



Report
and
Accounts

2008/09

Contents:

Chairman's Statement	1
Chief Executive's Report	2
Directors' Report	5
Statement of Directors' Responsibilities and Corporate Governance	6
Independent auditor's report to the members of Citylife Limited	7
Revenue Account	9
Statement of Total Recognised Gains and Losses	9
Balance Sheet	10
Notes to the Accounts	11
Additional information	20
Acknowledgements	21

Directors

Ram Gidoomal
Charles Rosenmeyer
Steve Mather
Paul Doye
Isla Smith

Secretary Tim Jones

Registered Office Citylife House
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Cambridge
CB1 2QF

Registered Auditors **Mazars LLP**
Chartered Accountants and Registered Auditors
37 Frederick Place
Brighton
BN1 4EA

Bankers **The Co-operative Bank plc.**
75 Burleigh Street
Cambridge
CB1 1DF

Solicitors **Wrigleys**
19 Cockridge Street
Leeds
LS2 3AG

Registered Number **28861R**

The Society and its Mission

Citylife is a national charitable membership society.

Its aim is to act as a catalyst, supporting activities across society that give people a better future. It works to achieve this aim through three specific themes: increasing the flow of capital to social good; increasing the size and impact of social and environmental enterprises; and enabling organisations to measure and increase their social impact.

Chairman's statement

The past year has been a particularly significant time in Citylife's history. The Society has grown and developed much over the last 12 months, and is now positioned for even greater expansion in the coming years.

The diversification of our activities has brought a more stable financial position, which is allowing us to plan more strategically and look to a longer term perspective. Perhaps more importantly though, the greater scope of our activities means that we are able to increase our social impact in our local Cambridge community and beyond.

At the start of 2009 we stepped in to rescue many of the services that had been provided in Cambridgeshire by The Social Enterprise People when they were forced to close. Over the course of the year we have been working to rebuild those services and offer business support to social enterprises and to local charities that want to explore trading to give them a more sustainable income. This has been an excellent fit with the affordable space we are offering in our social enterprise centres.

I am also excited to see the developments in our efforts to encourage the flow of capital to social causes through our Charitable Bonds. The East London Bond has opened for investment, with over £1 million already pledged and an inspiring array of influential ambassadors. We have also launched a first small-scale Bond for unemployment charity, Tomorrow's People, and are preparing to launch another Bond to support micro-finance in Africa.

With charitable giving under such pressure in this economic climate, we are planning to develop a new fundraising service so that many more charities can benefit from the Charitable Bond mechanism. As Andrew Hill of the FT recently said, the Bond certainly is "at long last, financial engineering to be proud of".

The coming year is one of great potential and I greatly look forward to seeing what it will bring.

Ram Gidoomal CBE FRSA
Chairman

Chief Executive's report

Citylife has had an exciting year. Our core purpose remains the same, but the scope of our aims and the range of our activities have broadened considerably.

Our goal has always been to bring people together and support initiatives that are helping to give others a better future. This was first expressed in our desire to address unemployment and financial disadvantage, and we did this by helping local communities raise funds for local organisations tackling these issues. Now, we are not only finding new ways to address the same problems, but also expanding our vision and helping to make a difference on a wider range of social issues.

You will see that we have reflected this development in a new statement of our aims, and as we look ahead we will increasingly be articulating our work as being made up of three interlinked but distinct divisions: charitable bonds, business support and social impact measurement.

Charitable Bonds

The concept of the Bond was the starting point for Citylife back in 1999. It was the sole focus of our work and the solution we pioneered to enable communities to release funding to tackle local unemployment and disadvantage. As I write, we are preparing to repay investors in the second Sheffield Employment Bond. More than half the investors though have been so taken with what their bond has achieved that they have chosen to donate its full value to the South Yorkshire Community Foundation, rather than receive the money back for themselves.

Our experience of delivering these community Bonds has led us now to a greater ambition to deliver what we are calling 'Charitable Bonds' on behalf of particular charities. In this way we aim to expand the scale of the Bonds we can deliver, and thereby see much greater amounts of capital flowing to causes that are working to give people a better future.

The East London Bond is something of a mix between the old and new models. It is being offered on behalf of the Bromley by Bow Centre and Community Links – two fantastic charities that are transforming the lives of thousands of people every year in some of the most deprived areas of England. I am delighted that over £1 million has already been pledged and with the endorsements this Bond has received from so many very senior people.

We are extremely grateful for the support given to us by a number of different companies: to Royal Bank of Canada for their help towards the underwriting costs and providing pro bono trustee services, and to Linklaters LLP for giving endless hours of pro bono expertise updating all of the legal documentation that makes the Bonds possible.

The new streamlined format for our documentation has enabled us to open a very quick Bond on behalf of Tomorrow's People to release funding in time to meet the deadline for another matched fund. The money raised by this Bond will support 'Working it Out', a pioneering programme which helps socially-excluded young people to move into work or training – or back into education – by improving their life-management skills, confidence and motivation, alongside practical work experience. We expect to open further Bonds for Tomorrow's People later in the year to attract further investment.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Chief Executive's Report (continued)

At the same time we are developing other Bonds. The most advanced of these is one for Arcubus, the City of London social investment fund which is looking to raise funds to support microfinance in Africa. Without any particular promotion, we now have more enquiries from charities than we can readily manage. This is why we are developing plans to offer Bonds through a new fundraising service allowing us to increase the number of charities we can work with and make it much easier for charities to benefit from this unique fundraising mechanism.

Business support

Since the first Sheffield pilot of the Bond, we have always considered enterprise – and particularly social enterprise – to be one of the core solutions to unemployment and disadvantage.

At the end of 2008 we opened the social enterprise centre, creating further opportunity, along with Citylife House, to provide workspace to social enterprises, small businesses and community groups. From the start the centre has had virtually full occupancy with over 100 keyholders. It has been of great benefit to the tenants as being very affordable and allowing them to interact with each other. It has also been of significant benefit to Citylife by providing a stable source of income.

While this centre is only temporary, we have spent the last year developing plans for a permanent home on land purchased in the north of Cambridge thanks to a grant from the East of England Development Agency. We have appointed architects for this project and are finalising arrangements with developers. We have also employed a part-time fundraiser who will help us to raise the capital we need.

Perhaps the most significant development in 2009 was our step to provide not only affordable space but also business support services.

About a year ago, the local business support agency, The Social Enterprise People, went into administration. They had been tenants in our social enterprise centre, and had delivered business support to third sector organisations across Cambridgeshire, mainly through public contracts. Without anyone else in the county to deliver these services, Citylife offered to take over delivery of these contracts.

We saw this opportunity as a natural extension of the work we had already been doing. It has positioned us as the primary source of social enterprise support in Cambridgeshire and has led to our inclusion on a number of cross-sector strategic boards. We have employed a part time business adviser and are currently supporting around 20 different organisations.

Social impact measurement

One of the difficulties faced by organisations delivering social change is how to objectively define the financial value of their impact.

In taking over the work of The Social Enterprise People, we took on one member of staff with experience of social impact measurement and who is an accredited practitioner of social return on investment. As a result, we now offer consultancy services to report on the social impact of other organisations or train their staff to do their own measurement. This can help them to prove the effectiveness of their work and understand how they can improve their social impact.

CITYLIFE LIMITED REPORT AND ACCOUNTS

We have worked with a number of public sector bodies and social enterprises this year, and see significant potential for expanding this area of our work, including working with commercial businesses. We also expect that this expertise will enable us to report more effectively in future on our own social impact.

Thank you to all of our supporters

As we go forward we will be investigating new Bond opportunities and growing our portfolio of projects. We will research other fundraising initiatives to ensure we remain at the forefront of enabling organisations, businesses and local people to finance solutions to counter the disadvantage facing their own communities.

Your interest enables us to develop real solutions leading to a relational society. Thank you.

Tim Jones FRSA ACII
Chief Executive and Secretary

CITYLIFE LIMITED REPORT AND ACCOUNTS

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 August 2009.

Activity

The principal activity of the Society during the year was to undertake research and practical initiatives into the relief of poverty of disadvantaged people within the United Kingdom, particularly by using social investment schemes such as its 'Employment Bond'. The Society is governed by the Industrial and Provident Societies Act 1965 to 1978.

Review of developments and future prospects

The Chairman's and Chief Executive's Reports provide a comprehensive review of developments. The Society has declared a deficit for the year of £52,382 but a surplus of £23,424 has been recognised in the revaluation reserve in respect of compensation for the land dispute on Citylife House.

Dividends

The directors, in accordance with the Society's rules, do not recommend the payment of a dividend.

Risk review

The directors have systematically examined the main business risks and agreed action plans designed to manage key areas of business risk in respect of governance, finance, operations and product diversification.

The directors and their interests in shares of the Society

The directors of the Society who served during the year and their beneficial interests in the shares of the Society were as follows:

	Ordinary shares of £1 each	
	31 August 2009	31 August 2008
Michael Clark (resigned 18 June 2009)	10	10
Alan Craig (resigned 23 September 2008)	10	10
Paul Doye	10	10
Places for People Neighbourhoods (Nominee Director S Mather)	20,000	20,000
Charles Rosenmeyer	10	10
Isla Smith	10	10
Ram Gidoomal	2,010	1,010

Auditors

A resolution to re-appoint Mazars LLP as auditors of the Society will be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Society Secretary
Tim Jones

Date: 26 February 2010

Registered Office: Citylife House, Sturton Street, Cambridge, CB1 2QF

CITYLIFE LIMITED REPORT AND ACCOUNTS

Statement of Directors' Responsibilities

Industrial and Provident Society law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Society will continue in business.

The directors are responsible for keeping proper accounting records with respect to the Society's transactions and its assets and liabilities as are necessary to give a true and fair view of the state of affairs of the Society. They are also responsible for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with Industrial and Provident Society law in the United Kingdom.

Each director has taken all steps that they ought to have taken in order to make themselves aware of any information relevant to the audit, establish that auditors are aware of that information and that there is no information relevant to the audit of which the society's auditors are unaware.

After making all appropriate enquires, and taking into account support expected from specific sources and in the light of other ongoing discussions, the Directors have reasonable expectation that the Society has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Society's accounts.

Governance

The Rules provide for members to elect, from among themselves, a board comprising a minimum of three directors. Whilst the Society is not regulated by the Charities Commission, it is a charitable institution and directors act in the capacity of charity trustees. The board may appoint and delegate powers to board committees comprising a minimum of two directors. Two permanent such committees are the Audit Committee (Isla Smith, Steve Mather and Paul Doye) and the Human Resources Committee (Charles Rosenmeyer and Isla Smith).

A council may also be appointed by the members consisting of a minimum of five members who are not directors or officers of the Society.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Independent auditor's report to the members of Citylife Limited

We have audited the financial statements of Citylife Limited for the year ended 31 August 2009 which comprise the revenue account, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in the 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Society's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 1978 and whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Society has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Society is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Emphasis of matter – going concern

As described in Note 1 to the financial statements, the society has secured an overdraft facility from their bankers whilst the East London Bond is in its development stage. The society incurs significant costs developing bonds and these costs are included within work in progress.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Independent auditor's report to the members of Citylife Limited (continued)

In view of the significance of this, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect. The financial statements do not include the adjustments that would result if the society was unable to continue as a going concern.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Society's affairs as at 31 August 2009 and of its income and expenditure for the year then ended.
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 1978.
- the information given in the directors' report is consistent with the financial statements.

Mazars LLP

Chartered Accountants and Registered Auditors
37 Frederick Place
Brighton BN1 4EA

Date: 26 February 2010

CITYLIFE LIMITED REPORT AND ACCOUNTS

Revenue Account Year ended 31 August 2009

	Note	2009 £	2008 £
INCOME	2	256,979	229,939
Charitable and other costs		<u>(309,361)</u>	<u>(229,922)</u>
(DEFICIT)/SURPLUS BEFORE INTEREST		(52,382)	17
Interest receivable and similar income	5	255,230	255,230
Interest payable and similar charges	6	<u>(255,230)</u>	<u>(255,230)</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u><u>(52,382)</u></u>	<u><u>17</u></u>

All activities derive from continuing operations.

Statement of Total Recognised Gains and Losses Year ended 31 August 2009

	Note	2009 £	2008 £
Net (deficit)/surplus for the year		(52,382)	17
Credit received in respect of compensation for revalued property	17	<u>23,424</u>	<u>-</u>
Total gains and losses recognised since 1 September 2008		<u><u>(28,958)</u></u>	<u><u>£17</u></u>

There is no material difference between the income/(expenditure) on ordinary activities for the year ended 31 August 2009 and its historical cost equivalent.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Balance Sheet As at 31 August 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	8	905,857	840,978
Investments	9	4,421,387	4,651,344
		<u>5,327,244</u>	<u>5,492,322</u>
CURRENT ASSETS			
Work in progress	11	211,059	122,072
Investments	10	485,187	-
Debtors	12	-	-
Cash at bank		17,932	52,452
		<u>714,178</u>	<u>174,524</u>
CREDITORS: amounts falling due Within one year	13	<u>(688,955)</u>	<u>(125,747)</u>
NET CURRENT ASSETS		<u>25,223</u>	<u>48,777</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,352,467	5,541,099
CREDITORS: amounts falling due after more than one year	14	<u>(5,068,724)</u>	<u>(5,229,498)</u>
		<u>283,743</u>	<u>311,601</u>
CAPITAL AND RESERVES			
Called up share capital	15	114,310	113,210
Revaluation reserve	17	238,762	217,057
Income and expenditure account	16	(69,329)	(18,666)
SOCIETY SHAREHOLDERS' FUNDS	18	<u>283,743</u>	<u>311,601</u>

These financial statements were approved by the board of directors on.

Signed on behalf of the directors:

R Gidoomal
Director

P Doye
Director

T Jones
Society Secretary

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The Society is incorporated under the Industrial and Provident Societies Act 1965. The particular accounting policies adopted are described below.

Accounting convention and going concern

The financial statements are prepared under the historical cost convention except for the revaluation of leasehold property. The financial statements have been prepared on a going concern basis and this assumes the continued support of the society's bankers. Since the year end an overdraft facility of £290,000 has been agreed for which the bank has taken a charge over Citylife House. The society does not believe it will need to use the full facility. The preparation of the financial statements on a going concern basis also assumes the successful launch of the East London Bond.

The directors have prepared detailed cash flow forecasts for the period to 31 August 2011.

Income and grants receivable

Income represents monies received from donations, grants from trusts and other bodies and income received from the issue of investment bonds (see note 5).

Grants receivable are not recognised until the conditions for receipt have been met. Where grants relate to future accounting periods they are deferred and recognised in those future accounting periods. Grants that relate to capital are treated in accordance with the provisions of SSAP 4. Grants in relation to property are released over their useful economic life. Grants receivable in respect of land are credited directly to the cost of the asset. This treatment is not in accordance with SI 2008/410 which requires fixed assets to be shown as cost and grants as deferred income. The treatment has been adopted in accordance with section 393 of the Companies Act 2006 to show a true and fair view, as in the opinion of the directors, it is not appropriate to treat grants for land as deferred income. Land is not depreciated and accordingly no basis exists on which to recognise the release of the deferred income to the profit and loss account. The accumulated impact of this treatment is to reduce the deferred income and cost of land by £749,995.

Grants for immediate financial support and assistance or to reimburse costs previously incurred, are recognised immediately. Note 2 to these financial statements gives further disclosure of grants receivable in this financial period.

Tangible fixed assets

Depreciation is provided to write off the cost or valuation of fixed assets, less estimated residual value over their estimated useful lives at the following rates:

Freehold property	2% on cost less residual value
Leasehold property	Written down over the length of the lease
Improvements to property & Computer equipment	20% per annum of original cost
Fixtures and fittings	33.3% per annum of original cost
	20% per annum of original cost

Work in progress

Work in progress is stated at the lower of cost and net realisable value. It is represented by 3rd party and staff costs in connection with the development of bonds and the development of the property for future sale. The cost for staff includes a charge for the absorption of relevant overheads. When the Society issues a new bond the work in progress is released against the fee generated. Costs associated with the development of the property will be released when the property is sold or the grant released to income.

Pension costs

The Society operates a defined contribution pension scheme. The costs of pension contributions that are due in respect of the year are charged directly to the profit and loss account.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

1. ACCOUNTING POLICIES (continued)

Revaluations

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the revenue account. The depreciation on the revalued amount that is in excess of the historical cost depreciation calculation is transferred from the revaluation reserve to the Income and expenditure account.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Investments

Investments are stated at market value at the balance sheet date.

2. INCOME

The income of the Society is generated in order that the society can carry out its principal activity of the Society and arises entirely within the United Kingdom.

<u>INCOME</u>	2009	2008
	£	£
Fees	-	-
Voluntary income	1,050	10,100
Grants	76,103	131,531
Miscellaneous income	325	4,520
Interest receivable	1,739	9,431
Rental income	177,762	74,357
	<hr/>	<hr/>
	256,979	229,939

Included within income were grants receivable from the following bodies:

	2009	2008
	£	£
Cambridge City Council	14,000	-
Social Enterprise	10,408	-
East of England Development Agency	51,695	25,031
Rugby Group Benevolent Fund	-	105,000
Northern Rock	-	1,500
	<hr/>	<hr/>
Grand total	76,103	131,531

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There was one paid director on a fee basis whose aggregate emoluments were £12,000 (2008 £12,000).

	2009 No	2008 No
Average number of persons employed by the society in the year	<u>5</u>	<u>4</u>
	£	£
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	219,351	142,082
Social security costs	18,388	13,127
Pension costs and insurance	13,703	13,557
	<u>251,442</u>	<u>168,766</u>

4. OPERATING SURPLUS

	2009 £	2008 £
Operating surplus is stated after charging:		
Depreciation	8,151	6,960
Auditors' remuneration	3,200	3,200
	<u>11,351</u>	<u>10,160</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable under guaranteed investment relating to:

	2009 £	2008 £
Newcastle	182,942	182,942
Sheffield 2	21,392	21,392
Sheffield 3	32,907	32,907
Wales	17,989	17,989
	<u>255,230</u>	<u>255,230</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

Bond finance charges in respect of:

	2009 £	2008 £
Newcastle	182,942	182,942
Sheffield 2	21,392	21,392
Sheffield 3	32,907	32,907
Wales	17,989	17,989
	<u>255,230</u>	<u>255,230</u>

7. TAXATION

The Society is exempt from corporation tax under Inland Revenue reference XR29468.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

8. TANGIBLE FIXED ASSETS

	Freehold Land and Property	Improvements to Property	Leasehold Property	Fixtures, fittings and computer equipment	Total
Cost			£	£	£
At 1 September 2008	-	-	850,000	18,248	868,248
Additions	818,053	3,939	-	1,033	823,025
Grant offset	(749,995)	-	-	-	(749,995)
As at 31 August 2009	68,058	3,939	850,000	19,281	941,278
Depreciation					
At 1 September 2008	-	-	11,050	16,220	27,270
Charge for the year	-	-	6,800	1,351	8,151
As at 31 August 2009	-	-	17,850	17,571	35,421
Net book value					
As at 31 August 2009	68,058	3,939	832,150	1,710	905,857
As at 31 August 2008	-	-	838,950	2,028	840,978

Included within freehold property is land at cost of £818,053 reduced by a grant of £749,995 received from EEDA.

Cost or valuation at 31 August 2009 is as follows:

	Freehold Property	Improvements to Property	Leasehold Property £	Fixtures, fittings and computer equipment £	Total £
At Cost	68,058	3,939	-	19,281	91,278
At valuation					
Open market basis	-	-	850,000	-	850,000
Total	68,058	3,939	850,000	19,281	941,278

The leasehold land and buildings were revalued on 16 January 2007 by Savills Chartered Surveyors on an open market existing use basis. Since the year end, on 21 December 2009, a valuation has been conducted by Lambert Smith Hampton and the property was valued on an open market basis at £1,035,000.

If the leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2009 £	2008 £
Cost	635,089	635,089
Accumulated depreciation	(18,276)	(13,195)
Net book value	616,813	621,894

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

9. INVESTMENTS - FIXED ASSETS

	Newcastle £	Sheffield 2 £	Sheffield 3 £	Wales £	Total £
Bond loans					
At 1 September 2008	2,920,842	387,140	569,466	273,804	4,151,252
Reclassified as current asset investment	-	(387,140)	-	-	(387,140)
At 31 August 2009	<u>2,920,842</u>	<u>-</u>	<u>569,466</u>	<u>273,804</u>	<u>3,764,112</u>
Accrued interest					
At 1 September 2008	335,393	76,655	68,556	19,488	500,092
Reclassified as current asset investment	-	(76,655)	-	-	(76,655)
Accrued in the year	182,942	-	32,907	17,989	233,838
At 31 August 2009	<u>518,335</u>	<u>-</u>	<u>101,463</u>	<u>37,477</u>	<u>657,275</u>
Total bond loans					
At 31 August 2009	<u>3,439,177</u>	<u>-</u>	<u>670,929</u>	<u>311,281</u>	<u>4,421,387</u>
At 31 August 2008	<u>3,256,235</u>	<u>463,795</u>	<u>638,022</u>	<u>293,292</u>	<u>4,651,344</u>

By the Trust Deeds, the investments are not subject to the limitations of the Trustee Investments Act.

A summary of bonds issued is given below.

Bond Name	Issue Date	Maturity Date	Loan Amount	Repayable Amount	Guaranteed By
Sheffield 3	31/07/06	31/07/11	£ 569,466	£ 734,000	Co-operative Bank Plc
Newcastle	31/10/06	31/10/11	£2,920,842	£3,835,550	Northern Rock
Wales	31/07/07	31/07/12	£273,804	£363,750	Barclays Bank Plc

10. INVESTMENTS – CURRENT ASSETS

	2009 £	2008 £
Investment in Sheffield 2 Bond		
- original liability to bond holders	387,140	-
- finance costs accrued	98,047	-
At 31 August 2009	<u>485,187</u>	<u>-</u>

By the Trust Deeds, the investments are not subject to the limitations of the Trustee Investments Act.

A summary of bonds issued is given below.

Bond Name	Issue Date	Maturity Date	Loan Amount	Repayable Amount	Guaranteed By
Sheffield 2	24/01/05	24/01/10	£387,140	£494,100	Bradford & Bingley

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

11. WORK IN PROGRESS

	2009 £	2008 £
Costs incurred for future projects	211,059	122,072

12. DEBTORS

	2009 £	2008 £
Other debtors	-	-

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank overdraft	50,168	-
Trade creditors	19,634	28,049
Other taxation and social security	13,362	10,082
Other loan	75,000	75,000
Other creditors	38,804	5,816
Sheffield 2 Bond	485,187	-
Deferred income: Grant received Cambridge Project (see note 14)	6,800	6,800

The Society had an obligation to repay Sheffield 2 bondholders £494,100 in January 2010. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 9). Interest income accruing is being recognised evenly over the investment period of 5 years.

The other loan attracts no interest and has no fixed repayment date. The loan will be used to help fund the issue costs of a new London bond.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

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

	2009 £	2008 £
Other creditors:		
Original liability to bondholders:		
Sheffield 2	-	387,140
Sheffield 3	569,466	569,466
Newcastle	2,920,842	2,920,842
Wales	273,804	273,804
Finance costs accrued:		
Sheffield 2		76,655
Sheffield 3	101,463	68,556
Newcastle	518,335	335,393
Wales	37,477	19,488
Loans	100,000	-
Deferred income:		
Grant received ref Cambridge Project	547,337	578,154
	<u>5,068,724</u>	<u>5,229,498</u>

The Society has an obligation to repay Sheffield 3 bondholders £734,000 in July 2011. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 9). Interest income accruing is being recognised evenly over the investment period of 5 years.

The Society has an obligation to repay Newcastle bondholders £3,835,550 in October 2011. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 9). Interest income accruing is being recognised evenly over the investment period of 5 years.

The Society has an obligation to repay Wales bondholders £363,750 in July 2012. The obligations of the Society to the bondholders have been secured by a charge over the guaranteed investments (see note 9). Interest income accruing is being recognised evenly over the investment period of 5 years.

Industrial Provident Societies are exempt charities as per Schedule 2 of the Charities Act 1993 and as a result, are not subject to the Charity SORP 2005 or the accounting regulations of the 1993 Act. Consequently, capital grants have to be treated under the provisions of SSAP 4.

If the society was permitted to follow Charity SORP 2005 the society would be allowed to recognise the grant in full as income in the year of receipt and create a restricted fund reserve in the balance sheet. However, the society has to follow SSAP 4 and this requires the society to match income against expenditure incurred to date and relevant depreciation. Income of £554,137 is currently deferred of which £6,800 is due to be recognised as income within one year.

A loan of £100,000 from the Charities Aid Foundation is repayable by 30 June 2011 and attracts interest at 7% per annum.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

15. CALLED UP SHARE CAPITAL

Members must hold a minimum of 10 shares and the directors may allot additional shares upon application.

	2009 £	2008 £
Allotted, called up and fully paid £1 ordinary shares	113,210	92,210
Allotted £1 ordinary shares during the year	1,100	21,000
	<u>114,310</u>	<u>113,210</u>

Since the year end a further 25,000 £1 ordinary shares have been issued.

16. REVENUE ACCOUNT

	2009 £	2008 £
Balance brought forward	(18,666)	(20,402)
Retained surplus/(deficit) for the financial year	(52,382)	17
Depreciation transferred from revaluation reserve	1,719	1,719
	<u>(69,329)</u>	<u>(18,666)</u>

17. REVALUATION RESERVE

	2009 £	2008 £
Balance brought forward	217,057	218,776
Compensation received in respect of revalued property	23,424	-
Depreciation transferred to revenue account	(1,719)	(1,719)
	<u>238,762</u>	<u>217,057</u>

CITYLIFE LIMITED REPORT AND ACCOUNTS

Notes to the Accounts Year ended 31 August 2009

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Surplus/deficit for the financial year	(52,382)	17
Credit to revaluation reserve in respect of compensation received	23,424	-
New share capital subscribed	1,100	21,000
	<hr/>	<hr/>
Net (reduction in) / addition to society funds	(27,858)	21,017
Opening society shareholders' funds	311,601	290,584
	<hr/>	<hr/>
Closing society shareholders' funds	<u>283,743</u>	<u>311,601</u>

19. CONTINGENT LIABILITIES

	2009 £	2008 £
Grant received ref CRC site	749,995	-
	<hr/>	<hr/>

A grant of £749,995 was received during the year from EEDA in respect of the CRC site. This grant has been offset against the cost of the land as required by SSAP4. As there are milestones that Citylife Limited have to meet including obtaining planning permission and generating a set number of jobs, EEDA has reserved the right to recover the grant if milestones and conditions are not met. Consequently, a contingent liability exists for the value of the grant.

20. ULTIMATE CONTROLLING ENTITY

During the year there was no overall controlling party.

21. SOCIETY STATUS

Under British law Industrial Provident Societies existing for community benefit are classified as exempt charities and do not need to register with the Charity Commission. However, when the Charities Act 2006 comes into effect, that exemption is removed from all charitable Industrial Provident Societies in England and Wales. Charitable Industrial Provident Societies will have to register with both the FSA and the Charity Commission.

CITYLIFE LIMITED REPORT AND ACCOUNTS

Additional information

The additional information, which comprises the management information, has been prepared from the accounting records of the society. While it does not form part of the statutory financial statements and is unaudited it should be read in conjunction with them.

MANAGEMENT INFORMATION

Year ended 31 August 2009

	2009 £	2008 £
<u>INCOME</u>		
Fees	-	-
Voluntary income	1,050	10,100
Grants	76,103	131,531
Miscellaneous income	325	4,520
Interest receivable	1,739	9,431
Rental income	177,762	74,357
	<u>256,979</u>	<u>229,939</u>
<u>EXPENDITURE</u>		
Wages and salaries	251,442	168,766
Overhead costs	89,607	32,125
Travel and subsistence	10,851	7,145
Printing, stationery and postage	3,146	1,318
Consultants	52,371	32,360
Marketing and research	13,553	10,114
Sundry expenses	3,618	1,769
Bank charges and other interest	6,966	3,257
Legal and professional fees	17,016	29,487
Depreciation	8,152	8,721
Irrecoverable VAT	15,458	10,958
Capitalisation of expenses	(73,832)	-
Reduction (increase) in WIP	(88,987)	(76,098)
	<u>309,361</u>	<u>229,922</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES	<u>(52,382)</u>	<u>17</u>

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Citylife Ltd is registered with the Financial Services Authority under the Industrial and Provident Societies Act 1965 No. 28861R and recognised as a charity by the HM Revenue and Customs No. XR29468
Registered office: Citylife House, Sturton St, Cambridge CB1 2QF