

**REGISTERED COMPANY NUMBER: 03270679 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1059660**

**REPORT OF THE TRUSTEES AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2016  
FOR**

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**Introduction from Chief Executive, Gillian Murray**

At Pilotlight we believe that effective and authentic collaboration between business and charities has a powerful impact. Since 2003, we have worked with almost 1,300 business leaders to support over 500 charities and social enterprises across the UK.

Key to our work is an ongoing process of measurement and evaluation to enable us both to understand the difference we are making, and to use the data to inform our work going forward. Pilotlight's mission is to help charities help more people more effectively. We measure the number of people reached by our charity partners one year and two years after taking part in the Pilotlight Programme. In 2016 the average increase in people reached was 53% year-on-year. And, two years after working with Pilotlight 73% of charities reported an improvement in the effectiveness of the services they were delivering.

Pilotlight's vision is a world in which charities and business work together to create a better society. While we have gathered data to support our theory of change for charities for over 10 years, we have had increasing feedback from our business members (Pilotlighters) about the benefits they gain from the sharing their skills and in 2016 we developed a theory of change for our Pilotlighters. Using our data and surveys we can track the effect of the Programme on Pilotlighters across three main areas: knowledge and awareness of the charity sector; skills and career development; and health and well-being. In 2016 100% of our Pilotlighters said their knowledge and understanding of the challenges faced by people in need had improved; 97% that their coaching skills had improved, and 93% reported positive effects on their health and well-being.

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

Pilotlight's aim is to help charities and social enterprises become more resilient and deliver more effective and efficient services, resulting in better outcomes for disadvantaged people. We specifically support charities working to tackle disadvantage in the UK. We achieve our aims by matching directors from charities and social enterprises with teams of senior business people and facilitate a yearlong engagement to plan for sustainability, development and growth. Following our theory of change, we work directly with charity leaders, providing them with the tools and skills to strengthen their organisations and therefore have a bigger impact in the communities they serve:

- Sector Need: we support *charities looking to increase their social impact by improving their efficiency and effectiveness*
- The Pilotlight Programme *consists of 12 monthly meetings with teams of 4 business leaders facilitated by a skilled project manager whose outputs support:*
  - Leadership outcomes (*more effective leadership/improved strategic planning*)
  - Organisational outcomes (*more resilient organisations delivering more efficient and effective services*)
  - Service user outcomes (*improved outcomes for disadvantaged people*)

We measure our success against a range of criteria such as:

- Average increase in income for our partner charities following the engagement
- Average increase in service user numbers for our partner charities following the engagement
- Increase in confidence and leadership skills for the charity CEOs following the engagement
- Increased effectiveness of the board and SMT following the engagement

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**OBJECTIVES AND ACTIVITIES**

**Significant activities**

In 2016, in addition to our flagship coaching and mentoring programme we continued to work with business partners and funders to develop programmes that enable us to meet the needs of the increasing number of charities applying to Pilotlight. In 2016 we delivered a total of 101 charity projects.

*Pilotlight One to One*

Pilotlight One to One was launched in 2013, enabling our portfolio of charities to access support from an experienced individual Pilotlight mentor after the completion of their core project. In 2016 we enabled 22 charity Directors to gain support from 22 business leaders.

*Pilotlight Connect*

In 2016, Pilotlight Connect, bringing together our charity partners for further learning and collaboration, delivered 9 sessions, across the North, Midlands and South West of England and in Scotland and Wales. This is an important element in offering continuing support to charities outside of London and the South East.

Partnerships

*Early careers*

Since 2011 we have connected over 250 graduates with 30 charities through the RBS partnership. In 2016 we ran this programme for 2 charities in Edinburgh as well as 6 in London.

*Emerging leaders*

We worked in partnership with Morgan Stanley to support their UK Strategy Challenge Programme. 5 charities and 25 Vice Presidents ("VPs") were selected for the Challenge, which was won by the NSPPC team. The standard and quality of the work delivered for all the charities taking part was outstanding.

*Senior Leaders*

In 2015 we launched a new initiative, in collaboration with Barclays - a 3 month strategic review programme for our partner charities, supported by Barclays' senior executives. By the end of 2016 we had supported 18 charities and expanded the programme outside London to the South West.

*Weston Charity Awards*

Launched in 2014 in the North East, in collaboration with the Garfield Weston Foundation, in 2016 we opened the Awards across the North, Yorkshire and the Midlands. The number of organisations funded by the Foundation rose to 18 (from 6 in 2014 and 12 in 2015).

**Public benefit**

The Trustee Board has had due regard to the Charity Commission guidance on public benefit and has complied with the duty in section 17 of the Charities Act 2011.

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**ACHIEVEMENT AND PERFORMANCE**

**Charitable activities**

In 2016 the growth of our strategic review programme (new in 2015) and the expansion of the Weston Charity Awards were key areas of focus. We moved to new premises in London and continued to develop our IT systems to enable Pilotlight to deliver its services in the most effective and efficient way.

Summary of outcomes for charities on the Pilotlight programme in 2016:

Leadership outcomes (short term):

- 97% of CEOs feel their confidence in their role has increased
- 97% feel their leadership skills have increased

Organisational outcomes (intermediate):

- 98% of CEOs feel the effectiveness of the SMT has increased
- 98% feel the effectiveness of the board has increased

Service User outcomes (long term):

- Income has increased by an average of 28%
- Service user numbers have increased by an average of 53%
- 73% of CEOs feel the Pilotlight engagement has had an impact on the effectiveness of the services they deliver

Performance indicators:

We use an evaluation framework to collect evidence of the impact on our partner charities in terms of leadership, organisational and service user outcomes. We collect data at the end of the engagement, one year on and two years on to understand the short, intermediate and long term impact. This is measured against the performance indicators stated above.

**FINANCIAL REVIEW**

**Financial position**

- Our total income was £1,224,792. Our grant income (included in the aforementioned figure) was £404,316. Included in creditors is deferred income of £336,178. Our costs decreased by £5,584 year on year. Cash at year end was £1,083,293, of which £300,834 was restricted.
- No significant events have affected the financial performance of the charity during the year. Pilotlight holds no material financial investments and there are no factors that are likely to affect the financial performance or position going forward.
- Pilotlight meets its objectives of supporting charities to increase their social impact by improving their efficiency and effectiveness. Our programmes are free to charities; we fund our activities principally through individual business member donations and corporate fees, the remainder through Trust & Foundation grants. In 2016 grants make up 33% of total income with 67% coming from membership income. Our positive financial performance allows us to plan to support more charities going forward.

**Investment powers and policy**

Under the Memorandum and Articles of Association the charity has the power to invest in any way the Trustee Board wishes, however the Committee, having taken into consideration the liquidity requirements of the charity, has decided to keep surplus cash in an interest-bearing account.

**Reserves policy**

The Trustee Board has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the charity should, in the medium term, be around 3 months of staff costs, which equates to approximately £195,000. In addition to the significant deferred revenue balances, the Board feels that this would enable the funding of working capital, provide resources against unforeseen circumstances, and support new growth projects. In the event of a significant drop in funding, it would be necessary to consider how the funding would be replaced or activities changed. Unrestricted net incoming resources during 2016 were £310,998 (2015 £116,765).

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**FUTURE PLANS - Objectives for 2017**

- To grow our programmes regionally.
- To explore models of collaboration as a way to support more charities.
- Test our new theory of change and evaluation framework for collecting evidence of impact on our Pilotlight.
- To raise awareness of the benefits of Pilotlight among the business community .

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

- The organisation is a charitable company limited by guarantee, incorporated on 29 October 1996 and registered as a charity on 6 December 1996. On 20 March 1997 the charitable company changed its name from Pilot Light to Pilotlight.
- 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.
- From 24 October 2007 the charity became a registered charity in Scotland (SC038844).

**Appointment to the Trustee Board**

- Members of the Trustee Board, directors for the purposes of charity law, who served during the period, are set out in the Reference and Administrative Details section. Trustees are appointed for a maximum of two three year terms.
- Recruitment to the Trustee Board is led by the Chairman based on a yearly review of skills and schedule of terms, and follows the nominations process outlined in our Trustee Handbook
- The board of Trustees themselves has the power to appoint a Trustee at any time, either to fill a casual vacancy or as an additional Trustee.

**Organisational structure**

- The Trustee Board oversees the charity and meets four times a year to discuss the current position and decide future strategy. The Board is currently made up of 8 members and has two principle components: contributing to the development of the strategy and monitoring executive activity and outcomes; the focus is on strategy, governance, finance, performance and risk. A Finance sub-Committee, which meets 6 times a year, reports into the Trustee Board. In 2016, a second sub-Committee, called the Foundation Board, was changed, with new terms of reference, to the Strategy & Innovation Committee.
- The Chief Executive is appointed by the Board to manage the day-to-day operations of the charity and supervise the 19 (as at 31/12/2016) full-time staff. There is a senior management team consisting of 4 senior members of staff including the Chief Executive. Direct reports to the CEO are: Head of Operations, Head of Project Management and Head of Partnerships.

**Decision making**

To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, recruitment and programme development activity.

**Trustee Board Induction and Training**

- New members of the Trustee Board are instructed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association and the decision making process by other members of the Committee. They are strongly encouraged to seek further guidance on their role primarily through the advice given on the Charity Commission website. They are provided with a Trustee Handbook and as part of their induction and meet with the Chief Executive and members of the senior management team as appropriate.

**Key management remuneration**

- The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. The Trustee Board benchmarks against pay levels in other voluntary sector organisations of a similar size and uses information from annual sector pay surveys to inform their decision-making.

**REFERENCE AND ADMINISTRATIVE DETAILS**

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**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

03270679 (England and Wales)

**Registered Charity number**

1059660

**Registered office**

Audrey House  
16-20 Ely Place  
London  
London  
EC1N 6SN

**Principal address**

3rd Floor  
Valiant House  
4-10 Heneage Lane  
London  
EC3A 5DQ

**Trustees**

Ms C Alexandrou

Mr K Bone

Mr G Clempson - Chair

Mr C J Connolly

- appointed 21/3/16

Mr S Greenhalgh

Mr P Martin

Ms T Naidu

- appointed 21/3/16

Ms A F M Sinclair

**Company Secretary**

Mr I Patel

- appointed 21/3/16

Mr M Blackwell

- resigned 21/3/16

**Auditors**

Hartley Fowler LLP

Statutory Auditors

Chartered Accountants

4th Floor Tuition House

27/37 St George's Road

Wimbledon

London

SW19 4EU

**Bankers**

HSBC

Weybridge Commercial Centre

Church Street

Weybridge

Surrey

KT13 8DF

**Chief Executive Officer**

Ms G Murray

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Pilotlight (Limited by guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

**AUDITORS**

The auditors, Hartley Fowler LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Approved by order of the board of trustees on .....27/4/17..... and signed on its behalf by:

  
.....  
Mr K Bone - Trustee



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PILOTLIGHT  
(LIMITED BY GUARANTEE)**

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We have audited the financial statements of Pilotlight (Limited by guarantee) for the year ended 31 December 2016 on pages nine to twenty two. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees Responsibilities set out on page six, 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.

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 Auditing Practices Board's Ethical Standards for Auditors. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 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; 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PILOTLIGHT  
(LIMITED BY GUARANTEE)**

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.



Jonathan Askew (Senior Statutory Auditor)  
for and on behalf of Hartley Fowler LLP  
Statutory Auditors  
Chartered Accountants  
4th Floor Tuition House  
27/37 St George's Road  
Wimbledon  
London  
SW19 4EU

Date: ..... 3/5/17 .....

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

		Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	268,200	-	268,200	281,917
<b>Charitable activities</b>	5				
Charitable Activities		556,873	397,166	954,039	670,531
Investment income	4	<u>2,553</u>	<u>-</u>	<u>2,553</u>	<u>2,002</u>
<b>Total</b>		827,626	397,166	1,224,792	954,450
<b>EXPENDITURE ON</b>					
Raising funds	6	28,885	-	28,885	72,562
<b>Charitable activities</b>	7				
Charitable Activities		<u>487,743</u>	<u>450,706</u>	<u>938,449</u>	<u>900,356</u>
<b>Total</b>		516,628	450,706	967,334	972,918
<b>NET INCOME/(EXPENDITURE)</b>		310,998	(53,540)	257,458	(18,468)
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>388,103</u>	<u>53,540</u>	<u>441,643</u>	<u>460,111</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>699,101</u>	<u>-</u>	<u>699,101</u>	<u>441,643</u>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2016**

		2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	14	62,892	17,574
<b>CURRENT ASSETS</b>			
Debtors	15	78,084	127,680
Cash at bank		<u>1,083,293</u>	<u>1,189,664</u>
		1,161,377	1,317,344
<b>CREDITORS</b>			
Amounts falling due within one year	16	(396,334)	(893,275)
<b>NET CURRENT ASSETS</b>		<u>765,043</u>	<u>424,069</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		827,935	441,643
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	(128,834)	-
<b>NET ASSETS</b>		<u>699,101</u>	<u>441,643</u>
<b>FUNDS</b>	19		
Unrestricted funds		699,101	388,103
Restricted funds		<u>-</u>	<u>53,540</u>
<b>TOTAL FUNDS</b>		<u>699,101</u>	<u>441,643</u>

The financial statements were approved by the Board of Trustees on .....27/4/17..... and were signed on its behalf by:

  
.....  
Mr G Clempson - Chair - Trustee

  
.....  
Mr K Bone - Trustee

The notes form part of these financial statements

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Notes	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>(44,773)</u>	<u>604,371</u>
<b>Net cash provided by (used in) operating activities</b>		<u>(44,773)</u>	<u>604,371</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(64,151)	-
Interest received		<u>2,553</u>	<u>2,002</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(61,598)</u>	<u>2,002</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(106,371)</u>	<u>606,373</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,189,664</u>	<u>583,291</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,083,293</u></u>	<u><u>1,189,664</u></u>

The notes form part of these financial statements

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016	2015
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	257,458	(18,468)
<b>Adjustments for:</b>		
Depreciation charges	11,975	8,363
Loss on disposal of fixed assets	6,858	-
Interest received	(2,553)	(2,002)
Decrease/(increase) in debtors	49,596	(35,787)
(Decrease)/increase in creditors	<u>(368,107)</u>	<u>652,265</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(44,773)</u>	<u>604,371</u>

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. GENERAL INFORMATION**

The charitable company is incorporated and domiciled in the United Kingdom. The address of its registered office is Audrey House, 16-20 Ely House, London, EC1N 6SN.. The registered number of the company is 03270679. The registered number of the charity is 1059660. The Scottish registered number of the charity is SCO38844.

The financial information presented is for the year ended 31 December 2016 and 31 December 2015. The financial information is presented in sterling.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

a) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of reported income.

b) Preparation of the accounts on a going concern basis

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. In future years, the key risks to the charity are a fall in contractual and grant income. The trustees have a series of measures to control, mitigate and minimise the effects of a fall in income, including the development and maintaining of a diverse range of activities and income in order to reduce the risk of over reliance on a single source, and a prudent reserves policy.

c) Significant judgements and estimates.

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(i) Tangible fixed assets. Fixtures and fittings and office equipment are depreciated over their useful lives taking into account residual values, where appropriate.

(ii) Allocation of costs. The allocation of support and governance costs between charitable and expenditure categories.

(iii) Deferred income. This represents corporate membership income and grant income that relates to future accounting periods.

**PILOTLIGHT  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES - continued**

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Corporate membership income and grant income are deferred and only released to the Statement of Financial Activities over the period to which the membership relates.

Voluntary income is received by way of grants, donations and gifts, including gift aid income where applicable, and is included in full in the statement of financial activities when receivable. Income from grants, where related to performance and specific deliverables, is accounted for when it is probable that the income will be received and amount can be measured reliably. Where conditions are imposed that must be met before the charity has unconditional entitlement, the income is deferred and not included in income until the pre-conditions for use have been met.

Gifts in kind are included at the estimated monetary value to the charity. Where services are provided to the charity as a donation that would normally be purchased, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Raising funds**

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

**Charitable activities**

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

**Governance costs**

Since there is no direct cost to holding Trustee Board meetings and no Trustee Board expenses are reimbursed, governance costs only include the statutory audit fee.

**Allocation and apportionment of costs**

Support costs include all those overhead costs of office, accommodation, utility services and other services and costs, which are in support of the activity.

**Tangible fixed assets**

All capital items are capitalised and a full year's depreciation is charged on a monthly basis from the date of purchase.

Only items over £1,000 cost are capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows;

Office Equipment - over 3 or 4 years.

**Taxation**

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



**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES - continued**

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Cash at bank**

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

**Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are recognised at the invoiced cost prepaid.

**Creditors**

Creditors are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at the settlement amount.

**Financial instruments**

The charity only has financial instruments of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**3. DONATIONS AND LEGACIES**

	2016	2015
	£	£
Donations - Individuals and Trusts	<u>268,200</u>	<u>281,917</u>

**4. INVESTMENT INCOME**

	2016	2015
	£	£
Deposit account interest	<u>2,553</u>	<u>2,002</u>

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. INCOME FROM CHARITABLE ACTIVITIES**

	Activity	2016 £	2015 £
Corporate Contract Income	Charitable Activities	549,723	607,156
Grants	Charitable Activities	<u>404,316</u>	<u>63,375</u>
		<u>954,039</u>	<u>670,531</u>

Grants received, included in the above, are as follows:

	2016 £	2015 £
Big Lottery Fund	7,150	-
The City Bridge Trust	-	6,375
The Wates Foundation	-	10,000
Northern Rock	-	17,000
Garfield Weston	387,166	-
Porticus	10,000	10,000
Fidelity UK Foundation	-	20,000
	<u>404,316</u>	<u>63,375</u>

**6. RAISING FUNDS**

**Raising donations and legacies**

	2016 £	2015 £
Consultancy fees	<u>28,885</u>	<u>72,562</u>

**7. CHARITABLE ACTIVITIES COSTS**

	Direct costs (See note 8) £	Support costs (See note 9) £	Totals £
Charitable Activities	<u>673,650</u>	<u>264,799</u>	<u>938,449</u>

**8. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2016 £	2015 £
Staff costs	626,997	654,372
Travel	32,455	26,601
Bad debts	7,340	10,300
Loss on sale of assets	<u>6,858</u>	-
	<u>673,650</u>	<u>691,273</u>

**9. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Charitable Activities	<u>259,399</u>	<u>5,400</u>	<u>264,799</u>

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**9. SUPPORT COSTS - continued**

Support costs, included in the above, are as follows:

**Management**

	2016 Charitable Activities £	2015 Total activities £
Rent and office costs	138,658	113,965
Insurance	3,007	2,515
Telephone	11,330	6,007
Sundries	16,779	18,316
Recruitment costs	7,450	2,705
Legal and professional fees	46,341	32,240
Financial outsourcing	21,270	16,129
Bank charges	2,589	1,772
Staff training costs	-	1,541
Depreciation of tangible and heritage assets	<u>11,975</u>	<u>8,493</u>
	<u>259,399</u>	<u>203,683</u>

**Governance costs**

	2016 Charitable Activities £	2015 Total activities £
Auditors' remuneration	4,500	4,500
Auditors' remuneration for non audit work	<u>900</u>	<u>900</u>
	<u>5,400</u>	<u>5,400</u>

**10. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2016 £	2015 £
Auditors' remuneration	4,500	4,500
Auditors' remuneration for non audit work	900	900
Depreciation - owned assets	11,975	8,363
Deficit on disposal of fixed asset	6,858	-
Operating leases - land and buildings	<u>70,506</u>	<u>66,280</u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 December 2016 nor for the year ended 31 December 2015.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 December 2016 nor for the year ended 31 December 2015.

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. STAFF COSTS**

	2016 £	2015 £
Wages and salaries	570,708	596,961
Social security costs	55,436	57,411
Other pension costs	<u>853</u>	<u>-</u>
	<u><b>626,997</b></u>	<u><b>654,372</b></u>

The average monthly number of employees during the year was as follows:

	2016	2015
Charity Work	<u>18</u>	<u>19</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
£70,001 - £80,000	<u>1</u>	<u>1</u>

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	281,917	-	281,917
<b>Charitable activities</b>			
Charitable Activities	607,156	63,375	670,531
Investment income	<u>2,002</u>	<u>-</u>	<u>2,002</u>
<b>Total</b>	891,075	63,375	954,450
<b>EXPENDITURE ON</b>			
Raising funds	72,562	-	72,562
<b>Charitable activities</b>			
Charitable Activities	<u>701,748</u>	<u>198,608</u>	<u>900,356</u>
<b>Total</b>	<u>774,310</u>	<u>198,608</u>	<u>972,918</u>
<b>NET INCOME/(EXPENDITURE)</b>	116,765	(135,233)	(18,468)
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<u>271,338</u>	<u>188,773</u>	<u>460,111</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><b>388,103</b></u>	<u><b>53,540</b></u>	<u><b>441,643</b></u>

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14. TANGIBLE FIXED ASSETS**

	Office equipment £
<b>COST</b>	
At 1 January 2016	51,168
Additions	64,151
Disposals	<u>(15,675)</u>
At 31 December 2016	<u>99,644</u>
<b>DEPRECIATION</b>	
At 1 January 2016	33,594
Charge for year	11,975
Eliminated on disposal	<u>(8,817)</u>
At 31 December 2016	<u>36,752</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>62,892</u>
At 31 December 2015	<u>17,574</u>

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Other debtors	8,023	1,461
Membership debtors	55,576	109,820
Prepayments	<u>14,485</u>	<u>16,399</u>
	<u>78,084</u>	<u>127,680</u>

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Trade creditors	8,356	7,755
Social security and other taxes	15,864	15,862
VAT	2,508	15,242
Other creditors	792	104
Deferred income	336,178	846,942
Accrued expenses	<u>32,636</u>	<u>7,370</u>
	<u>396,334</u>	<u>893,275</u>
	£	£
<u>Deferred Income</u>		
Balance at 1 January 2016	846,942	195,885
Amounts released to incoming resources from previous years	(546,108)	(195,885)
Amounts deferred to more than one year	(128,834)	-
Amounts deferred in the year	<u>164,178</u>	<u>846,942</u>
Balance at 31 December 2016	<u>336,178</u>	<u>846,942</u>

Deferred income at 31 December 2016 consists of £164,178 corporate membership income and £172,000 grant income from Garfield Weston which relates to the year ended 31 December 2017.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Deferred income	<u>128,834</u>	<u>-</u>

Deferred income at 31 December 2016 consists of £128,834 grant income from Garfield Weston which relates to the year ended 31 December 2018.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Fixed assets	62,892	-	62,892	17,574
Current assets	860,543	300,834	1,161,377	1,317,344
Current liabilities	(224,334)	(172,000)	(396,334)	(893,275)
Long term liabilities	<u>-</u>	<u>(128,834)</u>	<u>(128,834)</u>	<u>-</u>
	<u>699,101</u>	<u>-</u>	<u>699,101</u>	<u>441,643</u>

**PILOTLIGHT  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**19. MOVEMENT IN FUNDS**

	At 1/1/16 £	Net movement in funds £	At 31/12/16 £
<b>Unrestricted funds</b>			
General fund	388,103	310,998	699,101
<b>Restricted funds</b>			
The City Bridge Trust	6,374	(6,374)	-
Garfield Weston	43,166	(43,166)	-
Porticus	<u>4,000</u>	<u>(4,000)</u>	-
	53,540	(53,540)	-
<b>TOTAL FUNDS</b>	<u>441,643</u>	<u>257,458</u>	<u>699,101</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	827,626	(516,628)	310,998
<b>Restricted funds</b>			
The City Bridge Trust	-	(6,374)	(6,374)
Garfield Weston	387,166	(430,332)	(43,166)
Porticus	<u>10,000</u>	<u>(14,000)</u>	<u>(4,000)</u>
	397,166	(450,706)	(53,540)
<b>TOTAL FUNDS</b>	<u>1,224,792</u>	<u>(967,334)</u>	<u>257,458</u>

- Garfield Weston: Supporting Pilotlight and 18 charities in the Midlands, North-East and North-West of England through the Weston Charity Awards
- Porticus: Supporting Pilotlight's work in the South West and Wales

**20. RELATED PARTY DISCLOSURES**

During the year donations of £3,910 (2015 - £45,000) were received from Trustee Board Members.

**Key management compensation**

	2016 £	2015 £
Salaries and other short-term benefits	73,716	73,698
Post-employment benefits	<u>92</u>	-
	<u>73,808</u>	<u>73,698</u>

Key management includes certain senior employees who have authority and responsibility for planning and controlling the activities of the company.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**21. COMPANY LIMITED BY GUARANTEE**

The charity is limited by guarantee and has no share capital. The liability of each member is determined by the Articles of the charity and shall not exceed £1. There were 8 members as at 31st December 2016 (2015:6).

**22. FIRST YEAR ADOPTION**

This is the first year that the Charity has presented its results under Charities SORP (FRS 102). The last financial statements under FRSSE SORP, were for the year ended 31 December 2015. The date of transition to Charities SORP (FRS 102) was 1 January 2015.

There were no changes to the Charity's surplus for the financial year ended 31 December 2015 and the total Charity's net assets as at 1 January 2015 and 31 December 2015 as a result of the adoption of Charities SORP (FRS 102).

**Transitional relief**

On transition to FRS 102, the charity has no areas in which transitional reliefs need to be claimed.