

Annual Report and Financial Statements

INCLUDE

For the year ended 31 AUGUST 2016

**Company Registration Number:
02429781 (England and Wales)**

Charity number: 0803333

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INCLUDE

Reference and Administrative Details

Registered Office:

27 Pear Tree Street
London
EC1V 3AG

Registered charity no: 0803333 (England and Wales)

Registered company no: 02429781 (England and Wales)

Directors:

Mr Bruce Noble (resigned 9 January 2017)
Mr Chris Wright
Ms Nicola Brauer (resigned 17 January 2017)
Ms Francesca Pollard (appointed 17 January 2017)

Secretary:

Mr Daniel Jansen

Auditors:

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers:

Barclays
Level 27,
1 Churchill Place
London
E14 5HP

Solicitors:

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Trustees' Annual Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Activities of Include

The principal activity of Include during the period under review was that of providing education & multi-disciplinary support to young people excluded from mainstream education in Local Authority Boroughs across the country. These services, primarily delivered through independent schools, are provided in partnership with the local education authorities and the Local Authority Boroughs. We also provide in school services, and play a significant role in promoting behavior improvement & academic progression through multi-disciplinary practice.

Financial review

Delivered through Include Independent schools - a national network of six independent schools, we provide full-time primary & secondary & post 16 alternative education to young people aged 4 to 18 years-old in England and Wales. We provide support to vulnerable young people with challenging behaviors to help them realise their full potential, achieve academic and vocational targets, and progress into education, training and employment.

As an Alternative Education provider (AP) Include tackles the social, behavioral or emotional barriers that may be preventing young people from achieving their full potential. It enables young people to achieve their academic and vocational targets within a supportive and outcomes-focused environment.

Working with over 500 young people annually Include operates nationally. Working in partnerships with local authorities, schools and investment partners, Include now has six registered independent schools, following the closure of Include Salisbury:

Provision	Inspection Date	Age range	Outcome
Include Oxfordshire	February 2013	13 -16 years old	Good
Include Thames Valley	February 2015	13-16 years old	Good
Include Newark	December 2015	14-18 years old	Good
Include Bristol	April 2016	14-19 years old	Good
Include Suffolk	March 2017	4 - 11 years old	Requires improvement
Include Norfolk	May 2017	13-16 years old	Awaiting outcome

At the time of the Ofsted inspection Include Suffolk was transitioning to a model to provide increased focus and investiture in the quality of Teaching and Learning. Transition progress was reported as being excellent as was the assessment of students Special Educational Needs since September 2016 with the introduction of a SENCO to drive this aspect to better meet needs. However, delays in agreeing the contract renewal with the local authority, which resulted in some key staff leaving, and subsequent issues with the quality of management hampered progress. A school improvement plan has been implemented and the trustees are closely monitoring progress.

Schools are small supportive environments with teaching ratios of 1:2 in primary and 1:4 in secondary. Include work to an evidence-based cognitive behavioral approach with a focus on social care practice to achieve sustainable behavioral change.

Trustees' Annual Report

Financial review (continued)

Staff are trained in Supporting Positive interventions in Education (SPINE) and also receive comprehensive core training.

Include offers a full national curriculum

Catch22 Charity Limited is the sole member of Include.

The combined Catch22 group (of which Include is a part) had income for the year to 31 August 2016 of £46.8m (17 months to 31 August 2015: £89.7m) and had unrestricted reserves of over £10.3m at 31 August 2016 (2015: £10.1m). Include therefore has an extremely sound financial base as part of the Catch22 group.

The Wider Catch22 Education Offer

Catch22 provides young people aged 4-18 with alternative education so they can progress and succeed in sustained education or employment. It uses high quality teaching and learning based on effective relationships to enable the achievement of life skills and meaningful qualifications.

Catch22 was approved as an Academy Sponsor in February 2014. The Catch22 Multi Academies Trust focuses on learners excluded from mainstream education who can benefit from small, supportive alternative education centers

Include outcomes for learners 2015/16:

- 71% of learners progressed to positive destinations
- 77% of school leaver progressed into further education, training or employment
- 53% of learners left with at least one GCSE
- 28% of learners achieved both a Maths and English GCSE.

Income

The total income for Include in 2015/16 was £7,611k compared with £6,299k for 2014/15, as the number of young people we worked with increased and some price increases were agreed as contracts were renewed and Include implemented the Catch22 'Blueprint' for 'best in class' alternative provision.

Expenditure

Expenditure on charitable activities for 2015/16 was £7,840k compared with £6,421 for 2014/15.

Overall expenditure exceeded income for the year by £228k (2015: £122k), which related to two key areas:

- Include Salisbury – historically we have not been able to secure enough referrals of young people from the relevant local authorities to make this school financially viable and it therefore made a loss for the year. Regrettably, the trustees took the decision to close this school with effect from 31 August 2016 as the charity could not continue to absorb the annual losses incurred on this school.

Trustees' Annual Report

Financial review (continued)

Expenditure (continued)

- Include Northampton – we invested heavily in agency supply staff and new premises and improvements, in order to continue to meet the needs of the young people in the school and to maintain continuity of provision up to the opening of a new free school, to which the young people will transfer, in May 2017 within the Catch22 Multi Academies Trust.

Future Plans

As well as the closure of Include Salisbury and the transfer of the young people in the Include Northampton school to the new free school, the trustees also plan to transfer all of the other Include schools to the parent charity, Catch22 Charity Limited, during 2016/17. The trustees believe that the financial stability provided by Catch22, the administrative efficiencies that can be generated and the improved ability to link the young people with the wider services provided by Catch22 will all increase the benefit available to the young people the charity works with.

Reserves

The Finance and Business Administration Committee of the parent charity, Catch22, conducts an annual review of the level of consolidated unrestricted reserves in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of reserves that are sufficient:

- to allow time for re-organisation in the event of a downturn in income or asset values
- to protect ongoing work programmes
- to allow the group of charities to meet its objectives.

Includes' reserves are considered as part of the group of charities rather than in isolation, particularly in view of the intention to transfer the schools to Catch22 during 2016/17. The free reserves of the Catch22 group of £3.2m (2015: £3.1m) are considered by the trustees to be adequate as at 31st August 2016.

The general reserves of Include at 31st August 2016 are (£133k) (2015: £96k)

As explained above, following the action taken to close Include Salisbury and the fact that the costs incurred specifically to support Include Northampton should not recur, the trustees are confident that a surplus will be generated in 2016/17 that will be sufficient to return the charity to a positive reserves position.

Financial Risks

Market risk

The Charity has no exposure to market risk.

Trustees' Annual Report

Structure, Governance and Management

Financial Risks (continued)

Credit risk

Debtor balances are mainly exposed to credit risk in relation to money due from commissioners in relation to its delivery of services. The vast majority of these commissioners have proved to be extremely credit worthy. Nevertheless we operate a proactive credit control system designed to ensure payment is received quickly and that problems are identified as early as possible and the appropriate action is taken. The maximum exposure to credit risk is represented by the carrying

amount of each financial asset in the balance sheet.

Foreign Exchange Risk

The Charity has no significant exposure to foreign exchange risk.

Structure

Include is a company limited by guarantee, and was registered as a charity in July 1990.

Its objects, as stated in its Memorandum of Association, are:

- To advance the education of the public by all charitable means.
- To further the formal and informal education of the public particularly those up to the age of 18 years by providing an educational environment instruction and teaching within a context of spiritual truths and moral values.
- To promote the establishment and running of schools, colleges, courses, pastoral and personal training, counselling colloquia and supportive networks particularly those dedicated to the whole development of the child's potential personally, socially, academically, spiritually, economically and with due reference to the employability, skills enhancement, family relationships and other such supportive groupings.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Catch22 Charity Limited became the sole member of Include on 1st December 2013, following an acquisition from the previous parent company CfBT Education Trust. The governance and management of Include passed to Catch22 on this date.

Trustees who served during the year:

Mr Bruce Noble (resigned 9 January 2017)

Mr Chris Wright

Ms Nicola Brauer (resigned 17 January 2017)

Ms Fran Pollard (appointed 17 January 2017)

Trustees' Annual Report (continued)

Governance

The role of the Include board is to ensure that Include's strategy is translated into delivery plans and to ensure that the schools are resourced and well managed to achieve clear academic and personal outcomes for young people.

The board will ensure OFSTED standards are met and that the education delivery meets legal and regulatory requirements and young people make progress.

The Include board meets termly. Audit and Remuneration committees are delegated to Catch22 boards.

The Include board reports progress four times a year to the Catch22 Board.

Trustees' responsibilities

The trustees (who are also directors of Include for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 charitable company will continue in business.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Annual Report (continued)

Valuing our Trustees – recruitment, induction and ongoing training

The Catch 22's Governance and Remuneration Committee oversees the recruitment of Trustees to the board and undertakes a periodic skills audit of the Board. Applications for Trusteeship are sought through open advertisement, use of a specialist agency and personal contact. Applicants are assessed against a trustee job description and shortlisted candidates are interviewed by a panel of Trustees and appointed by the Trustee Board. Trustees are normally appointed for four years and may be reappointed for a further four years subject to agreement of the Board.

New Trustees are provided with induction meetings with key staff and are given a detailed governance pack. Arrangements are made for Trustees to visit Include projects and services.

Trustees will receive relevant information, and presentations on aspects of Includes' work and on matters affecting the voluntary sector.

Disclosure of information to auditors

- So far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- Each Trustee has taken all the steps that ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Risk management

Include does not have its own audit committee but links into the risk management structure of its parent company (Catch22 Charity Limited). The trustees have in place a risk management process. The process identifies the types of risks the charity faces, prioritises them in terms of likelihood of occurrence and potential impact, identifies the means of managing these risks and monitors how they are managed.

Development and review of the risk management arrangements are the responsibility of the Audit Committee.

The key risk currently facing the charity is the successful transfer of its school's to Catch22.

Reserves policy

The company's reserves policy is to retain sufficient funds to ensure the smooth running of day to day operations and make reasonable provisions for replacement of assets

The level of reserves will vary each year and will be determined by the board based on levels of growth achieved and risks identified at that time.

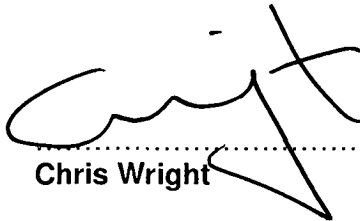
The board will agree with Catch22 Charity Limited its use of reserves.

Trustees' Annual Report (continued)

Auditors

Kingston Smith LLP were appointed as auditors and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Signed on behalf of the Board of Trustees



..... Trustee
Chris Wright

26 May 2017

Auditors Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLUDE

We have audited the financial statements of Include for the period ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Auditors report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLUDE

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit: or

Neil Finlayson

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

31 May 2017

Devonshire House
60 Goswell Road
London
EC1M 7AD

Include

Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account)

		Restricted General Funds	Unrestricted General Funds	Total 2016	Total 2015
	Note	£	£	£	£
Income from:					
Donations and grants		66,388	-	66,388	84,753
Charitable activities:					
Service delivery fee income		-	7,545,068	7,545,068	6,214,149
Total Income	2	66,388	7,545,068	7,611,456	6,298,902
Expenditure on:					
Charitable activities		66,388	7,773,981	7,840,369	6,421,319
Total Expenditure	3	66,388	7,773,981	7,840,369	6,421,319
Net (expenditure)		-	(228,913)	(228,913)	(122,417)
Net movement in funds		-	(228,913)	(228,913)	(122,417)
Reconciliation of funds					
Total funds brought forward		-	96,366	96,366	218,783
Total funds carried forward	9	-	(132,547)	(132,547)	96,366

All income arises from the continuing activities of the charity.

The charity had no recognised gains or losses other than those dealt with in the Statement of Financial Activities.

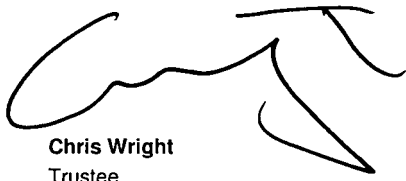
Include

Balance Sheet as at 31 August 2016

Company Number 01234567

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	6		19,517		47,120
Current assets					
Debtors	7	824,340		1,254,601	
Cash at bank and in hand		<u>48,149</u>		<u>5,498</u>	
		872,489		1,260,099	
Liabilities					
Creditors: Amounts falling due within one year	8	<u>(1,024,553)</u>		<u>(1,210,853)</u>	
Net current (liabilities)/assets			(152,064)		49,246
Total assets less current liabilities			(132,547)		96,366
Net (liabilities)/assets			(132,547)		96,366
Accumulated Funds					
Restricted funds					
Unrestricted income funds	9		<u>(132,547)</u>		<u>96,366</u>
Total funds			(132,547)		96,366

The financial statements were approved by the Board of Trustees and authorised for issue on 26 May 2017



Chris Wright
Trustee

The notes on pages 16 to 24 form part of these financial statements

Include

Cash Flow Statement for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	11	42,650	8,655
Cash flows from investing activities		-	(3,781)
Change in cash and cash equivalents in the reporting period	11	<u>42,650</u>	<u>4,874</u>
Cash and cash equivalents at 1 September 2015		5,498	624
Cash and cash equivalents at the 31 August 2016	11	<u>48,148</u>	<u>5,498</u>

Include

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

1. Accounting policies

Include is a charitable company, limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. The registered office is 27 Pear Tree Street, London EC1V 3AG.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The company is a public benefit entity for the purposes of FRS 102 and a registered charity established as a company limited by guarantee and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (the FRS 102 Charities SORP) and the Companies Act 2006.

FRS 102 has been adopted for the first time when preparing these financial statements. The transition date to FRS 102 was 1 September 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 August 2015. An explanation of how the transition has affected the reported financial position and financial performance is provided in note 17 to the financial statements.

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trusts have considered the charitable company's forecast and projections. At 31 August 2016, the charity had net liabilities of £132,547, which include a creditor of £549,953 due to its parent undertaking, Catch 22 Charity Limited. The ability of the charitable company to trade relies on the continued support of Catch 22 Charity Limited, to enable the charitable company to pay its debts as and when they fall due. Catch 22 have confirmed that they will not seek repayment of these balances and it will continue to support the charitable company, as required, to allow it to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Because of the availability of support, the trustees believe that it is appropriate to prepare the financial statements on a going concern basis. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts are rounded to the nearest pound.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below:

Income

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably. The following accounting policies are applied to income.

Grants and fees

Where contract and grant funding is subject to specific performance conditions, the income is recognised as earned (as the related services are provided or outcomes delivered). Any amounts received in excess of what has been earned by the year end are included within deferred income in current liabilities. Other grant income is recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Donations

Donations and all other receipts from fundraising are reported gross and are accounted for on a receivable basis. The related fundraising costs are reported in costs of raising funds.

Investment Income

Investment income is accounted for when receivable and includes the related tax recoverable.

Expenditure

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefit will be required in settlement and the amount of the obligations can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The following accounting policies area applied to expenditure.

Allocation of overhead and support costs

Overhead, support and governance costs are allocated between the cost of raising funds and charitable activities. Overhead, support and governance costs relating to charitable activities have been apportioned between activities.

Governance costs

Governance costs are included within support costs and consist of trustees' expenses and annual audit and non-audit fees.

Financial Instruments

Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transactions price. Debtors and creditors that are recoverable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected

Include

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

Financial Instruments (continued)

Debtors and creditors (continued)

future receipts or payments discounted at a market rate of interest.

Fund Accounting

The group maintains various types of funds as follows:

Restricted funds

Restricted funds represent grant, donations and legacies received which are allocated by the donor for specific purposes.

Unrestricted funds

Revaluation reserves relate to the measurement of the fair value of certain freehold property. General unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the Charity

Critical accounting estimates and areas of judgement

In preparing financial statements, it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Include

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 Funding for Include's operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:				
Charitable activities:				
LA Main Contracts	5,239,159	-	5,239,159	3,609,497
Individual Contracts	2,122,376	-	2,122,376	1,671,329
SEN/High Needs Income	-	-	-	180,000
Other Contracts	183,533	-	183,533	753,323
	<u>7,545,068</u>	<u>-</u>	<u>7,545,068</u>	<u>6,214,149</u>
 Donations and grants:				
Pupil Premium Grants	-	66,388	66,388	82,357
	<u>-</u>	<u>66,388</u>	<u>66,388</u>	<u>82,357</u>
Donations	-	-	-	2,396
	<u>7,545,068</u>	<u>66,388</u>	<u>7,611,456</u>	<u>6,298,902</u>

All Include funding for the year to 31st August 2015 excluding the Pupil Premium Grant of £82,357 was unrestricted.

Net income/(expenditure) for the year:

	2016 £	2015 £
This is stated after charging:		
Depreciation	27,603	23,208
Property Rental	580,038	493,236
Fees payable to auditor (net of VAT) for:		
- audit	11,820	10,800
- other services	<u>9,822</u>	<u>-</u>

Include **Notes to the Financial Statements for the year ended** **31 August 2016 (continued)**

3 Charitable Expenditure

	Support	Direct	Year to 31
	Costs	Costs	August
	£	£	2016
			£
Bristol	60,260	1,791,241	1,851,501
Norfolk	72,815	1,537,577	1,610,392
Suffolk	28,038	1,062,123	1,090,161
Northampton	93,130	963,423	1,056,553
Caerphilly	31,818	547,012	578,830
Thames Valley	26,209	538,318	564,527
Newport	19,671	423,359	443,030
Salisbury	42,191	130,383	172,574
Regional Support	82,497	390,304	472,801
	456,629	7,383,740	7,840,369

	Support	Direct	Year to 31
	Costs	Costs	August
	£	£	2015
			£
Bristol	27,122	1,015,178	1,042,300
Norfolk	38,923	1,487,566	1,526,489
Suffolk	24,120	857,768	881,888
Northampton	13,613	180,094	193,707
Caerphilly	5,028	387,144	392,172
Thames Valley	15,083	502,617	517,700
Newport	3,285	260,879	264,164
Salisbury	8,653	113,678	122,331
Regional Support	124,953	1,355,615	1,480,568
	260,780	6,160,539	6,421,319

Support Costs

The group operates a shared services approach with the majority of support services being provided by Catch22 Charity Limited, the parent company, to the other companies within the group. Support costs incurred directly by other companies within the group, mainly relating to management and administration, are included within the direct costs of the activity carried out by that company. An analysis of the cost of support services (which are included in the charitable expenditure above) provided by Catch22 Charity Limited to the group is set out below. Costs have been allocated to charitable activities as a proportion of the direct expenditure incurred on that activity.

4 Analysis of support costs

	Educational	Total	Total
	operations	2016	2015
	£	£	£
Depreciation	27,603	27,603	23,208
Technology IT costs	75,371	75,371	16,351
Premises costs	181,115	181,115	81,824
Other support costs	150,898	150,898	128,597
Governance costs	21,642	21,642	10,800
Total support costs	456,629	456,629	260,780

Include

Notes to the Financial Statements for the year ended

31 August 2016 (continued)

5 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £	Total 2015 £
Wages and salaries	3,745,124	3,264,396
Social security costs	284,620	246,650
Pension contributions	19,943	19,697
	4,049,687	3,530,743
Staff restructuring costs comprise:		
Redundancy payments	72,876	-
	72,876	-

During the period payments to agencies for temporary staff amounted to £958,772 (2015 £469,922). Agency staff are used to cover temporary vacancies and to meet short term staffing needs.

b Staff numbers

The average number of persons employed by Include during the period was as follows:

	2016 No.	2015 No.
Support staff	11	23
Operations staff	214	154
	225	177

d Higher paid staff

No employees received employee benefits exceeding £60,000 during the year.

	2016 No.	2015 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	-	-

e Key management personnel

The key management personnel of Include Limited are now employees of Catch 22 Charity Limited. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the organisation was £53,811 (2015: £67,800).

f Trustee remuneration & expenses

The trustees' received no remuneration for the services provided (2015 - £nil) or any travel expenses during the year (2015 - £nil)

Include

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Tangible Fixed Assets

	Furniture and Equipment £	Computer Hardware £	Total £
Cost			
At 1 September 2015	10,000	73,646	83,646
At 31 August 2016	10,000	73,646	83,646
Depreciation			
At 1 September 2015	3,300	33,226	36,526
Charged in year	3,300	24,303	27,603
At 31 August 2016	6,600	57,529	64,129
Net book values			
At 31 August 2016	3,400	16,117	19,517
At 31 August 2015	6,700	40,420	47,120

7 Debtors

	2016 £	2015 £
Trade debtors	525,451	766,363
Amounts owed from other group companies	85	66,667
Rent deposits	45,217	38,625
Prepayments and accrued income	253,587	382,946
	824,340	1,254,601

Financial instruments included in the above are £769k (2015: £1,054k)

8 Creditors: Amounts Falling due within one year

	2016 £	2015 £
Trade creditors	111,061	132,085
PAYE taxation and social security	72,755	141,910
EFA creditor: abatement of GAG [if applicable]	-	-
Pension creditor	3,403	3,687
Amounts owing to other group companies	513,342	648,938
Other creditors	691	-
Dilapidation provision	81,500	55,200
Accruals and deferred income	241,801	229,033
	1,024,553	1,210,853

Financial instruments included in the above creditor balances are £907k (2015: £961k).

Deferred income

	2016 £	2015 £
Deferred income at 1 September 2015	107,631	107,631
Resources deferred in the year	(52,972)	-
Deferred Income at 31 August 2016	54,659	107,631

At the balance sheet date Include Limited was holding £55k received in advance, for Northampton AP (£38k) and Turnaround (£17k).

Include

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9 Funds

Analysis of unrestricted fund movements

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Balance brought forward at 1st September 2015	96,366	218,783
Income	7,545,068	6,298,902
Expenditure	(7,773,981)	(6,421,319)
Transfer between funds	-	-
Balance carried forward at 31st August 2016	<u>(132,547)</u>	<u>96,366</u>

Analysis of restricted fund movements

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Balance brought forward at 1st September 2015	-	116,682
Income	66,388	82,357
Expenditure	(66,388)	(199,039)
Transfer between funds	-	-
Balance carried forward at 31st August 2016	<u>-</u>	<u>-</u>
Total funds	<u>(132,547)</u>	<u>96,366</u>

All of the restricted funds relate to Pupil Premium.

Restricted Reserves (specific)

Pupil Premium

The pupil premium is additional funding for publicly funded schools in England to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers.

Include

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

10 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted General Funds	Restricted General Funds	Total Funds
	£	£	£
Tangible fixed assets	19,517	-	19,517
Current assets	872,489	-	872,489
Current liabilities	(1,024,553)	-	(1,024,553)
Total net assets	(132,547)	-	(132,547)

Fund balances at 31 August 2015 are represented by:

	Unrestricted General Funds	Restricted General Funds	Total Funds
	£	£	£
Tangible fixed assets	47,120	-	47,120
Current assets	1,260,099	-	1,260,099
Current liabilities	(1,210,853)	-	(1,210,853)
Total net assets	96,366	-	96,366

Commitments under operating leases

Operating Leases

At 31 August 2016 the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Amounts due within one year	327,818	409,280
Amounts due between one and five years	128,856	302,757
	456,674	712,037

Include

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

11 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities

	2016	2015
	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(228,913)	(122,417)
Adjusted for:		
Depreciation charges	27,603	23,208
Decrease/(increase) in debtors	430,261	(204,707)
(Decrease)/increase in creditors	(186,300)	312,571
Net cash provided by / (used in) Operating Activities	42,651	8,655

Cash Flows from Investing Activities

	2016	2015
	£	£
Purchase of tangible fixed assets	-	(3,781)
Net cash provided by / (used in) investing activities	-	(3,781)

12 Guarantees, Letters of Comfort and Indemnities

The trust provided no guarantees, letters of comfort or indemnities during the year ended 31 August 2016 (2015: £nil).

13 Contingent Liabilities

There were no contingent liabilities at the year ended 31 August 2016 (2015: £nil)

14 Ultimate parent charity

The charity's ultimate parent charity is Catch22 Charity Limited. Copies of the consolidated financial statements are available from the Company Secretary of Catch22 Charity Limited, whose registered office is 27 Pear Tree Street, London EC1V 3AG.

15 Related Party Transactions

The charity has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated Financial Statements of Catch 22 Charity Ltd.

16 Events after the end of the reporting period

There were no material events after the balance sheet date.

17 Transition to FRS 102

This is the first year that the charity has prepared its financial statements under FRS102. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 was 1 September 2014. The following adjustments have been made in order to comply with the new SORP/FRS 102 which have had no effect on total funds or the income and expenditure but have affected the presentation of certain items on the Statement of Financial Activities.

1) Governance Costs are no longer presented as a separate category of expenditure in the Statement of Financial Activities as they are now regarded as part of support costs which are allocated to the costs of activities undertaken by the charity.