

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 2017
FOR**

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017. 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 1,500 business leaders to support over 600 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 2017 the average increase in people reached was 57% year-on-year. And, two years after working with Pilotlight 94% 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. Using our data and surveys we also 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 2017 90% of our Pilotlighters said it had increased their motivation to work with charities; 94% felt their involvement with Pilotlight increased their wellbeing/happiness; 73% reported increased job satisfaction.

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. However, we have also supported charities based in the UK whose beneficiaries are overseas. Our flagship programme matches 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 flagship Pilotlight Programme consists of 10 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 2017**

OBJECTIVES AND ACTIVITIES

Significant activities

In 2017, 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 2017 we supported a total of 109 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 2017 we enabled 22 charity Directors to gain support from 22 business leaders.

Pilotlight Connect

In 2017, 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

In 2017 we set up and ran a new programme for a media company where 20 rising talent Pilotlighters supported 4 charity partners with a range of tactical challenges.

- Emerging leaders

We worked in partnership with Morgan Stanley to support their UK Strategy Challenge Programme for the fourth year; the Challenge was won by the Save the Children UK team. In excess of 4,000 hours of pro bono support was delivered by 25 Pilotlighters to 5 charities.

We launched a new programme with Barclays in 2017, called Unlocking Insights. The pilot programme saw 3 charity partners supported by 18 Barclays Vice Presidents.

- Senior Leaders

Our strategic review programme, launched in collaboration with Barclays in 2015, expanded to Manchester, Bristol and Glasgow in 2017

Two new initiatives took place in 2017 in Glasgow, with Morgan Stanley and the NHS Greater Glasgow & Clyde.

- Weston Charity Awards

Launched in 2014 in the North East, in collaboration with the Garfield Weston Foundation, in 2017, the Awards were open across the North, Yorkshire and the Midlands. The number of organisations funded by the Foundation was 18 (up from 6 in 2014).

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 2017**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Some areas of focus have shown some promising results in 2017. In order to provide a wide range of skills and experience for our charity partners, we have endeavoured to expand our reach beyond financial services; of the 258 Pilotlighters active on our flagship programme, two thirds were from industries other than finance. Another area we have spent time on is increasing the number of senior female Pilotlighters; we achieved 41% in this area by the end of 2017 (up from 33%).

The changes Pilotlight has delivered have happened in the context of a difficult funding environment. Two thirds of charity leaders completing an engagement in 2015 or 2016 said they had experienced an increase in demand for services while nearly a half had experienced a reduction in funding. In spite of this challenging environment, this programme continues to deliver consistently impressive results.

Summary of outcomes for charities on the Pilotlight programme in 2017:

Leadership outcomes (short term):

- 97% of CEOs feel their confidence in their role has increased
- 93% feel their leadership skills have increased

Organisational outcomes (intermediate):

- 89% of CEOs feel the effectiveness of the SMT has increased
- 89% feel the effectiveness of the board has increased

Service User outcomes (long term):

- Income has increased by an average of 36%
- Service user numbers have increased by an average of 57%
- 94% 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 £1,149,145. Our grant income (included in the aforementioned figure) was £241,129. Included in creditors is deferred income of £955,915 of which £556,544 is due in less than 12 months.. Our costs increased by £10,686 year on year. Cash at year end was £1,723,372, of which £823,871 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 2017 grants make up 21% of total income with 79% coming from membership and corporate 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.

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

FINANCIAL REVIEW

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 6 months of running costs of approximately £500,000. 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 2017 were £171,125 (2016 £310,998).

FUTURE PLANS

Objectives for 2018

- To develop strategic alliances with private & public sector organisations, third sector bodies and funders to better respond to the needs of charities.
- To increase our reach by working with a more diverse pool of charities through our expanded programme set
- To pilot the use of technology to improve project delivery and increase efficiency

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 9 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.
- In 2017 a Vice Chair, Tina Alexandrou was appointed, in accordance with Charity Commission guidance on good governance.
- The Chief Executive is appointed by the Board to manage the day-to-day operations of the charity and supervise the 18 (as at 31/12/2017) 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.

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.

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.

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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	- resigned 27/2/18
Mr G Clempson - Chair	
Mr C J Connelly - Treasurer	
Mr S Greenhalgh	
Mr P Martin	- resigned 4/12/17
Ms T Naidu	
Ms A F M Sinclair	
Mr G J Hale	- appointed 4/12/17
Mr J Salas	- appointed 4/12/17

Company Secretary

Mr I Patel

Auditors

Hartley Fowler LLP
Statutory Auditors
Chartered Accountants
4th Floor Tuition House
27/37 St George's Road
Wimbledon
London
SW19 4EU

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

HSBC
Weybridge Commercial Centre
Church Street
Weybridge
Surrey
KT13 8DF

Chief Executive Officer

Ms G Murray

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of charitable company (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.

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 24/04/18 and signed on its behalf by:


.....
Mr C J Connelly - Treasurer - Trustee

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

Opinion

We have audited the financial statements of Pilotlight (Limited by guarantee) (the 'charitable company') for the year ended 31 December 2017 on pages nine to twenty one. 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, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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).

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

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 Report of the Trustees.

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.

Responsibilities of trustees

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, 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.

Our responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

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 a report of the auditors that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs 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 Report of the Independent Auditors.


Jonathan Askew (Senior Statutory Auditor)
for and on behalf of Hartley Fowler LLP
Statutory Auditors

Chartered Accountants

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

4th Floor Tuition House

27/37 St George's Road

Wimbledon

London

SW19 4EU

Date: 26/11/18

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	275,718	-	275,718	268,200
Charitable activities					
Providing business support to UK charities	5	630,789	241,129	871,918	954,039
Investment income	4	1,509	-	1,509	2,553
Total		908,016	241,129	1,149,145	1,224,792
EXPENDITURE ON					
Raising funds	6	56,449	-	56,449	28,885
Charitable activities					
Providing business support to UK charities	7	680,442	241,129	921,571	938,449
Total		736,891	241,129	978,020	967,334
NET INCOME		171,125	-	171,125	257,458
RECONCILIATION OF FUNDS					
Total funds brought forward		699,101	-	699,101	441,643
TOTAL FUNDS CARRIED FORWARD		870,226	-	870,226	699,101

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 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	46,300	62,892
CURRENT ASSETS			
Debtors	15	121,115	78,084
Cash at bank		1,723,372	1,083,293
		<u>1,844,487</u>	<u>1,161,377</u>
CREDITORS			
Amounts falling due within one year	16	(621,190)	(396,334)
NET CURRENT ASSETS		<u>1,223,297</u>	<u>765,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,269,597	827,935
CREDITORS			
Amounts falling due after more than one year	17	(399,371)	(128,834)
NET ASSETS		<u>870,226</u>	<u>699,101</u>
FUNDS	20		
Unrestricted funds		870,226	699,101
Restricted funds		-	-
TOTAL FUNDS		<u>870,226</u>	<u>699,101</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 24/04/18 and were signed on its behalf by:


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


.....
Mr C J Connelly - Treasurer -Trustee

The notes form part of these financial statements

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	638,570	(44,773)
Net cash provided by (used in) operating activities		<u>638,570</u>	<u>(44,773)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		-	(64,151)
Interest received		1,509	2,553
Net cash provided by (used in) investing activities		<u>1,509</u>	<u>(61,598)</u>
Change in cash and cash equivalents in the reporting period		<u>640,079</u>	<u>(106,371)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,083,293</u>	<u>1,189,664</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,723,372</u></u>	<u><u>1,083,293</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 2017**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2017	2016
	£	£
Net income for the reporting period (as per the statement of financial activities)	171,125	257,458
Adjustments for:		
Depreciation charges	16,592	11,975
Loss on disposal of fixed assets	-	6,858
Interest received	(1,509)	(2,553)
(Increase)/decrease in debtors	(43,031)	49,596
Increase/(decrease) in creditors	495,393	(368,107)
Net cash provided by (used in) operating activities	<u>638,570</u>	<u>(44,773)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017 and 31 December 2016. 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', the Companies Act 2006, The Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 (as amended). The financial statements have been prepared under the historical cost convention.

a) 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.

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

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

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 is 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.

2. ACCOUNTING POLICIES - continued

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.

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.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

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

	2017 £	2016 £
Donations - Individuals and Trusts	<u>275,718</u>	<u>268,200</u>

4. INVESTMENT INCOME

	2017 £	2016 £
Deposit account interest	<u>1,509</u>	<u>2,553</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	2017 £	2016 £
Corporate Contract Income	630,789	549,723
Grants	241,129	404,316
	<u>871,918</u>	<u>954,039</u>

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. INCOME FROM CHARITABLE ACTIVITIES - continued

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

	2017 £	2016 £
Big Lottery Fund	-	7,150
The Garfield Weston Foundation (two year grant awarded 2015)	172,000	387,166
Porticus	22,500	10,000
Hub Community Foundation ("HCF")	9,000	-
The Garfield Weston Foundation (three year grant awarded 2017)	37,629	-
	<u>241,129</u>	<u>404,316</u>

6. RAISING FUNDS

Raising donations and legacies

	2017 £	2016 £
Consultancy fees	<u>56,449</u>	<u>28,885</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 8) £	Support costs (See note 9) £	Totals £
Providing business support to UK charities	<u>638,008</u>	<u>283,563</u>	<u>921,571</u>

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2017 £	2016 £
Staff costs	614,474	626,997
Travel	23,534	32,455
Bad debts	-	7,340
Loss on sale of assets	-	6,858
	<u>638,008</u>	<u>673,650</u>

9. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Providing business support to UK charities	<u>278,563</u>	<u>5,000</u>	<u>283,563</u>

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

**PILOTLIGHT
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. SUPPORT COSTS - continued

Management

	2017 Providing business support to UK charities £	2016 Total activities £
Rent and office costs	162,090	138,658
Insurance	3,608	3,007
Telephone	18,280	11,330
Sundries	17,930	16,779
Recruitment costs	7,013	7,450
Legal and professional fees	34,852	46,341
Financial outsourcing	16,250	21,270
Bank charges	1,948	2,589
Depreciation of tangible and heritage assets	16,592	11,975
	<u>278,563</u>	<u>259,399</u>

Governance costs

	2017 Providing business support to UK charities £	2016 Total activities £
Auditors' remuneration	4,100	4,500
Auditors' remuneration for non audit work	900	900
	<u>5,000</u>	<u>5,400</u>

10. NET INCOME/(EXPENDITURE)

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

	2017 £	2016 £
Auditors' remuneration	4,100	4,500
Auditors' remuneration for non audit work	900	900
Depreciation - owned assets	16,592	11,975
Deficit on disposal of fixed asset	-	6,858
Operating leases - land and buildings	<u>87,450</u>	<u>70,506</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2017 nor for the year ended 31 December 2016.

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. STAFF COSTS

	2017 £	2016 £
Wages and salaries	555,221	570,708
Social security costs	54,788	55,436
Other pension costs	4,465	853
	<u>614,474</u>	<u>626,997</u>

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

	2017	2016
Charity Work	<u>19</u>	<u>18</u>

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

	2017	2016
£70,001 - £80,000	<u>1</u>	<u>1</u>

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	268,200	-	268,200
Charitable activities			
Providing business support to UK charities	556,873	397,166	954,039
Investment income	<u>2,553</u>	-	<u>2,553</u>
Total	827,626	397,166	1,224,792
EXPENDITURE ON			
Raising funds	28,885	-	28,885
Charitable activities			
Providing business support to UK charities	<u>487,743</u>	<u>450,706</u>	<u>938,449</u>
Total	516,628	450,706	967,334
NET INCOME	310,998	(53,540)	257,458
RECONCILIATION OF FUNDS			
Total funds brought forward	388,103	53,540	441,643
TOTAL FUNDS CARRIED FORWARD	<u>699,101</u>	<u>-</u>	<u>699,101</u>

**PILOTLIGHT
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 January 2017 and 31 December 2017	99,644
DEPRECIATION	
At 1 January 2017	36,752
Charge for year	16,592
At 31 December 2017	53,344
NET BOOK VALUE	
At 31 December 2017	46,300
At 31 December 2016	62,892

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other debtors	10,976	8,023
Membership debtors	90,117	55,576
Prepayments	20,022	14,485
	<u>121,115</u>	<u>78,084</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	8,161	8,356
Social security and other taxes	13,781	15,864
VAT	11,732	2,508
Other creditors	2,396	792
Deferred income	556,544	336,178
Accrued expenses	28,576	32,636
	<u>621,190</u>	<u>396,334</u>
	£	£
<u>Deferred Income</u>		
Balance at 1 January 2017	336,178	846,942
Deferred income - amounts falling due after more than one year (transferred)	128,834	-
Amounts deferred in the year	887,209	164,178
Amounts released to income	(396,306)	(546,108)
Amounts deferred - amounts falling due after more than one year (transferred)	(399,371)	(128,834)
Balance at 31 December 2017	<u>556,544</u>	<u>336,178</u>

Deferred income at 31 December 2017 consists of £132,044 (2016 £164,178) corporate membership income and £424,500 (2016 £172,000) grant income which relates to the year ended 31 December 2018.

**PILOTLIGHT
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017 £	2016 £
Deferred income	<u>399,371</u>	<u>128,834</u>
	£	£
<u>Deferred Income</u>		
Balance at 1 January 2017	128,834	-
Amounts deferred in the year to periods beyond 31 December 2018	399,371	128,834
Deferred income - amounts falling due within one year (transferred)	<u>(128,834)</u>	<u>-</u>
Balance at 31 December 2017	<u>399,371</u>	<u>128,834</u>

Deferred income at 31 December 2017 consists of £399,371 (2016 £128,834) grant income from The Garfield Weston Foundation which relates to periods beyond 31 December 2018.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	102,324	69,324
Between one and five years	<u>282,222</u>	<u>384,546</u>
	<u>384,546</u>	<u>453,870</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fixed assets	46,300	-	46,300	62,892
Current assets	1,020,616	823,871	1,844,487	1,161,377
Current liabilities	(196,690)	(424,500)	(621,190)	(396,334)
Long term liabilities	-	<u>(399,371)</u>	<u>(399,371)</u>	<u>(128,834)</u>
	<u>870,226</u>	<u>-</u>	<u>870,226</u>	<u>699,101</u>

20. MOVEMENT IN FUNDS

	At 1/1/17 £	Net movement in funds £	At 31/12/17 £
Unrestricted funds			
General fund	699,101	171,125	870,226
	<u>699,101</u>	<u>171,125</u>	<u>870,226</u>
TOTAL FUNDS			
	<u>699,101</u>	<u>171,125</u>	<u>870,226</u>

**PILOTLIGHT
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	908,016	(736,891)	171,125
Restricted funds			
The Garfield Weston Foundation (two year grant awarded 2015)	172,000	(172,000)	-
Porticus UK	22,500	(22,500)	-
The Garfield Weston Foundation (three year grant awarded 2017)	37,629	(37,629)	-
Hub Community Foundation ("HCF")	9,000	(9,000)	-
	<u>241,129</u>	<u>(241,129)</u>	<u>-</u>
TOTAL FUNDS	<u>1,149,145</u>	<u>(978,020)</u>	<u>171,125</u>

Restricted Funds

(i) The Garfield Weston Foundation 2 year grant awarded 2015: Supporting Pilotlight and 18 charities in the Midlands, North-East and North-West of England through the Weston Charity Awards.

(ii) The Garfield Weston Foundation 3 year grant awarded 2017: Supporting Pilotlight and 20 charities in 2018 and 2019 and 22 charities in 2020 in the Midlands, North-East, North-West of England and Wales through the Weston Charity Awards.

(iii) Porticus UK: Supporting Pilotlight's work in the South West and Wales.

(iv) Hub Community Foundation ("HCF"): Supporting Pilotlight and 3 charities in Scotland.

21. RELATED PARTY DISCLOSURES

During the year donations of £1,800 (2016 - £3,910) were received from Trustee Board Members.

Key management compensation

	2017 £	2016 £
Salaries and other short-term benefits	187,920	193,716
Post-employment benefits	386	92
	<u>188,306</u>	<u>193,808</u>

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

22. 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 9 members as at 31st December 2017 (2016:8).