

Impetus - The Private Equity Foundation

Trading as Impetus

Annual report and consolidated financial statements

For the year ended 31 December 2019

Company no. 08460519
Charity no. 1152262

REFERENCE AND ADMINISTRATIVE DETAILS

Impetus – The Private Equity Foundation (Impetus) is a company limited by guarantee (number 08460519) and a registered charity (number 1152262).

Trustees

Hanneke Smits, Chair

Louis Elson (resigned on 25 March 2019; reappointed 1 August 2019)

Lionel Assant (resigned 19 March 2019)

Bill Benjamin

Marc Boughton (resigned 5 June 2019)

Filippo Cardini (appointed 25 June 2019)

Craig Dearden-Phillips (resigned 5 June 2019)

Charles Edwards (appointed 25 June 2019)

Rebecca Francis (resigned 10 October 2019)

Rohan Haldea (appointed 19 March 2019)

Vanessa Maydon (appointed 12 December 2019)

Natasha Porter (appointed 12 December 2019)

Robert Ramsauer (appointed 19 March 2019)

Nikos Stathopoulos (resigned 5 June 2019)

Lisa Stone

Simon Turner

Shani Zindel

Chief Executive Officer (to 30 June 2020):

Andrew Ratcliffe

Chief Executive Officer (from 14 September 2020):

Eleanor Harrison

Registered office: 10 Queen Street Place
London, EC4R 1AG

Auditor: Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Primary banker: NatWest
127-128 High Holborn
London, WC1V 6PQ

Investment managers: Goldman Sachs International
Plumtree Court
25 Shoe Lane
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CHAIR'S REPORT

As I look back over my second year as chair of Impetus, the highlight is undoubtedly winning the confidence of government to take on a new £200m endowment to tackle youth offending.

Delivered over 10 years, the Youth Endowment Fund is aimed at 10 to 14 year olds, and will build the evidence for reducing youth offending in England and Wales. Focused on early intervention, the fund will evaluate programmes that are supporting young people at risk of being drawn into youth offending and help the best programmes to reliably deliver 'what works' to more and more young people.

It is a huge endorsement of our rigorous approach and experience to help young people with some of the highest needs, many of whom our charity partners are already working with.

Our work has received prestigious endorsement from across the seas too this year; with the Centre for Effective Philanthropy and the Leap Ambassadors Network both profiling Impetus' work with our charity partners. You can find both reports on our website and I would encourage anyone interested in an independent perspective on what we do to read them.

As a result of our approach, our charity partners are becoming stronger – their organisational performance ratings have climbed steadily over the past three years. They are growing in impact, as well as size. According to provisional data from the end of 2019, the reach of most charities in the portfolio stabilised or grew year on year as did the percentage of their target group enrolled, an important foundation of our impact strategy. Headline outcome rates stabilised or grew (with one exception) and most showed income growth as well. Our longest-standing charity partners are maturing into sector leading national organisations, giving many more disadvantaged young people the chance to succeed in school, in work and in life.

Our co-investment strategy of working with other funders to directly fund our charities took off in earnest this year. We closed deals with State Street, Towerbrook and a private philanthropist, which will deliver direct multi-year grants to our portfolio charities, as well as building on our successful partnership with Centerbridge. Our co-investment strategy allows us to work with a wider range of donors, while also building sustainability for our portfolio.

We also rebranded, and today we are known simply as Impetus. Working in the world of asset management, I have seen how the rigour we bring to our charities can appeal to anyone who runs a business, cares about purpose and wants to engage to deliver results. We will always be rooted in private equity, but we want to broaden the base of donors and supporters. Our new name reflects this desire to have a wider appeal, while keeping us rooted in our heritage.

We launched research this year that established an employment gap between young people from disadvantaged backgrounds and their better-off peers and we worked with regional mayors to uncover regional inequalities. We explored what works through our charity partners and collaborated with others to propose solutions to youth unemployment. As I write, we are chairing a new national network called the Youth Employment Group, which is advising the government on how to respond to rising youth unemployment.

I know that, by working with others to channel more resources to where they will do the most good, we'll achieve the scale of change that disadvantaged young people need. This is being achieved through the partnerships mentioned above as well as the co-investment programme

We have also been joined by six new Trustees. Good governance principles applied to the Board meant we had to bid farewell to a number of founder and long standing trustees, Lionel Assant, Marc Boughton, Craig Dearden-Phillips, Becky Francis and Nikos Stathopoulos, yet are delighted to have welcomed Robert Ramsauer (Blackstone) , Rohan Haldea (Apax Partners), Filippo Cardini (TowerBrook), Vanessa Maydon (Cinven), Charlie Edwards (The Stone Family Foundation) and Natasha Porter (Unlocked Graduates).

I want to once again express my sincerest thanks to our impressive and passionate team, as well as to our dedicated Board, for their tireless work and support. Finally, I want to extend my personal thanks to our CEO Andy Ratcliffe who has departed for pastures new and who was the driving force behind the initiatives highlighted in this report We wish him well in his new role.

Hanneke Smits
Chair

CHIEF EXECUTIVE OFFICER'S REPORT

Impetus exists to transform the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work and in life.

2019 was a year of big and exciting change for us as we sought to deliver on our mission and scale our work.

At the start of the year we successfully bid to run the Youth Endowment Fund with the Early Intervention Foundation and the Social Investment Business Foundation. The £200m, ten year fund is a unique opportunity to transform the lives of the most vulnerable children in our society through a strategic mix of funding high quality programmes, rigorous evaluation and evidence, and working in partnership to facilitate positive systems change. During the year we set up governance and institutional fund arrangements, hired the initial team, and launched a successful grants round, allocating £16.8m to 24 organisations in England and Wales.

At the end of the year our board agreed a new five-year strategy with the core goal of increasing our impact: better education and employment outcomes for young people through our investment (grants, non-financial support and collaborative policy work). A primary tactic to deliver this goal is to move to a 'multi-fund' approach. We intend to form long term partnerships with other like-minded organisations; to put our impact expertise to work and for all parties to achieve more with their funding. Through working in partnership we believe that we can drive more money to where it will have the greatest impact on the lives of young people from disadvantaged backgrounds.

Alongside these substantive changes in the scale and scope of our work going forwards we continued to deliver on our existing organisational goals and deliver impact. We supported our charities to achieve evidence based growth in outcomes for young people and navigate change. We published hard hitting research reports and influenced policy; focused on increasing educational attainment, higher education participation and youth employment. We delivered a range of donor engagement activities and events; and we grew our excellent pro bono network.

The theme of change has continued into 2020; with two major changes not substantively covered in this report. The first is the COVID-19 crisis. The crisis has implications for young people throughout the UK, particularly those from disadvantaged backgrounds, and therefore every aspect of our work. Our charity partners' ability to deliver for the young people they serve; our ability to influence and work with government; the effectiveness of our fundraising and partnership-building are just some of the areas where innovation, imagination and investment in digital will be key . We came into the crisis in a strong position, and through rapid, open planning internally and with peers, we are confident that we will come through this period successfully. But, we will be managing through vastly increased uncertainty for a long time to come.

The second change is that our CEO Andy Ratcliffe stepped down at the end of June 2020, after deciding at the start of the year that it was the right time for him to move on. He brought so much to Impetus that it is impossible to pay adequate tribute to him here. He leaves a stronger team, a clear and motivating new strategy and a vibrant, inclusive organisational culture. We wish him well with whatever the future holds for him. We file these accounts as I, Eleanor Harrison OBE, join Impetus as its next CEO. I am delighted to be joining the organisation at this critical time for young people and wider society. I look forward to working with the team and existing and prospective partners in driving forward evidence based work that delivers durable outcomes for young people from disadvantaged backgrounds.

On behalf of Impetus I want to say a huge thank you to everyone who has continued to support the organisation in 2019. Impetus has an amazing set of donors, pro bono providers and other partners and any success we have been able to achieve this year is as much theirs as ours. Thank you.

Eleanor Harrison OBE
Chief Executive Officer

2019 TRUSTEES' REPORT

The trustees, who are also the directors of the charitable company, are pleased to present their annual report on the work of Impetus and the group in 2019 and its plans for 2020, together with the financial statements for the year ended 31 December 2019.

OBJECTIVES AND ACTIVITIES

We transform the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work and in life.

We find, fund and build the most promising charities working with these young people, providing core funding and working shoulder-to-shoulder with their leaders to help them become stronger organisations.

In partnership with other funders we help our charities expand and we influence policy and decision makers so that all young people get the support they need.

The table below summarises our performance in 2019 against the objectives we set ourselves.

Priorities for 2019	Main activities for 2019	Performance
1. Deliver a portfolio that is on track to produce sector leading charities by 2020, with a strong pipeline of charities for future years	<ul style="list-style-type: none"> ➤ Core work with our charities to help them become more effective, larger and more sustainable through investment and pro bono support, and peer learning networks ➤ Origination of new investments against the employment portfolio strategy and completion of portfolio strategy for the education domain ➤ Refinement of the pro bono support and peer learning models to drive and embed charity progression ➤ Embedding codified investment support via practice notes and process for ongoing quality assurance and refinement ➤ Establishing benchmarks for our employability charities using Youth Job Gap data 	<ul style="list-style-type: none"> ➤ Our charities continue to get stronger and perform better with our support – based on our “outcomes framework” – with several achieving or on track to achieving sector-leading status ➤ We made £3.1m of grants, with five new partnerships including one deemed a “Promising Project” by our sister organisation, the EEF. ➤ Our partner, Resurgo, benchmarked their outcomes data against Youth Jobs Gap data with strongly positive results, a milestone for the sector.
2. Mobilise more resources behind our strategy i. Get more external resources behind our charities through co-investment and policy	<ul style="list-style-type: none"> ➤ Secure £500,000 of co-investment and £1m of wider leverage for our charities ➤ Get a big policy win with our Youth Jobs Gap, push youth employment up the policy agenda, influence the funding environment for our employability charities ➤ Deliver a successful brand refresh and digital communications workplan 	<ul style="list-style-type: none"> ➤ We secured £749,000 in co-investment from three donors (Centerbridge, State Street, and Felicity Farnham) who all have made multi-year commitments. The charities which received funds were TAP, AT, Dallaglio, and City Gateway

Priorities for 2019	Main activities for 2019	Performance
<p>ii. Raise £5.2m (including donations, events and other income) while building a fundraising model that can deliver growth (including new donors, new markets, and new ways of giving)</p>	<ul style="list-style-type: none"> ➤ Maintain current level of fundraising ➤ Refresh events to maintain income level (Transforming Lives Dinner and Triathlon) ➤ Develop long term fundraising strategy (including Carry Giving and a focus on family offices through wealth managers) 	<ul style="list-style-type: none"> ➤ We raised just under £5 million, but also brought in the Youth Endowment Fund (£200m) ➤ We exceeded our targets on both the Transforming Lives Dinner and Triathlon. ➤ We chose to postpone developing a new fundraising strategy until the overall Impetus strategy work was completed. Although much of what we have learned about co-investment informed the Impetus strategy discussions.
<p>3. Establish ourselves as the leading impact organisation for education and employment in the UK</p>	<ul style="list-style-type: none"> ➤ Understanding our position in the impact market and how we want to differentiate ourselves ➤ Capturing our intellectual property for both internal and external use ➤ Getting our voice heard through our communications strategy, for example, through an Impact Report and Impact Conference 	<ul style="list-style-type: none"> ➤ Because the opportunity to bid for and then run the £200m Youth Endowment Fund came up early in 2019 we decided to de-prioritise this goal (although our reputation for impact was increased by our winning the Youth Endowment Fund). We will look again at how to establish ourselves as a leading impact organisation as part of the new 'multi-fund' strategy described below
<p>4. Build our capacity to deliver effectively and efficiently, and to get better over time</p>	<ul style="list-style-type: none"> ➤ Board development with a number of trustees leaving next year ➤ Strategy review – how can we be more ambitious with our current mission and model? What is the right long-term revenue model? What have we learned in the five years since the merger to improve our performance? ➤ Move office ➤ Strengthen organisational learning ➤ Develop our use of the KPI dashboard ➤ Knowledge management improved ➤ Work on our IT – complete move to the cloud, strengthen cyber security, Salesforce being used to full effect, working from home well supported, software that improves efficiency sought out 	<ul style="list-style-type: none"> ➤ We added six new trustees to our board in 2019 and also built a substantial new governance structure to manage the Youth Endowment Fund ➤ We agreed an ambitious new five-year strategy beginning in 2020 with the goals of increasing our impact and sustainability by moving from a single-fund to a multi-fund model ➤ We moved to a temporary office and made steps in strengthening organisational learning ➤ Our use of the KPI dashboard has developed but there is more work to be done ➤ We moved to the cloud, improved our cyber security, and better support working from home. We prepared the ground for further improvements in 2020.

Investment

We have a unique approach:

- We select the most promising charities supporting young people to succeed at school and work
- We provide them with core funding, the expertise and model of support of our dedicated investment team, supplemented by world class pro bono support and our burgeoning peer leader network
- We work shoulder-to-shoulder with their leaders to help them become stronger organisations that deliver increasingly effective support to a growing number of young people who need it.

The portfolio of charities continues to mature well. The portfolio's overall score on our Outcomes Framework has increased and, importantly, all but two of our charities have either stabilised or increased their outcome success rates.

We made £3.1m of grants including new investments in Football Beyond Borders, The Tutor Trust and Voice21. We made new commitments to the EY Foundation and Movement to Work.

We reinvested for three years in City Gateway, Venture Trust and, later in the year, The Tutor Trust. Several of our later-stage investments - Action Tutoring, The Access Project and Resurgo – continue to progress through later Build phase, with ambitious plans to further develop their impact and grow outcomes. We continued to back a two-year, Scale-up support plan for Magic Breakfast with the Education Endowment Foundation to deliver the £26m government tender we helped them win.

And we used bespoke benchmarking analysis derived from our sector-leading Youth Jobs Gap research to test our portfolio's impact, publishing a report on the particularly strong performance of our partner Resurgo.

Co-investment and partnerships

Our co-investment strategy is to secure funding from other sources for the charities we work with. We continued to build our partnership with Centerbridge where they invested in a second charity with us, City Gateway, and we brought in two new co-investors, State Street who have invested \$900,000 (about £680,000) over three years in DRW and City Gateway, and Felicity Farnham who has invested £500,000 over three years in The Access Project. We also saw £8m in leveraged income that was paid directly to our charities, but which they attributed our partnership in being integral in securing the funding.

Value added to our portfolio of charities

Since Impetus and its predecessors were established, we've raised £154m of value towards our mission (excluding the £200m Home Office grant in respect of the Youth Endowment Fund). This includes the donation and investment income we've secured, the pro bono services donated to us and our portfolio of charities, and the additional funds the charities have been able to raise with our support.

The next table shows the cumulative value that we generated for our charities by the end of 2019 and how much we generated in 2019. The difference between the £154m of value raised towards our mission and the £129m in the full value column in the table below is the resources used to support our core costs or held in reserves.

In accordance with accounting standards, pro bono services donated which are recognised in the financial statements, ('statutory basis' in the table above), only include those services provided by an individual or entity as part of their trade or profession.

The 'full value' column in the table includes additional funds raised for charities. These are included in the accounts of those charities and not Impetus' financial statements except for £569,000 of co-investment.

	Cumulative Full value £m	Cumulative Statutory basis £m	2019 Full value £m	2019 Statutory basis £m
Pro bono services donated to charities	34.5	33.5	2.0	2.0
Value of Impetus-PEF Investment team	24.9	24.9	1.9	1.9
Additional funds raised for charities	24.7	0.6	8.8	0.6
	84.1	59.0	12.7	4.5
Grants made to charities	44.9	44.9	3.1	3.1
Total value to charities	129.0	103.8	15.8	7.6
Total value per £1 of grants made	£1.88	£1.32	£4.03	£1.42

Policy

We work with others to influence policy and resources so that all young people get the support they need.

In 2019 we launched our Youth Jobs Gap research with an event in Westminster with the Employment Minister. We published a further six reports using newly available government data to shed light on hidden challenges for youth unemployment and we also held events in Manchester and Birmingham with the respective Mayors or their teams.

We convened university access charities to ensure the charity sector's perspectives fed into the government's review of post-18 education funding, engaging with successive Universities Ministers, and the Office for Students.

We rebranded, shortening our name to Impetus, and refreshed our communications materials.

Fundraising

We raised just over £4.8m against a budget of £5.18m. We were not able to raise as much new business as we hoped, but set against this, the philanthropy team led the efforts in raising over £700,000 in 2019 in grants to our charities from other donors, referred to in the co-investment section.

The philanthropy team was instrumental in delivering the bid to win the £200m Youth Endowment Fund.

We continued to grow our engagement programme; we held five philanthropy roundtables and offered over 60 volunteering opportunities with our charities to our donors. We held three fundraising events: the Transforming Lives Dinner, the Impetus Triathlon and the Impetus Futures Party.

We do not use external professional fundraisers and did not receive any complaints about our fundraising activities. We fundraise by soliciting donations from organisations and individuals. We

also organise fundraising events including events where individuals fundraise directly for us. We are registered with the Fundraising Regulator and pay its annual levy. We comply with its Code of Fundraising Practice.

Youth Endowment Fund

The other major area of activity in 2019 was the establishment of the Youth Endowment Fund. Impetus bid successfully with the Early Intervention Foundation and the Social Investment Business Foundation to set up and run this £200m programme, funded by the Home Office. In 2019 we set up the fund's governance, finances, and initial staff and ran a launch funding round which granted £16.8m to organisations working with vulnerable children and young people.

More details on the Youth Endowment Fund are included in the annual report and financial statements produced for The Youth Endowment Fund Charitable Trust which is a registered charity (number 1185414). Impetus is the sole corporate trustee of Trust which is a restricted fund in the accounts of Impetus.

FINANCIAL REVIEW

Impetus group

Our income in 2019 was £208m compared with £9m in 2018, the substantial increase reflecting the £200m restricted grant from the Home Office for the Youth Endowment Fund. The grant is to be spent over ten years and just under £3m was spent in 2019. The total group funds at the end of 2019 were £204m.

The main change to the balance sheet was an increase in investments to just over £195m, reflecting the investment of most of the Youth Endowment Fund grant.

Impetus (excluding the Youth Endowment Fund)

Our income in 2019 was £7.3m (2018: £9.0m). We received generous financial support from four main sources: individual donations, corporate sponsors, grant making trusts and foundations, and public funding. Grants and cash donations fell from £4.5m to £3.5m, the main reason being an exceptional donation in 2018 of £1.1m. We saw another increase in our income from fundraising events, up from £1.65m to £1.73m.

Our income includes the value our pro bono experts contributed in the form of donated services. This was £1.91m over the past year, compared to £2.54m in 2018.

Our expenditure fell slightly from £9.0m to £8.6m. Within this total, we spent marginally more on raising funds – up from £1.02m to £1.07m. We spent more on grants to charities, up from £3.3m to £3.7m, partly because of co-investment - £569,000 (2018: £nil) - we were able to make from funds secured for our portfolio of charities. (A further co-investment of £180,000 was paid directly to one of our charities.)

Youth Endowment Fund

We received a £200m grant from the Home Office in April 2019 which is to be spent over the ten years to 2029. The grant is included in full in the income for 2019 and £633,000 of investment income was derived from it with a further £149,000 of gains on investments.

Expenditure in 2019 totalled £3m, of which £1.4m was on grants to interventions with a further £1m to delivery partners, the Early Intervention Foundation and the Social Investment Business Foundation.

Of the grant, £195m was invested with Goldman Sachs after a competitive selection process. Investments at £193.3m represent the largest component of the balance sheet at the year end. The restricted fund at the year-end amounted to £197.8m with a small deficit of £8,875 on the unrestricted fund.

Reserves and reserves policy

Impetus (excluding the Youth Endowment Fund)

Impetus has healthy unrestricted reserves and a strong cash position at the balance sheet date. Our reserves policy, as initially approved by the Board in March 2014, entails:

- minimum unrestricted funds being set as (i) six months operating costs; and (ii) the cash cost of any office lease commitment up until the break; and
- unrestricted funds not being designated by the trustees. Rather, a narrative is used to explain how unrestricted funds would be used against ongoing grant agreements and planned new investments.

Our unrestricted funds were £6.4m at 31 December 2019 (2018: £7.44m). The minimum level of unrestricted reserves to comply with our reserves policy is £1.4m (2018: £1.8m). However, given the longer-term nature of our investments, a proportion of our funds are targeted at fulfilling funding commitments to charities.

The total value of grants to portfolio charities that are authorised but not accrued as expenditure at 31 December 2019 was £3.3m (2018: £4.1m). These grants only become an obligation to Impetus if the charities achieve specific milestones. The authorised amount of £3.3m relates to the current portfolio charities and excludes any amounts in respect of new investees or next phase investments yet to be approved by the Investment Committee. If all current grant agreements progress as planned, then the grants made in 2020 will be £2.1m of the authorised £3.3m.

Our level of reserves is such that we can reduce them over the next few years (though remaining above the minimum level) as we continue to support more organisations, including through grants, for a significant period in their journey to scaling impact. In the longer-term, we will need to raise additional funds to fulfil our commitments and the strategy agreed by the Board in December 2019 is designed to increase our sustainability. We project that over 2020 to 2022 expenditure is likely to continue to exceed income.

Youth Endowment Fund

The Impetus board, as sole trustee, agreed a policy of holding minimum restricted funds in respect of the Home Office funded work equal to six months operating expenditure. The receipt of the Home Office at the outset of our work means that this policy is comfortably met.

Going concern including the impact of Covid-19

We consider that we have adequate financial reserves to continue to deliver our plans and that we have a reasonable expectation that we will have adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that call into doubt the charity's ability to continue.

The outbreak of Covid-19 virus across the world represents a significant event since the end of the financial year. We have carried out a detailed assessment of the potential impact of Covid-19 over the period 2020 to 2022 and revised our budget for 2020 and projections for 2021 and 2022. We have monitored actual income and expenditure against the revised budget. We have also monitored the impact of the virus on the work and financial position of our portfolio of charities. We

have reviewed our cash flow forecasts.

We have concluded that the going concern basis remains an appropriate basis of preparation for these financial statements. An overall estimate of the financial effect of the virus cannot be made. The virus will have contributed to the significant movements in the market value of investments which fell from £195.3m at 31 December 2019 to £177.5m (including the impact of £6.5m of withdrawals to fund grant making and other activities) at 31 March 2020. However, the valuation had increased to £190.4m at 30 September 2020 despite further withdrawals of £5m.

Covid-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.

Investment policy for funds other than the Youth Endowment Fund

Given the need to be able to honour long-term commitments to the charities it funds, the Board has adopted a cautious investment strategy with funds received by Impetus for activities other than the Youth Endowment Fund invested in deposit accounts.

Investment policy and objectives for the Youth Endowment Fund

The grant from the Home Office has been invested and is managed by Goldman Sachs who were appointed after a competitive selection process. The investment objective is to achieve an average nominal return of 2%, net of management fees, over the life of the fund. The fund was only invested for a short period in 2019 during which the portfolio was built out as market opportunities presented themselves. At 31 December 2019, of the total portfolio of £195.3m, £64.6m was invested in fixed income bonds and £39.2m in equities. The performance of the managed fund against the target is most usefully measured over a longer period than was available in 2019.

To ensure that there are sufficient funds to cover planned grant giving and the costs of the partners in managing the YEF, the equivalent of six months forecast spending is held in cash and cash equivalents.

The investment portfolio has been divided into three sub-portfolios, each invested in different types of asset:

- Liquidity sub-portfolio cash and cash equivalent investments
- Mid-term sub-portfolio investment grade government and corporate bonds
- Growth sub-portfolio global equities.

The balance between the three portfolios will vary over time in line with the fund's planned cash flows and the need to limit the level of capital risk within the portfolio.

To limit currency risk in the portfolio, cash and cash equivalent investments are only invested in sterling instruments. Bond investments are in sterling or hedged back into sterling. Hedging of non-sterling currency exposure arising from overseas equity investments is permitted but not required.

The fund managers are required to integrate consideration of environmental, social and governance (ESG) issues into their investment process in a thoughtful manner and actively engage with companies to improve their ESG practices and policies.

The focus during the first few months has been on building out the investment portfolio as market opportunities presented themselves whilst being mindful of the impact of the UK election outcome in December 2019 and subsequently the impact of Covid-19.

PLANS FOR FUTURE PERIODS

In December 2019 our board agreed a new five-year strategy with three objectives:

1. Increasing our **impact** – having a bigger effect on the lives of more young people from disadvantaged backgrounds
2. Increasing our **influence** over resources and policy – including bringing more money to bear on the problems we're tackling
3. Increasing our **sustainability**– delivering 1 and 2 while generating income

The biggest element of the new strategy is moving from a single-fund to a multi-fund approach. We will keep our existing 'core' fund and build new partnerships with other funds where Impetus can support and advise on how best to use their capital in pursuit of impact on the educational and employment prospects for young people from disadvantaged backgrounds. This approach allows us to influence bigger assets in the direction of impact and, because we will ask partners to contribute to our delivery costs, contribute to our sustainability. The multi-fund approach builds on our existing direction of travel including the establishment of the Youth Endowment Fund and our work on co-investment and leverage.

Alongside this big shift we plan to make a series of improvements to our approach in all areas of our work – including refinements to our investment model, our policy focus, our fundraising and our operations.

The new strategic direction was approved in late 2019, with key business planning completed and then adjusted following the outbreak of the Covid pandemic. Further work on the strategy and operational plans for 2021 and beyond will take place after the new Chief Executive joins the organisation in the autumn.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and public benefit

Impetus is a registered charity and a company limited by guarantee. Our governing document is the Memorandum and Articles of Association incorporated on 23 March 2013.

Impetus has a wholly owned trading subsidiary, PEF Trading Limited. It is also the sole corporate trustee of The Youth Endowment Fund Charitable Trust which is a registered charity, number 1185413.

Our objects are:

To advance all purposes recognised as charitable under the laws of England and Wales and to promote the efficiency and effectiveness of charities and the promotion of the effective use of resources for charitable purposes.

The trustees have had regard to their duties under section 17 of the Charities Act 2011. Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

➤ **The benefits generated by the activities of the charity are clear.** This report sets out in some detail the activities which Impetus has carried out in the year supporting charities and striving to achieve our mission.

➤ **The benefits generated relate to the objects of the charity.** All activities undertaken are intended to further Impetus' charitable objects, noted above.

➤ **The people who receive support are entitled to do so according to criteria set out in the charity's objects.** All Impetus projects are focused on charities and improving their effectiveness. This will lead to improved delivery to their beneficiaries.

Governance and management

The governing body of the charity is the Board of Trustees which, as of 31 December 2019, comprised 12 members who are listed on page 2. We were delighted to appoint six new trustees in 2019. The governing body also meets as the sole corporate trustee of The Youth Endowment Fund, a charitable trust and registered charity.

The appointment of a new trustee takes place after due consideration from both parties. This is vital to ensuring a good strategic fit for the Board and the prospective trustee. Over time, new trustees meet our charities to gain a good understanding of our work. New trustees are also briefed on their obligations under charity and company law, the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the financial performance of the charity. During their induction, they meet members of staff and other trustees whom they had not previously met. Trustees attend training events where these facilitate the undertaking of their role.

Trustees are typically elected for three-year periods and may be re-elected for a further three-year period. The Chair conducts an annual appraisal of the Board's performance and composition and the functioning of its committees, and a designated trustee conducts a review of the Chair's role and performance.

The Board sets strategy and reviews policy. Day-to-day responsibility is delegated to the Chief Executive Officer, who works closely with the Chair. During 2019, the Board met four times. There were six committees of the Impetus Board in 2019: five from the previous year - Investment, Governance, Resources and Audit, Public Affairs, and Development – and a new Youth Endowment Fund Committee. This committee has two sub committees, the Grants and Evaluation Committee and the Endowment Investment Committee.

The committees ensure in-depth review and oversight of our activities. They ensure that the specific areas of focus are led, where possible, by trustees.

Investment Committee

The committee is responsible for ensuring that Impetus manages well a balanced portfolio that helps us deliver our mission. The committee scrutinises individual investment proposals and recommends for Board ratification the charities that should enter, progress through and exit the portfolio. The committee also reviews how each charity is progressing through our Outcomes Framework in the semi-annual Charity Review as well as its progress against funding milestones.

Governance Committee

The committee has a strategic role in defining the role of the Board as well as how the Board interacts with its committees. It also directs the trustee recruitment process and trustee responsibilities. The committee is responsible for conducting the Chair evaluation as well as advising on trustee and Board development.

Resources and Audit Committee

The committee is responsible for reviewing and monitoring all financial aspects of Impetus and reports to the Board on such matters, including financial risk management. Due to the size and nature of the organisation, the committee considers that an internal audit function is not required.

Development Committee

The committee's purpose is to ensure that Impetus maintains and develops relationships with its donors, co-investors and supporters in order for Impetus and its charities to receive the funding, pro bono and other relevant support to achieve its overall mission and strategy.

Public Affairs Committee

The committee supports Impetus in defining and achieving its public affairs goals. The committee reviews the public affairs strategy to ensure it's aligned with our organisational mission, and achievable in terms of the external landscape. Committee members also review research and publications in draft to help ensure our public work is high-quality, and relevant to those we are seeking to reach and influence. Annually, the committee review progress against the Public Affairs KPIs, to assess performance and impact.

Remuneration arrangements for key management personnel

The trustees consider the Impetus board and the senior management team to be the key management personnel for reporting purposes. Trustees receive no remuneration. In 2019, the senior management team comprised the Chief Executive Officer, Director of Public Affairs, Portfolio Director, Director of Philanthropy and Partnerships and the Chief Operating Officer. Pay is set by reference to an upper quartile salary benchmark which is established using a salary survey for the sector which Impetus subscribes to. The remuneration is agreed by the Resources and Audit Committee with a recommendation from the Chair in respect of the Chief Executive Officer.

Risk and internal control

The trustees are responsible for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Assisted by the executive and the Resources and Audit Committee, the Board regularly reviews and assesses the major risks to which Impetus is exposed. Movements against risks are reviewed at Board meetings with mitigating actions and controls discussed. The five most significant risks identified by the Board post our current mitigation strategies are:

Risk	Mitigation
Covid-19 has a significant impact on our work and our portfolio of charities.	<p>The impact of Covid-19 on the sector, our portfolio and Impetus has been a focus of attention since March.</p> <p>We have chaired the Youth Employment Group, continued to convene the Fair Access Coalition of charities and are a partner in the National Tutoring Programme.</p> <p>We have monitored the impact of Covid-19 on our portfolio of charities, provided support and set up a Crisis Response Fund. The Youth Endowment Fund has developed and launched a Covid-19 grants round.</p> <p>We have moved to remote working, revised our budget, put effort into promoting staff wellbeing, revamped our events programme and maintained momentum on our new strategy.</p>
We cannot get to a sustainable, breakeven budget and our new strategy is unsuccessful.	<p>We have agreed a new strategy involving managing funds and have made progress with potential partners.</p> <p>We have reviewed our planning assumptions on revenue but recognise these are subject to a high degree of uncertainty.</p> <p>We have been successful in securing co-investment for our charities.</p> <p>We have made savings in the budget in 2020 and continue to look for scope to reduce costs.</p>

Insufficient influence with decision makers. Stronger networks being built. Improved communication of organisational strengths and the benefits of working with Impetus. Our influence on the policy side has been very strong in recent months including our work on the National Tutoring Programme and our establishment and leadership of the Youth Employment Group.

Investment model not as effective as planned. Comprehensive outcomes framework and portfolio dashboard used to monitor charity progress. Our improved portfolio data (KPIs, Outcomes Framework and Dashboard) have improved monitoring. Work continues on interpretation and use of the data.

Remote working undermines our ability to deliver our work. Staff have the appropriate equipment and software to work effectively from home. We are doing more work to understand the longer term effects of remote working on morale, internal communications etc and considering the impact of our experience of remote working on our office plans.

These risks are monitored by the Resources and Audit Committee which reviews risk movements and the various mitigation strategies in place to manage risks.

The Board believes these risks cannot be fully eliminated but they can be managed through looking to reduce their impact and the chance of their occurrence as part of the reviews.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are the directors of the charitable company) are responsible for preparing the Trustees' Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

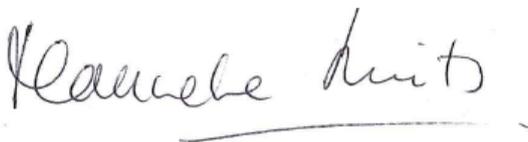
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Impetus – The Private Equity Foundation website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Each of the trustees confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

The trustees' report, incorporating the directors' report was approved by the trustees on 29 October 2020 and signed on their behalf by the Chair. In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.



Hanneke Smits
Chair
29 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPETUS – THE PRIVATE EQUITY FOUNDATION

Opinion

We have audited the financial statements of Impetus – The Private Equity Foundation for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 Chair's Report, Chief Executive Officer's Report and Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Use of our report

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

A handwritten signature in cursive script that reads "Tracey Young".

Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 29 October 2020

IMPETUS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Restricted £	Unrestricted £	2019 Total £	Restricted £	Unrestricted £	2018 Total £
Income:							
Donations and grants	2a	200,469,374	5,027,549	205,496,923	329,000	6,750,357	7,079,357
Events and fundraising activities	2b	-	1,728,979	1,728,979	-	1,645,185	1,645,185
Investment	2c	632,911	88,340	721,251	-	66,198	66,198
Other	2d	-	50,299	50,299	-	204,107	204,107
Total income		201,102,285	6,895,167	207,997,452	329,000	8,665,847	8,994,847
Expenditure:							
Raising funds	3a	-	1,069,036	1,069,036	-	1,015,140	1,015,140
Charitable activities	3a	3,687,573	6,890,137	10,577,710	79,000	7,916,440	7,995,440
Total expenditure		3,687,573	7,959,173	11,646,746	79,000	8,931,580	9,010,580
Net expenditure		197,414,712	(1,064,006)	196,350,706	250,000	(265,733)	(15,733)
Net gains/(losses) on investments	10	148,866	-	148,866	-	-	-
Net movement in funds		197,563,578	(1,064,006)	196,499,572	250,000	(265,733)	(15,733)
Reconciliation of funds:							
Funds at the start of the year	14	250,000	7,440,580	7,690,580	-	7,706,313	7,706,313
Funds at the end of the year	14	197,813,578	6,376,574	204,190,152	250,000	7,440,580	7,690,580

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

The notes on pages 26 to 42 form an integral part of these financial statements.

IMPETUS

CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Restricted £	Unrestricted £	2019 Total £	Restricted £	Unrestricted £	2018 Total £
Income:							
Donations and grants	2a	419,374	5,027,549	5,446,923	329,000	6,750,357	7,079,357
Events and fundraising activities	2b	-	1,728,979	1,728,979	-	1,645,185	1,645,185
Investment	2c	-	88,340	88,340	-	66,198	66,198
Other	2d	-	50,299	50,299	-	204,107	204,107
Total income		<u>419,374</u>	<u>6,895,167</u>	<u>7,314,541</u>	<u>329,000</u>	<u>8,665,847</u>	<u>8,994,847</u>
Expenditure:							
Raising funds	3e	-	1,069,036	1,069,036	-	1,015,140	1,015,140
Charitable activities	3e	669,374	6,889,837	7,559,211	79,000	7,916,135	7,995,135
Total expenditure		<u>669,374</u>	<u>7,958,873</u>	<u>8,628,247</u>	<u>79,000</u>	<u>8,931,275</u>	<u>9,010,275</u>
Net expenditure		<u>(250,000)</u>	<u>(1,063,706)</u>	<u>(1,313,706)</u>	<u>250,000</u>	<u>(265,428)</u>	<u>(15,428)</u>
Net movement in funds		<u>(250,000)</u>	<u>(1,063,706)</u>	<u>(1,313,706)</u>	<u>250,000</u>	<u>(265,428)</u>	<u>(15,428)</u>
Reconciliation of funds:							
Funds at the start of the year		<u>250,000</u>	<u>7,440,002</u>	<u>7,690,002</u>	<u>-</u>	<u>7,705,430</u>	<u>7,705,430</u>
Funds at the end of the year		<u>-</u>	<u>6,376,296</u>	<u>6,376,296</u>	<u>250,000</u>	<u>7,440,002</u>	<u>7,690,002</u>

The notes on pages 26 to 42 form an integral part of these financial statements.

IMPETUS

BALANCE SHEETS AS AT 31 DECEMBER 2019

	Note	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Fixed assets					
Tangible fixed assets	9	2,954	18,196	2,954	18,196
Investments	10	195,285,572	44,444	1	44,445
		<u>195,288,526</u>	<u>62,640</u>	<u>2,955</u>	<u>62,641</u>
Current assets					
Debtors	11	1,556,290	809,181	1,563,483	809,181
Cash at bank and in hand		8,033,610	7,222,628	5,442,330	7,222,049
		<u>9,589,900</u>	<u>8,031,809</u>	<u>7,005,813</u>	<u>8,031,230</u>
Creditors: amounts due within one year	12	<u>(688,274)</u>	<u>(403,869)</u>	<u>(632,472)</u>	<u>(403,869)</u>
Net current assets		<u>8,901,626</u>	<u>7,627,940</u>	<u>6,373,341</u>	<u>7,627,361</u>
Net assets	13	<u>204,190,152</u>	<u>7,690,580</u>	<u>6,376,296</u>	<u>7,690,002</u>
Funds					
Restricted funds	14	197,813,578	250,000	-	250,000
Unrestricted funds	14	6,376,574	7,440,580	6,376,296	7,440,002
Total funds		<u>204,190,152</u>	<u>7,690,580</u>	<u>6,376,296</u>	<u>7,690,002</u>

The financial statements for Impetus, (company registration number 08460519 and charity registration number 1152262), for the year ended 31 December 2019 were approved and authorised for issue by the Board on 29 October 2020.



Hanneke Smits
Trustee

Lisa Stone

The notes on pages 26 to 42 form an integral part of these financial statements.

IMPETUS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Net cash from operating activities	(a) 	<u>195,766,558</u>	<u>1,127,888</u>
Cash flows from investing activities:			
Dividends and interest received		-	66,198
Proceeds from sale of investments		20,044,444	-
Purchase of investments		<u>(215,000,020)</u>	<u>-</u>
Net cash used in investing activities		<u>(194,955,576)</u>	<u>66,198</u>
Change in cash and cash equivalents in the year		810,982	1,194,086
Cash and cash equivalents at the beginning of the year		<u>7,222,628</u>	<u>6,028,542</u>
Cash and cash equivalents at the end of the year		<u>8,033,610</u>	<u>7,222,628</u>

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

	2019 £	2018 £
Net movement in funds	196,499,572	(15,733)
Losses on investments	(148,866)	-
Return on programme related investment	-	137,778
Dividends and interest	(136,686)	(66,198)
Depreciation	15,242	45,186
(Increase)/decrease in debtors	(747,109)	969,994
Increase in creditors	<u>284,405</u>	<u>56,861</u>
Net cash inflow from operating activities	<u>195,766,558</u>	<u>1,127,888</u>

The notes on pages 26 to 42 form an integral part of these financial statements

IMPETUS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006, Second Edition, effective 1 January 2019.

Impetus - The Private Equity Foundation is a company, number 08460519, limited by guarantee and incorporated in England and Wales. Its registered office is at 10 Queen Street Place, London, EC4R 1AG.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements of the wholly owned subsidiary, PEF Trading Limited, have been consolidated with those of the charity on a line by line basis. The financial statements of The Youth Endowment Fund Charitable Trust have also been consolidated in the accounts of the group.

The charity is the sole corporate trustee of The Youth Endowment Fund Charitable Trust (YEF), a registered charity number 1185413. The activities of the subsidiary charity, YEF, have been included as a restricted funds in the accounts of the group.

Going concern

The accounts are prepared on the going concern basis as the trustees expect that the activities will continue for the foreseeable future and Impetus has healthy reserves and a strong cash position at the balance sheet date. There are no material uncertainties that call into doubt the charity's ability to continue in operational existence.

The trustees have considered the impact of Covid-19 on going concern and concluded that the going concern basis remains an appropriate basis of preparation for these financial statements. An estimate of the financial effect of the virus cannot be made. Covid-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.

- b) Income is included in full in the statement of financial activities once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants to Impetus are recognised in full in the statement of financial activities in the year in which they are receivable, or in the case of grants with associated eligibility criteria, in the year in which those criteria are satisfied.

Where entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions, recognition of income is deferred.

- c) Donated services and facilities are recognised as income and expenditure in the financial statements when companies or individuals offer their professional expertise on a pro bono basis. The value of these donated services and facilities is an estimated figure based upon the valuation the professional individual or organisation places upon the time, services and facilities they have provided to Impetus. Individuals offering their time to work in areas where they are not undertaking their profession are classified as volunteers and their time is not quantified in the accounts, but is disclosed in the trustees' report. All of these amounts are treated as unrestricted donations.

IMPETUS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

- d) Expenditure is recognised on an accruals basis, inclusive of any VAT which cannot be recovered. 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 settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to the particular activity where the cost relates exclusively and directly to that activity. In addition, an allocation of salary and overhead costs of the central function is made and is apportioned based upon staff estimates of time spent on each activity (including the time of the executives who offer their services on a pro bono basis).

Expenditure on raising funds relate to the costs incurred by the charitable company in raising funds for the charitable work. This includes an allocation of salary and overhead costs of the central function and is apportioned based upon staff estimates of time spent on fundraising activity.

- e) Grants payable to charities are charged in the year when the offer is conveyed to the investee charity except in those cases where the offer is conditional, which is typical of investee charities of Impetus. Funding is usually offered over a period of up to five years, which is reviewed on a regular basis throughout the funding relationship. Continued funding is conditional upon the charities meeting specified milestones. Conditional grants are recognised as expenditure when the conditions are fulfilled. If the conditions have not been met at the year end, the grants are disclosed as a future commitment but are not shown as expenditure.

Grants payable to interventions by the YEF are charged in the year in which they are disbursed to the intervention. Continued funding is conditional on the interventions meeting specified milestones. Conditional grants are recognised as expenditure when the conditions are fulfilled. If the conditions have not been met at the year end, the grants are disclosed as a future commitment but are not shown as expenditure.

- f) The group's financial instruments all qualify as basic financial instruments in accordance with section 11 of FRS102 and are recognised on the following bases:
- i. Programme related investments and investments in subsidiaries are measured at cost less provision for impairment.
 - ii. Other investments are measured at market value at the balance sheet date.
 - iii. Cash and cash equivalents represent bank balances and deposits held in sterling.
 - iv. Debtors, including Gift Aid receivable, are measured at the transaction price less any provision for doubtful debts.
 - v. Trade creditors are measured at the transaction price.
- g) Items of equipment are capitalised where the purchase price or the cost of the capital project exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

IMPETUS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

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

Computer equipment	Three years
Office equipment	Four years
Fixtures and fittings	Five years

i) Short term deposits represent cash on deposit.

j) Unrestricted funds are donations and other income receivable or generated for the objects of the charity.

k) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is matched to the restricted funds, together with a fair allocation of overheads and support costs, if appropriate.

l) The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Pension contributions are also made on behalf of eligible employees and are paid into personal pension schemes as nominated by the employee and contributions pass through the SOFA as incurred.

m) Transactions in foreign currencies are translated into sterling at the rates of exchange current at the date of the transaction. Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the end of the year. Resulting exchange gains and losses are taken to the statement of financial activities.

n) Leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease. The charity has no finance leases.

o) The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The key judgment which has had the most significant effect on amounts recognised in the financial statements relates to the recognition and measurement of Donated Services (see note 1(c)).

IMPETUS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Total income

a) Donations and grants	Group	Group	Charity	Charity
	2019	2018	2019	2018
	Total	Total	Total	Total
	£	£	£	£
Grant from the Home Office for the Youth Endowment Fund	200,000,000	-	-	-
Other grants	444,375	662,500	444,375	662,500
Donated services	1,955,299	2,537,914	1,905,299	2,537,914
Cash donations from individuals and companies	3,097,249	3,878,943	3,097,249	3,878,943
Donations and grants	205,496,923	7,079,357	5,446,923	7,079,357

Donations and events income received from Trustees for the charity totalled £369,942 (2018: £679,217).

b) Events and fundraising activities

Fundraising events	1,728,979	1,645,185	1,728,979	1,645,185
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c) Investment

Interest receivable	721,251	66,198	88,340	66,198
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d) Other income

Other income	50,299	204,107	50,299	204,107
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Total income	207,997,452	8,994,847	7,314,541	8,994,847
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Donated services represent pro bono services and facilities received by Impetus and the Youth Endowment Fund (YEF). These services relate both to work performed for Impetus or the YEF, and for our portfolio charities and are included as expenditure under note 3.

e) Additional funds raised for portfolio charities

Additional funds raised for charities are donations made directly to the portfolio charities where Impetus was instrumental in obtaining those funds. These amounts are not included in Impetus's own financial statements nor those of the group.

	2019	2018
	Total	Total
	£	£
Total additional funds generated by Impetus for portfolio charities	8,020,013	6,688,867

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 (a). Total expenditure - Group

Note for the current year	Activities			Group total 2019 £
	Grant funding £	undertaken directly £	Support costs £	
Raising funds				
Fundraising and events	-	-	1,069,036	1,069,036
Charitable activities				
Supporting charities	-	2,311,910	1,244,210	3,556,120
Grants payable (note 4)	5,066,291	-	-	5,066,291
Donated services	-	1,366,293	589,006	1,955,299
Total charitable activities	5,066,291	3,678,203	1,833,216	10,577,710
Total expenditure	5,066,291	3,678,203	2,902,252	11,646,746

Note for the prior year	Activities			Group total 2018 £
	Grant funding £	undertaken directly £	Support costs £	
Raising funds				
Fundraising and events	-	-	1,015,140	1,015,140
Charitable activities				
Supporting charities	-	1,294,399	793,950	2,088,348
Grants payable (note 4)	3,369,178	-	-	3,369,178
Donated services	-	2,477,022	60,892	2,537,914
Total charitable activities	3,369,178	3,771,421	854,842	7,995,440
Total expenditure	3,369,178	3,771,421	1,869,982	9,010,580

3 (b). Activities undertaken directly - Group

	Group 2019 £	Group 2018 £
Staff costs	922,203	891,575
Programme costs paid to Youth Endowment Fund partners	1,023,006	-
Office costs	279,166	313,481
Depreciation	7,397	21,982
Donated services	1,366,293	2,477,022
Other costs	80,137	67,361
	3,678,202	3,771,421

'Programme costs paid to Youth Endowment Fund partners' relate to grants made to delivery partners for the Youth Endowment Fund as follows:

Early Intervention Foundation	561,780	-
Social Investment Business Foundation	461,226	-
	1,023,006	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 (c). Support costs - Group

	Raising funds	Charitable activities	Total 2019	Raising funds	Charitable activities	Total 2018
	£	£	£	£	£	£
Staff costs	566,085	616,252	1,182,337	520,011	478,182	998,193
Office costs	152,272	193,176	345,448	156,738	174,156	330,894
Depreciation	4,035	3,810	7,845	10,991	12,213	23,204
Donated services	-	589,006	589,006	-	60,892	60,892
Fundraising events costs	307,848	-	307,848	309,028	-	309,028
Other costs	38,796	430,972	469,768	18,372	129,399	147,771
	1,069,036	1,833,216	2,902,252	1,015,140	854,842	1,869,982

Included within support costs above are governance costs totalling £82,968 (2018: £87,692).

3 (d). Pro bono income and expenditure - Group and Charity

Donated services are analysed as income and expenditure within the financial statements. The split of donated services across portfolio charities and other activities is as follows:

	2019	2018
	£	£
Unrestricted		
Portfolio charities	1,366,294	2,334,596
Impetus - portfolio	35,664	142,426
Impetus - other	503,341	60,892
Youth Endowment Fund	50,000	-
Total donated services	1,955,299	2,537,914

3 (e). Total expenditure - Charity

Note for the current year	Grant funding	Activities undertaken directly	Support costs	Total 2019
	£	£	£	£
Raising funds				
Fundraising and events	-	-	1,069,036	1,069,036
Charitable activities				
Supporting charities	-	1,194,252	775,553	1,969,805
Grants payable (note 4)	3,684,107	-	-	3,684,107
Donated services	-	1,366,293	539,006	1,905,299
Total charitable activities	3,684,107	2,560,545	1,314,559	7,559,211
Total expenditure	3,684,107	2,560,545	2,383,595	8,628,247

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note for the prior year	Grant funding £	Activities undertaken directly £	Support costs £	Total 2018 £
Raising funds				
Fundraising and events	-	-	1,015,140	1,015,140
Charitable activities				
Supporting charities	-	1,294,093	793,950	2,088,043
Grants payable (note 4)	3,369,178	-	-	3,369,178
Donated services	-	2,477,022	60,892	2,537,914
Total charitable activities	3,369,178	3,771,115	854,842	7,995,135
Total expenditure	3,369,178	3,771,115	1,869,982	9,010,275

3 (f). Activities undertaken directly - Charity	2019 £	2018 £
Staff costs	827,851	891,575
Office costs	279,166	313,481
Depreciation	7,397	21,982
Donated services	1,366,293	2,477,022
Other costs	79,838	67,056
	2,560,545	3,771,116

3 (g). Support costs - Charity

	Raising funds £	Charitable activities £	Total 2019 £	Raising funds £	Charitable activities £	Total 2018 £
Staff costs	566,085	485,589	1,051,674	520,011	478,182	998,193
Office costs	152,272	143,813	296,085	156,738	174,156	330,894
Depreciation	4,035	3,810	7,845	10,991	12,213	23,204
Donated services	-	539,006	539,006	-	60,892	60,892
Fundraising events costs	307,848	-	307,848	309,028	-	309,028
Other costs	38,796	142,341	181,137	18,372	129,399	147,771
	1,069,036	1,314,559	2,383,595	1,015,140	854,842	1,869,982

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Grants payable

	2019	2018
	£	£
Grants payable fall in three categories:		
- paid to portfolio charities	3,672,707	3,277,878
- paid to research organisations	11,400	91,300
- paid to Youth Endowment Fund interventions	1,382,184	-
	<u>5,066,291</u>	<u>3,369,178</u>

Grants paid to portfolio charities in the year were as follows:

	2019	2018
	£	£
Access Project	325,000	340,000
Action Tutoring	440,500	364,000
Adviza	-	140,960
City Gateway	632,187	396,000
Dallaglio Rugby Works	272,187	150,000
Dixons	100,000	250,000
Football Beyond Borders	100,000	-
IntoUniversity	375,000	425,000
Magic Breakfast	156,250	62,500
Place2Be	-	51,500
Power 2	100,000	150,000
Resurgo	350,000	275,000
Springboard	-	90,000
ThinkForward	66,000	163,000
Tutor Trust	100,000	-
Twenty Twenty	168,750	130,585
Venture Trust	178,500	206,000
Voice 21	75,000	-
West London Zone	233,333	83,333
Group and Charity total	<u>3,672,707</u>	<u>3,277,878</u>

Impetus adopts a three-stage approach to its portfolio investment in charities. The three stages are Focus, Build and Scale. The precise nature of the investment including term and amount invested is reviewed on a case by case basis by the Investment Committee. As a result, total annual payments to charities can vary significantly depending on the phase of the investment programme. At present, there are charities in the Focus, Build and Scale stages.

Continued funding of portfolio charities is conditional upon the charities meeting specified milestones. Conditional grants are recognised as expenditure when the conditions are fulfilled. If the conditions have not been met at the year end, the grants are noted as a future commitment but not shown as expenditure.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Grants payable (cont'd)

The total amount of grants authorised but not accrued as expenditure at 31 December 2019 was £3,336,333 (2018: £4,052,666). This amount relates to the charities listed above, but excludes any amounts in respect of new investees or next phase investments yet to be approved by the Investment Committee. If all current charity investees progress as envisaged, the phasing of future commitments is estimated as follows:

	£
2020	2,138,833
2021	1,032,500
2022	<u>165,000</u>
	<u>3,336,333</u>

Grants paid to research organisations in the year were as follows:

	2019	2018
	£	£
Youth Jobs Gap	<u>11,400</u>	<u>91,300</u>
Group and Charity Total	<u>11,400</u>	<u>91,300</u>

Grants paid by the Youth Endowment Fund to interventions in the year were as follows:

	2019
	£
Achieving for Children	144,000
ASSIST Trauma Care	75,748
Blackburn with Darwen Borough Council	38,750
Brandon Centre for Counselling and Psychotherapy for Young	56,000
Empire Fighting Chance	88,722
Essex Boys and Girls Clubs	86,358
Family Psychology Mutual	57,000
Family Support	80,000
Leicestershire County Council	70,930
Life Skills Education Charity	128,144
LifeLine Community Projects	60,000
Mental Health Foundation	122,817
RISE Mutual CIC	54,811
South Tyneside Council	21,465
St Christopher's Fellowship	55,000
The Rugby Football League Limited	76,477
The Tavistock and Portman NHS Foundation Trust	60,000
The Titan Partnership	68,263
Wakefield Council Youth Work Team	37,699
	<u>1,382,184</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Grants payable (cont'd)

On 21 March 2019, Impetus signed a grant agreement with the Home Office in respect of the Youth Endowment Fund. A restricted grant of £200m, to be spent over the ten years to 2029, was paid to Impetus in April 2019. The Youth Endowment Fund is run by Impetus in partnership with the Early Intervention Foundation (EIF) and Social Investment Business Foundation (SIBF).

The Youth Endowment Fund aims to prevent children and young people from getting caught up in crime and violence by making sure that those at most risk get the best possible support, as early as possible, to get on a positive path and succeed.

The charity funds SIBF to make grant payments to interventions. Continued funding of interventions is conditional upon the organisations meeting specified milestones. Conditional grants are recognised as expenditure when the conditions are fulfilled. If the conditions have not been met at the year end, the grants are noted as a future commitment but not shown as expenditure.

The total amount of grants authorised but not accrued as expenditure at 31 December 2019 was £13,649,734 (2018: £nil). This amount relates to the organisations listed above. If all current interventions progress as envisaged, the phasing of future commitments is estimated as follows:

	£
2020	8,472,746
2021	5,069,657
2022	107,331
	<u>13,649,734</u>

The above conditional grant commitments to organisations are underwritten by existing reserves (see note 14).

5. Net income/(expenditure) for the year

This is stated after charging:

	2019	2018
	£	£
Trustees' remuneration	-	-
Trustees' expenses	-	-
Depreciation	15,242	45,186
Operating lease expenses	47,331	200,521
Auditors' remuneration for audit services	<u>26,040</u>	<u>13,000</u>

Directors and Officers insurance which covers the Trustees against any personal liability was provided at a cost of £1,470 (2018: £1,470).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. Subsidiaries

6a. Investment in PEF Trading Limited

The investment of £1 in PEF Trading Limited (PEFTL) represents the whole of the issued ordinary share capital of a company incorporated in England and Wales on 13 February 2012. PEFTL engaged in miscellaneous trading activities connected to Impetus but has not traded since 2015.

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
	£	£
Administrative expenses	<u>(300)</u>	<u>(305)</u>
Net movement in funds	<u>(300)</u>	<u>(305)</u>
Ordinary share capital	1	1
Profit and loss account	<u>279</u>	<u>578</u>
Shareholders' funds represented by net assets	<u>280</u>	<u>579</u>

6b. The Youth Endowment Fund Charitable Trust

On 10 April 2019, The Youth Endowment Fund Charitable Trust was established with Impetus as its sole corporate trustee. YEF is a registered charity, number 1185413.

Summary financial results of the Youth Endowment Fund:

	Period ended 31 Dec 2019
	£
Total income	200,682,911
Total expenditure	(3,018,199)
Gain on investments	<u>148,866</u>
Net movement in funds	<u>197,813,578</u>

Summary balance sheet as at 31 December 2019

Investments	195,285,572
Current assets	3,056,636
Creditors: amounts due within one year	<u>(528,630)</u>
Net assets	<u>197,813,578</u>
Restricted funds	197,822,453
Unrestricted funds	<u>(8,875)</u>
	<u>197,813,578</u>

7. Staff costs

Staff costs were as follows:	Group 2019	Group 2018	Charity 2019	Charity 2018
	£	£	£	£
Salaries and wages	1,809,681	1,617,818	1,612,681	1,617,818
Social security costs	210,243	192,304	189,829	192,304
Pension contributions	<u>84,616</u>	<u>79,646</u>	<u>77,015</u>	<u>79,646</u>
	<u>2,104,540</u>	<u>1,889,768</u>	<u>1,879,525</u>	<u>1,889,768</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The salary breakdown by employee is shown in the table below (where applicable).

Salary band	Number of employees	
	2019	2018
£60,000 - £70,000	4	4
£80,000 - £90,000	4	3
£110,000 - £120,000	1	1

The employer's pension contributions for staff earning more than £60,000 per annum amounted to £33,943 (2018: £29,923).

Employee benefits, (salary, bonus, employer NI and employer pension contributions), paid for the senior management team totalled £548,964 (2018: £540,277).

Staff numbers

The average weekly number of Charity and Group employees is shown below on a full-time equivalent and headcount basis:

	Group 2019	Group 2018	Charity 2019	Charity 2018
Full-time equivalents	33.4	31.2	30	31.2
Headcount	35	33	33	33

8. Taxation

There are no taxable profits arising within the subsidiary for the year ending 31 December 2019. Consequently Impetus has no liability to tax and no deferred tax.

9. Tangible fixed assets

	Group and Charity		
	Fixtures and fittings £	Office and computer equipment £	Total £
Cost			
At the start of the year	118,411	231,668	350,079
Disposals in period	-	(123,788)	(123,788)
At the end of the year	118,411	107,880	226,291
Depreciation			
At the start of the year	108,701	223,182	331,883
Charge for the period	9,710	5,532	15,242
Depreciation on disposals	-	(123,788)	(123,788)
At the end of the year	118,411	104,926	223,337
Net book value			
At the end of the year	-	2,954	2,954
At the start of the year	9,710	8,486	18,196

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Investments

	Group - Listed and unlisted investments £	Charity - Investment in trading subsidiary £	Charity - Listed and unlisted investments £	Charity total £
Market value at at 1 January 2019	44,444	1	44,444	44,445
Additions	215,000,020	-	-	-
Disposals	(20,044,444)	-	(44,444)	(44,444)
Dividends and interest	136,686			
Realised gains	278,784	-	-	-
Unrealised revaluation loss	(129,918)	-	-	-
Market value as at 31 December 2019	195,285,572	1	-	1

Listed and unlisted investments at the year end consist of amounts invested with Goldman Sachs for the Youth Endowment Fund.

	Group 2019 £
Cash and cash equivalents	91,521,966
Fixed income bonds	64,555,722
Global equities	39,207,884
	<u>195,285,572</u>

11. Debtors

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Accrued income	864,033	404,582	864,033	404,582
Gift Aid	60,864	27,500	60,864	27,500
Amount due from subsidiary charity	-	-	474,135	-
Other debtors	19,885	12,669	18,574	12,669
Prepayments	145,877	364,430	145,877	364,430
Grants paid in advance to YEF delivery partners	465,631	-	-	-
	1,556,290	809,181	1,563,483	809,181

12. Creditors: amounts due within one year

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Trade and other creditors	454,762	75,174	428,413	75,174
Tax and social security	61,193	47,578	61,193	47,578
Accruals and deferred income	172,319	281,117	142,866	281,117
	688,274	403,869	632,472	403,869

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Analysis of net assets between funds

Note for the current year

Group	Restricted funds £	Unrestricted funds £	Total 2019 £
Tangible fixed assets	-	2,954	2,954
Investments	195,285,572	-	195,285,572
Net current assets	2,528,006	6,373,620	8,901,626
	197,813,578	6,376,574	204,190,152

Charity	Restricted funds £	Unrestricted funds £	Total 2019 £
Tangible fixed assets	-	2,954	2,954
Investments	-	1	1
Net current assets	-	6,373,341	6,373,341
	-	6,376,296	6,376,296

Note for the prior year

Group	Restricted funds £	Unrestricted funds £	Total 2018 £
Tangible fixed assets	-	18,196	18,196
Investments	-	44,444	44,444
Net current assets	250,000	7,377,940	7,627,940
	250,000	7,440,580	7,690,580

Charity	Restricted funds £	Unrestricted funds £	Total 2018 £
Tangible fixed assets	-	18,196	18,196
Investments	-	44,445	44,445
Net current assets	250,000	7,377,361	7,627,361
	250,000	7,440,002	7,690,002

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Movements in funds

Note for the current year

Group

	At the start of the year £	Income £	Expenditure £	Net gains/ (losses) on investments £	At the end of the year £
Restricted funds					
Portfolio charities	250,000	419,374	(669,374)	-	-
Youth Endowment Fund - Home Office grant	-	200,632,911	(2,959,324)	148,866	197,822,453
Youth Endowment Fund - supplementary funding	-	50,000	(58,875)	-	(8,875)
Total restricted funds	250,000	201,102,285	(3,687,573)	148,866	197,813,578
Unrestricted funds					
Unrestricted general funds	7,440,002	6,895,167	(7,958,873)	-	6,376,296
Unrestricted trading subsidiary	578	-	(300)	-	278
Total unrestricted funds	7,440,580	6,895,167	(7,959,173)	-	6,376,574
Total group funds	7,690,580	207,997,452	(11,646,746)	148,866	204,190,152

Note for the prior year

Group

	At the start of the year £	Income as restated £	Expenditure as restated £	Net gains/ (losses) on investments £	At the end of the year £
Restricted funds					
Portfolio charities	-	329,000	(79,000)	-	250,000
Total restricted funds	-	329,000	(79,000)	-	250,000
Unrestricted funds					
Unrestricted general funds	7,705,430	8,665,847	(8,931,275)	-	7,440,002
Unrestricted trading	883	-	(305)	-	578
Total unrestricted funds	7,706,313	8,665,847	(8,931,580)	-	7,440,580
Total group funds	7,706,313	8,994,847	(9,010,580)	-	7,690,580

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Purposes of restricted funds

Portfolio charities: Impetus receives donations for specific domain areas, charities and for specific expenditure. These are treated as restricted donations with appropriate expenditure allocated against them.

Youth Endowment Fund: the grant from the Home Office and investment returns from it are used to fund interventions to prevent children and young people from getting caught up in crime and violence by making sure that those at most risk get the best possible support.

Youth Endowment Fund: supplementary funding secured in support of the YEF is used to support and fund interventions to prevent children and young people from getting caught up in crime and violence by making sure that those at most risk get the best possible support.

Purposes of unrestricted funds

Unrestricted general funds of £6,376,296 (2018 - £7,440,002) will be used to support a significant proportion of conditional grant commitments made to charities of £3,336,333 (2018 - £4,052,666) per note 4.

15. Members' liability

Impetus is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. The charity has no parent or ultimate holding company.

16. Operating lease commitments

At 31 December 2019, the charity had commitments under operating leases of:

	2019			2018	
	Equipment	Total	Buildings	Equipment	Total
	£	£	£	£	£
Due within one year	1,768	1,768	42,809	1,768	44,577
Two to five years	5,303	5,303	-	7,071	7,071
	<u>7,071</u>	<u>7,071</u>	<u>42,809</u>	<u>8,839</u>	<u>51,648</u>

The charity had no operating leases in respect of buildings in 2019.

17. Related party transactions

Amounts donated to Impetus by its Trustees are disclosed in note 2a.

Impetus has consolidated a subsidiary, PEF Trading Limited, in the Group financial statements. Note 6 discloses Impetus' investment in this subsidiary and the subsidiary's results to 31 December 2019.

Impetus pays salary and other costs on behalf of the Youth Endowment Fund which it recharges to the restricted fund. Amounts totalling £523,391 were recharged by Impetus to the Youth Endowment Fund during 2019. As at the 31 December 2019 the Youth Endowment Fund owed amounts totalling £472,425 to Impetus.

There are no other related party transactions which require disclosure in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Event after the end of the reporting period

The outbreak of Covid-19 virus across the world represents a significant event since the end of the financial year. The charity carried out a detailed assessment of the potential impact of Covid-19 over the period 2020 to 2022 and made revisions to its budget for 2020 and projections for 2021 and 2022. The charity has also reviewed its cash flow forecasts.

There was considerable volatility in the market as a result of the impact of Covid-19 in the early part of 2020 and this affected the market value of funds invested on behalf of the Youth Endowment Fund. The market value of investments fell from £195.3m at 31 December 2019 to £177.5m (including the impact of £6.5m of withdrawals to fund grant making and other activities) at 31 March 2020. However, the valuation had increased to £190.4m at 30 September 2020 despite further withdrawals of £5m.

The charity has considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements. An estimate of the financial effect of the virus cannot be made. Covid-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.