities

Our courses continue to be funded through a combination of tuition fees, bursaries and sponsorship. These sources covered both direct costs incurred locally and the indirect costs of central services provided by the central office in London.

Expenditure

Total expenditure in 2018/19 amounted to £1,965,431 including donated goods and services, compared with £1,645,939 in 2017/18. The increase in expenditure was mainly due to higher salary costs.

5. RESERVES POLICY

Reserves are used to bridge the gap between the spending and receiving of income. A major concern of the Group trustees is to ensure that the Charity maintains adequate reserves throughout the year, given the irregular nature of its income and large costs for its international programmes. Reserves are calculated and managed at a group level to ensure the group has, at a minimum, sufficient reserves to support the continued solvency and liquidity of the group. Beyond this, a further buffer is retained to support future business development. The CPCT group approves the Group Reserves Policy annually and sets the target level of reserves. Surpluses, if any, are paid as Gift Aid to the ultimate parent company, The Common Purpose Charitable Trust.

6. IMPACT OF COVID-19

The loss for the year reflects challenging conditions in the key market segment of student programmes. The Charity resolved at the end of 2018/19 to transfer its student business to another group company and focus on open programmes. As a result, the Charity is expected to return to generating positive cash flows during 2019/2020 with a view to eliminating the negative reserve balance. The directors intend to obtain a Letter of Support from the trustees of CPCT.

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These accounts have been approved by the trustees at a time when there is significant economic and other uncertainty as a result of the emergence and international spread of the coronavirus, COVID-19. With the introduction of related virus control measures across the world since early March 2020, and in common with most other organisations, the Charity has been forced to curtail its activities, particularly in running face to face programmes. The office in London was closed on 17 March 2020 and the Charity then moved to fully home-based working. Programmes running after March 2019 have been suspended pending the outcome of the government's lockdown strategy.

The Charity is taking advantage of the UK government's Coronavirus Job Retention Scheme to furlough 10 staff members, and likewise ask members of the senior management team to take a reduction in salary. These two measures will both help the Charity to maintain employment of all its staff and also save money for the period during which they apply.

In April 2020 the trustees formally reviewed an updated cash flow forecast to June 2021 for the group as a whole. On the basis of the assumptions made by management this showed the Charity remaining cash flow positive throughout the period to June 2021.

The trustees recognize, however, that given the current situation relating to COVID -19 any forecast of future activity levels and thus cash flow is inherently uncertain. The key uncertainty is the extent to which uncontracted income will be realised while the COVID-19 restrictions apply. To protect this income, we continue to stay very close to our clients, many of whom have chosen to defer, rather than cancel, programmes. Nevertheless the Charity expects to see a significantly reduced level of activity and revenue for the remainder of 2019/20. This is expected to apply across all our programmes.

The trustees believe, however, that notwithstanding the inherent uncertainties that currently exist, the strength of the Charity's underlying business and management's ongoing relationships with key clients, the actions being taken to mitigate expected reduced activity levels (as mentioned above) and a likely resumption of normal business activity during the second half of 2020, mean that the Charity remains financially sustainable and will remain a going concern for at least the next twelve months from the date of approval of these accounts.

The trustees will continue to actively monitor staff levels and operational costs and take such steps as they consider necessary to help ensure these remain in line with reduced activity levels and income, also taking into account the parent's proposed utilisation of the assistance being provided by the UK government.

The Charity has no investments or other assets that have been significantly impaired as a result of COVID-19. However, the Charity's reserves are likely to reduce significantly as either programmes from March do not run or income originally expected in 2019/20 is deferred to the next financial year. The Trustees will be reviewing and updating the Charity's reserves policy to reflect COVID-19, as well as the risk register and other actions that need to be taken to reflect the current situation.

7. REFERENCE AND ADMINISTRATIVE DETAILS

Charity number: 1023384
Company number: 3556983
Scottish charity registered number: SCO41166

Registered office: Monmouth House
38-40 Artillery Lane
London
E1 7LS

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YEAR ENDED 31 JULY 2019

8. ADVISORS

Auditors Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

Bankers National Westminster, 250 Regent Street, London W1B 3BN

9. TRUSTEES AND DIRECTORS

Letitia Corinna Andrewartha
Eamonn John Boylan
Amanda Elizabeth Bromley
Alison Leona Layne-Smith
Gordon Merrylees
David Robinson (Chair)
Simon Russell

All served throughout the year ended 31 July 2019.

Chief Executive Officer: Marie Mohan

10. STRUCTURE, GOVERNANCE AND MANAGEMENT

Common Purpose UK is a subsidiary of The Common Purpose Charitable Trust. It has one wholly owned subsidiary, Common Purpose Customised Limited, a trading company that delivers customised courses to UK clients.

Methods adopted for the recruitment and appointment of trustees

We encourage people interested in becoming trustees to apply on our website. When vacancies arise the board draws up criteria, considers applications, conducts interviews of candidates and recommends appointments. Prospective trustees are briefed on the nature and work of the organisation, invited to meet the board and the executive and, if the board approves, appointed at the next board meeting. Appointments are ratified at the following annual general meeting.

Policies and procedures for training and induction of trustees

All trustees are offered an induction, which is tailored to suit their individual requirements. Each new Trustee receives an information pack that informs them of their role, the management structure and the policies and systems in place. New trustees are invited to attend a course day to see Common Purpose in action, as well as participating in other Common Purpose events.

Directors' insurance and indemnities

The trustees have the benefit of the indemnity provisions contained in the Charity's Articles of Association, and the Charity has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Charity, the trustees and its officers. CPUK trustees are covered under the parent entity's insurance policies in respect of:

- Professional indemnity
- Trustees and individual liability
- Professional and legal liability

Organisational structure and decision-making

The trustees of CPUK meet quarterly to review the direction and performance of the organisation. They set and agree the strategy to ensure that the organisation meets its aims.

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The Chief Executive is responsible for the leadership of the organisation. The trustees review the progress in the implementation of the strategic objectives of the Charity.

The aggregate emoluments of the key management personnel were £296,187 (2015/16: £380,064). The salaries of senior management are benchmarked against average management salaries for the sector.

In each local area in which CPUK operates, a Local Advisory Group is set up, the chair of which is appointed by the chair of the trustees. The group is made up of local leaders from the public, private and voluntary sectors. The Local Advisory Group ensures that participant groups are diverse and reflect the make-up of the local area.

Risk review statement and principal risks and uncertainties

The trustees have established an annual risk assessment process that identifies the major foreseeable risks faced by the Charity, assesses their likelihood and impact, and recommends implementing measures to mitigate these risks. The trustees have reviewed the major risks to which the Charity is exposed and are satisfied that appropriate systems have been established to mitigate those risks.

The ability of the Charity to continue to operate is dependent upon identifying and securing income and support from participants, organisations and to a lesser extent, sponsorship from potential supporters of leadership development. The principal risk is that a shortfall in such income could lead to losses in the Charity. This has been addressed by a close focus on managing costs and a strong focus on sales strategy to appropriate funders and institutions. CPUK has also continued to develop and refine its product offering based on market response and feedback from key stakeholders.

Statement of trustees' responsibilities

The trustees, who are also the directors of CPUK for the purposes of company law, are responsible for preparing the Trustees' 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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:

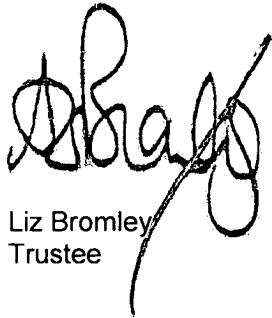
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- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the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

By order of the Board of Trustees on 4 May 2020



Liz Bromley
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMMON PURPOSE UK

Opinion

We have audited the financial statements of Common Purpose UK for the year-ended 31 July 2019, which comprise the Statement of Financial Activities, the Balance Sheet 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 July 2019 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 6-7, 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.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMMON PURPOSE UK

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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 (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Annual 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 (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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' report and from the requirement to prepare a strategic 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.

 22 May 2020

Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

COMMON PURPOSE UK

STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account)

FOR THE YEAR ENDED 31 JULY 2019

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	Note	£	£	2019 £	£	£	2018 £
Income from:							
Donated goods and services		538,799	0	538,799	349,993	0	349,993
<i>Charitable Activities</i>							
Fees from open programmes		996,158	0	996,158	774,356	0	774,356
Fees from Student programmes		213,387	0	213,387	368,381	0	368,381
Grants and bursaries		31,000	0	31,000	1,390	24,184	25,574
Cost recoveries from related entities		149,051	0	149,051	145,194	0	145,194
Bank interest				0	0	0	0
Other income		19,370	0	19,370	3,917	0	3,917
Total		1,947,765	0	1,947,765	1,643,231	24,184	1,667,415
Expenditure on:							
<i>Charitable Activities</i>							
Open programmes		(1,432,830)	0	(1,432,830)	(978,376)	(24,184)	(1,002,560)
Student programmes		(297,663)	0	(297,663)	(461,979)	0	(461,979)
Customised programmes		(27,020)	0	(27,020)	0	0	0
Cost recovered by related entities		(207,918)	0	(207,918)	(181,400)	0	(181,400)
Total	5	(1,965,431)	0	(1,965,431)	(1,621,755)	(24,184)	(1,645,939)
Net surplus / (expenditure)	2	(17,666)	0	(17,666)	21,476	0	21,476
Fund balances brought forward as at 1 August		(79,300)	152	(79,148)	(100,776)	152	(100,624)
Fund balances carried forward As at 31 July		(96,966)	152	(96,814)	(79,300)	152	(79,148)

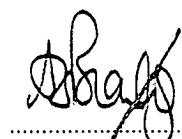
All transactions are derived from continuing activities. All recognised gains and losses are included in the Statement of Financial Activities.

BALANCE SHEET

AS AT 31 JULY 2019

	Note	2019		2018	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		22,562		24,988
Investment			0		0
Current assets					
Debtors	8	288,207		293,290	
Loans to group undertakings		0		33,358	
Cash at bank and in hand		110,779		40,143	
		398,986		366,791	
Creditors: amounts falling due within one year	9	(518,362)		(470,927)	
Net current liabilities			(119,376)		(104,136)
Net liabilities			(96,814)		(79,148)
RESERVES					
Restricted funds	14		152		152
Deficit on unrestricted funds			(96,966)		(79,300)
			(96,814)		(79,148)

The financial statements were approved and authorised for issue by the board of trustees on 4 May and were signed below on its behalf by:



.....
Liz Bromley
Trustee

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES

(a) Basis of accounting

Common Purpose UK is a charitable company limited by guarantee. Further details are shown on page 1.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), section 1A. The charitable company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011, and Regulations made thereunder.

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trustees have considered financial forecasts and projections. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and, therefore, the charitable company has adopted the going concern basis in preparing its financial statements. The parent entity (the Common Purpose Charitable Trust) has reiterated its ongoing support for the continued operations of the entity through an undertaking to meet the liabilities disclosed in the statutory accounts of CPUK as and when required and as they fall due to the extent that money is not otherwise available. CPCT confirms that the support will continue to be available for a period of 12 months from the signing of the accounts.

The charitable company holds only basic financial instruments which are initially recognised at cost or transaction, and do not require subsequent adjustment to fair value.

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

(b) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the general charitable objectives.

Restricted funds are funds subject to specific restricted conditions imposed by the donors.

(c) Income

Income represents the total income receivable during the year comprising tuition fees, local sponsors, bursaries, project income, bank interest and other income.

Income and expenditure related to individual courses is matched and any surplus on a course is recognised in the accounting year in which it arises. Course deficits are recognised as soon as anticipated. Income is fully recognised on commencement of courses including those that cease after the year end as no refunds are given once a course has commenced and hence full entitlement to the income occurs on commencement.

Where CPUK has been donated facilities, amounts are included in incoming resources at the estimated value to the charity of the donated facilities with an equal and opposite amount being included in expenditure.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

(d) Expenditure

Expenditure is charged to the Statement of Financial Activities on an accruals basis.

Direct costs are charged to the appropriate category of charitable activity along with appropriate allocation of support costs, which are defined as those costs which are necessary to deliver the charitable activity but do not constitute its output. Support costs include governance costs. More detail as to the method of their allocation is given in note 5b to the accounts.

(e) Consolidation

The charitable Company has taken advantage of the exemptions given by Section 400 of the Companies Act 2006 and by FRS102 not to prepare consolidated financial statements on the grounds that the Charity and its subsidiary are consolidated within the financial statements of the ultimate parent company, Common Purpose Charitable Trust, a company incorporated in England and Wales.

(f) Going concern

The accounts are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The Charity's response has been to reforecast its cash flow in light of COVID-19. This forecast shows the Charity staying cash flow positive for the next 12 months despite the impact on income during the 2019/20 financial year. The trustees believe therefore that the Charity has sufficient resources to continue its activities for the foreseeable future. They consider that any uncertainties over the Charity's financial viability are manageable. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(g) Depreciation

Depreciation is calculated on a monthly basis so as to write off the cost of tangible fixed assets over their expected useful economic lives. The principal annual rates and bases used for this purpose are:

Leasehold improvements	20% straight line
Computer equipment	33% straight line

(h) Leased assets

Payments under operating leases are charged to the Statement of Financial Activities as the payments fall due.

2. NET MOVEMENT IN FUNDS

	2019	2018
	£	£
The net movement in funds is arrived at after charging:		
Depreciation	10,965	10,923
Auditors' remuneration	7,173	12,787

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

3. STAFF NUMBERS AND EMOLUMENTS

	2019 Number	2018 Number
The average number of persons employed by the Company during the year was:		
Courses	19	22
Support staff	1	1
	<u>20</u>	<u>23</u>
Staff costs	£	£
Wages and salaries	786915	688,484
Social security costs	79168	68,437
Pension	15160	15,181
	<u>881,243</u>	<u>772,102</u>
The number of employees whose emoluments for the year fell within the following bands:		
	Number	Number
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
£80,000 - £89,999	0	0
£90,000 - £99,999	0	0
£100,000 - £109,999	0	0
	<u>2</u>	<u>2</u>
Aggregate emoluments of the Senior Management Team		
	£	£
Salary	146,980	198,248
Social security costs	17,954	23,943
Pension	3,011	2,609
	<u>167,945</u>	<u>224,800</u>

4. TRANSACTIONS WITH TRUSTEES

No emoluments were paid during the year (2017/18: nil). Expenses to the value of £252.95 were reimbursed to trustees (2017/18: nil).

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

5a. ANALYSIS OF RESOURCES EXPENDED

	2019			2018		
	Direct costs £	Support costs £	Total £	Direct costs £	Support costs £	Total £
Open programmes	1,147,358	285,472	1,432,830	813,221	189,339	1,002,560
Student Programmes	238,358	59,305	297,663	374,732	87,247	461,979
Customised programmes	21,637	5,383	27,020	0	0	0
Expenditure incurred in respect of group related entities*	166,493	41,425	207,918	147,142	34,258	181,400
	1,573,846	391,585 ¹	1,965,431	1,335,095	310,844	1,645,939

5b. ANALYSIS OF SUPPORT COSTS

ANALYSIS OF SUPPORT COSTS

	2019				2018			
	Central support costs £	Licence fee £	Governance £	Total £	Central support costs £	Licence fee £	Governance £	Total £
Open programmes	218,705	61,538	5,229	285,472	134,493	47,057	7,789 ¹	189,339
Student Programmes	45,435	12,784	1,086	59,305	61,974	21,684	3,589	87,247
Customised programmes	4,124	1,160	99	5,383	0	0	0	0
Expenditure incurred in respect of group related entities*	31,736	8,930	759	41,425	24,335	8,514	1,409	34,258
	300,000	84,412	7,173	391,585	220,802	77,255	12,787	310,844

* Central support costs consist of costs incurred by central or group functions in support of the Charity. These include services for HR, Marketing and Finance.

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

6. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Computer Equipment £	Total £
COST			
At 31 July 2018	133,814	1,253,143	1,386,957
Disposal	0	0	0
Additions	0	8,539	8,539
At 31 July 2019	133,814	1,261,682	1,395,496
DEPRECIATION			
At 31 July 2018	133,814	1,228,155	1,361,969
Disposal	0	0	0
Charge for year	0	10,965	10,965
At 31 July 2019	133,814	1,239,120	1,372,934
NET BOOK VALUE			
At 31 July 2019	0	22,562	22,562

All the fixed assets are used for direct charitable activities.

7. DEBTORS

	2019 £	2018 £
Tuition fees and sponsorship income	116,875	164,109
Prepaid marketing and printing stocks	799	5,517
Amounts due from group companies - Common Purpose Customised Limited	13,088	
Amounts due from group companies - Common Purpose Charitable Trust	0	
Amounts due from group companies - Common Purpose Global Customised	18,857	
Amounts due from group companies - Common Purpose International	917	17,785
Amounts due from group companies - Common Purpose Student Experiences	6,207	251
Prepayments and accruals	131,464	105,627
	<u>288,207</u>	<u>293,290</u>

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

8. LOAN TO SUBSIDIARY

Common Purpose Customised Limited, a trading subsidiary of CPUK, made a loss of £73,378 in 2015/16. The directors of CPUK agreed to cover this loss by lending CPCL the full amount of the loss. The loan is repayable over five years at an annual interest rate of 2.5% per annum. During 2018/19, the loan principal was fully repaid, together with £294.56 of interest.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Sundry creditors and accruals	68,460	49,189
Other taxes and social security	76,512	68,972
Amounts due to group companies - Common Purpose Customised Limited	0	0
Amounts due to group companies - Common Purpose Charitable Trust	0	18,000
Amounts due to group companies - Common Purpose Global Customised	212,437	165,047
Amounts due to group companies - Common Purpose International	0	997
Amounts due to group companies - Common Purpose Student Experiences	0	0
Deferred income	156,503	165,930.00
Other creditors	4,450	2,793
	<u>518,362</u>	<u>470,927</u>

Deferred income relates to invoices raised in respect of courses that are due to commence after 31 July 2019. The brought forward deferred income has been released into the current year's Statement of Financial Activities.

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2019	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	0	22,562	22,562
Current assets	152	398,834	398,986
Current liabilities	0	(518,362)	(518,362)
	<u>152</u>	<u>(96,966)</u>	<u>(96,814)</u>

2018	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	0	24,988	24,988
Current assets	152	366,639	366,791
Current liabilities	0	(470,927)	(470,927)
	<u>152</u>	<u>(79,299)</u>	<u>(79,148)</u>

11. OPERATING LEASE COMMITMENTS

The Charity has no operating lease commitments.

12. SHARE CAPITAL

The Charity is limited by guarantee and has no share capital. The liability of the members is limited to the sum of £1 per member.

COMMON PURPOSE UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2019

13. RESTRICTED FUNDS

The Charity received two grants of restricted income during the year. The carried forward balance on restricted income and expenditure shown in the Statement of Activities relates to the programme in the UK funded by American Express during 2015/16. We again gratefully acknowledge the support of the William Grant Foundation in providing bursaries for our programmes.

2019	<u>Brought forward</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers/gains</u>	<u>Carried forward</u>
American Express Foundation	152	0	0	0	152
William Grant Foundation - Streetwise donation	0	5,000	5,000	0	0
Other bursary funds - William Grant Foundation	0	1,000	1,000	0	0

2018	<u>Brought forward</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers/gains</u>	<u>Carried forward</u>
American Express Foundation	152	0	0	0	152
Barrow Cadbury Trust	0	4,000	4,000	0	0
Other bursary funds	0	20,184	20,184	0	0

14. PARENT UNDERTAKING

The Charity's immediate and ultimate parent undertaking is The Common Purpose Charitable Trust (CPCT), a company registered in England, number 2832875 and a registered charity, number 1023384.

Consolidated financial statements for The Common Purpose Charitable Trust are available to the public from www.charitycommission.org.uk

15. POST BALANCE SHEET EVENT

The COVID-19 crisis has had a major impact on the operations of the Charity and group. The trustees have set out their assessment of the impact on pages 4/5, and have also considered the effect on the going concern of the Charity as set out in note 1(f). The trustees have assessed the crisis and its potential impact as a non-adjusting post balance sheet event.