Only Connect UK
Report and Financial Statements

For the year ended 31 August 2020

Company number: 05848399

Registered charity number: 1116147

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Board of Trustees' report

Introduction from Danny Kruger, Chairman of Board of Trustees

Financial year 2019/2020 ran from September 2019 to August 2020. It represented the third full financial year for Only Connect within the Catch22 group.

During the year, Only Connect continued to successfully run a contract to deliver rehabilitation to under 25s. This contract, under the European Social Fund, will continue until 2022. It allows us to work in HMP Pentonville and YOI Feltham, and provides funding for our work with under 25s. In addition, we fundraise to allow us the flexibility to provide support for over 25s as well, and to take referrals from probation.

In the year ahead we will continue to work directly with prisons, young offenders' institutes, Community Rehabilitation Companies and youth offending teams. We expect that the new contracts for probation will provide opportunities for us.

Danny Kruger
Chairman, Only Connect

Board of Trustees' report

Objectives and Activities

Policies and objectives

Only Connect is London's creative criminal justice charity. Our vision is a more connected society where we all choose a crime-free life. Our mission is to enable people with experience of the criminal justice system to live flourishing lives.

Only Connect works with Londoners aged 16 and over who are either serving custodial sentences, or who have concluded their sentence and are looking to grow new skills and rebuild their confidence.

Review of activities

Although the latter half of the year (2019-20) has been dominated by COVID and the Lockdown, Only Connect has had a successful year.

We worked with 320 people, a considerable increase of the 252 the year before. Almost all were male and two thirds were 18-24 years old.

Our participants come through three routes: men we start working with in prison (Pentonville and Feltham) and continue Through-the-Gate (60%), referrals from probation (27%), referrals from other prisons (10%) and referrals by families (3%).

Our work consists of support for prisoners approaching release, and after their release, one-to-one sessions and group work in personal and social skills, and one-to-one support to gain education, training and employment. We delivered 324 sessions to young men (all under 22) in YOI Feltham and 140 sessions to men in HMP Pentonville (70% of them were under 25).

The outcomes for the year were surprisingly strong, given the problems from March with the Lockdown.

OC 19-20: Outcomes - Age			
Type Outcome	<25	25+	Total
education	4	4	8
f/t work	11	15	26
p/t work	12	16	28
long training course	8	5	13
short training course	20	8	28
training	1	6	7
volunteering		1	1
Total	56	55	111

Board of Trustees' report

Objectives and Activities (continued)

At Only Connect we aim to continue to work with the Members until they stop needing us or disengage. This means that Members can remain on our books even after they have a job if they continue to want to make occasional contact for support. Last year 38 were closed because they went back into prison. However, we suspect that others would also have re-offended and we did not know.

During the Lockdown we stayed in touch with all our Members. Most seemed very pleased to be contacted and keyworking was often very positive. Several Members found work, particularly in warehouse and logistics.

Lessons learnt and plans for the future

2019-20 has been an exciting year. We have had quite high staff turnover, but most of our staff have been moving on to other work in the criminal justice sector. We are particularly pleased that working as a keyworker seems to be a good stepping-off point to getting a job with probation.

We have also had a major development in our governance. The trustees are of the view that the long-term interests of Only Connect UK are best served by being an independent charity and it has been agreed by both parties that Catch22 will cease to be a member of Only Connect from 1 September 2020. This means that Only Connect will be fully independent.

We are extremely grateful to the support Catch 22 has given us over the six years we have been part of the Group, and we want to express our deep appreciation of their generosity in writing off our debt.

Financial Overview

Income and expenditure
Total income for the year to 31 August 2020 was £734k (2019: £512k). Included in this was the conversion of the loan owing to Catch 22 Charity Limited to a donation. Income from Operations continued to increase this year from £31k in 2019 to £182k in 2020. However due to the COVID pandemic income from Trading dropped from £337k in 2019 to £127k in 2020. The Trustees' view continues to be that a diverse income strategy, with regular and long-term funding streams is the pathway to Only Connect's sustainability.

The efforts to reduce expenditure resulted in total expenditure for the year to 31 August 2020 decreasing to £495k (2019: £592k). During the year expenditure on restricted projects of £50k (2019: £25k) was covered by restricted income of £15k and reserves of £45k (2019: £70k) received.

Overall the net movements in funds for the year was a surplus of £239k (2019: a deficit of £80k).

The key financial priority for Only Connect in 2020/21 is to finish the year with a positive unrestricted surplus.

Board of Trustees' report

Objectives and Activities (continued)

We would like to gratefully acknowledge financial support from the following trusts and companies:

Funder	Project
The Alchemy Foundation	Young people
The Persula Foundation	Young people
Highway One Trust	Core
The City Of London Solicitors' Company Charitable Fund	Core
The Austin And Hope Pilkington Trust	Young people
The A B Charitable Trust	Core
The Oakdale Trust	Core
The Field Family Charitable Trust	Young people
John Lyon's Charity	Young people
Sir Jules Thorn Charitable Trust	Music
Inner London Magistrates Court Poor Box	Core
Souter Charitable Trust	Core
The Marsh Christian Trust	Core
S E Franklin's Charitable Trust No 3	Core
The John Armitage Charitable Trust	Core
The John R. Murray Charitable Trust	Music
The National Foundation For Youth Music	Music
The Sir James Roll Charitable Trust	Core
The Charities Aid Foundation	Core
The R S Brownless Charitable Trust	Core
The Jean and Gordon Roberts Charitable Trust	Core

Investment policy and performance
Any significant amounts of cash held which are unlikely to be expended in the immediate future are placed on deposit. The directors consider this to be the appropriate policy as it is low risk and makes funds readily accessible if required to further Only Connect UK's objectives.

Reserves policy
In the trustees' view reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future.

At 31 August 2020 the charity's total reserves amounted to a surplus of £59k (2019: deficit of £180k) of which £10k surplus was restricted (2019: £45k).

The reserves policy approved by the Trustees is three months' operating costs. The trustees acknowledge that given the current position it is imperative that the deficit position is cleared and sufficient free reserves are generated and retained over the medium term to secure the charity's financial stability through securing sustainable sources of income.

Board of Trustees' report

Objectives and Activities (continued)

Financial risks

Liquidity risk
The charity's objective is to maintain a balance between cash balances and long-term investments. The charity's policy on liquidity risk is to ensure there are sufficient cash balances to meet the day-to-day needs of the organisation while investing surplus balances in fixed asset investments

Credit risk
The charity is mainly exposed to credit risk in relation to money due from commissioners for the 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 does not have any significant exposure to foreign exchange risk.

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 group 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. The principal uncertainty that has arisen following the Covid-19 pandemic is the amount of income that the company can generate from renting spare space in its London Office. After appropriate consideration and 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, however the charitable company's income has been impacted by the Covid-19 pandemic during this financial year and since the balance sheet date. The charitable company has continued to adopt the going concern basis in preparing its financial statements as described in note 1 to the financial statements.

Board of Trustees' report

Structure, governance and management

Formation and structure of the Charity

Only Connect UK was incorporated as a Company Limited by Guarantee on 16 June 2006. It was registered as a Charity on 19 September 2006.

Its objectives, as stated in its memorandum of association, are: 'To advance the education and prospects of prisoners, ex-offenders and young people at risk of crime in London, and their families, through the provision of arts projects and productions, personal development and community activities.

We have considered the Charity Commission's guidance on public benefit, including the guidance 'Public benefit: running a charity (PB2) In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set, taking account of the available guidance on public benefit.

The trustees are satisfied that Only Connect UK has aims and objectives and carries out activities that are for the public benefit in that the support provided to individuals, families and communities directly benefits each of those groups and therefore the wider public.

On 5 October 2015 Only Connect UK Limited was acquired by Catch22 Charity Limited (Company number. 6577534 and Registered Charity number 1124127) who became the sole member on that date.

On 1 September 2020 Catch 22 Charity Limited relinquished it's sole membership of Only Connect UK.

Governance

The management of the company is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

The Trustee board meets at least four times a year and monitors progress against goals and targets that flow from the strategic plan set by the Trustee board.

Day to day management is delegated to the chief executive officer. This is in line with our stated delegations of authority; the Trustee board is involved in all material decisions including but not limited to:

- pre-approval of annual budgets
- signing of leases and other issues pertaining to property
- strategic partnerships and significant donor relations
- approval and signature of contracts and other agreements
- appointment of auditors, solicitors and other advisors
- appointment and remuneration of senior staff

The Only Connect UK Trustee board operates as an independent board of trustees. During the year to 31 August 2020 the board papers, along with management accounts were also reported to the Catch22 senior management and trustee board, in line with the provisions of the grouping agreement in place between Catch22 and Only Connect.

Board of Trustees' report

Structure, governance and management (continued)

Trustees responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The charitable company qualifies as small under section 383 of The Companies Act 2006 and so no strategic report has been prepared, which is a requirement of medium and large companies under the Companies Act 2006 (Strategic Report and Director's Report) Regulation 2013.

Board of Trustees' report

Structure, governance and management (continued)

Policies adopted for the induction and training of trustees

All new trustees are taken through a trustee induction process carried out by the Chair of the board and as part of this they are introduced to their responsibilities and the key company policies.

Pay policy for senior staff

Senior management (directors and above) are remunerated in line with sector benchmarks (reviewed annually) and all senior staff appointments, pay and award changes are approved by the board of trustees.

Risk management

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to control and mitigate the charitable company's exposure to the major risks.

Key risks:

- Financial: risk of insolvency or financial impropriety. Mitigated by strong financial controls from the Board through the Executive Director and operational leads. Catch22 financial governance regime and monthly reporting support overarching accountability

- Reputational: risk of reputational damage arising from breach of legal responsibilities, for example in respect to Data Protection Act. Mitigated by strong compliance requirements to Catch22 group policies, overseen by Catch22 Director of Governance.

- Business continuity: ongoing risk of one or both of Only Connect's buildings being unavailable due to lease issues or force majeure event. Mitigated by Board oversight and contingency planning around geographical location of services.

- Safeguarding: ongoing risk of a serious safeguarding incident exposing major practice or process limitations. Mitigated by ongoing process compliance and adherence to Catch22 safeguarding protocols, overseen by Director of Governance.

Signed on behalf of the Board of Trustees

Danny Kruger
Only Connect UK
10/06/2021

Auditors report

Independent auditor's report to the members of Only Connect UK

Opinion

We have audited the financial statements of Only Connect UK ('the company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Material uncertainty in relation to going concern

We draw attention to the paragraph relating to going concern in note 1 of the financial statements, which indicates that post year end the company's income has been impacted by the Covid-19 pandemic. Up to 31 August 2020 the charity was supported by its Parent, Catch22 and this support was withdrawn on the 1st September 2020. As stated in note 1, these events or conditions, along with the other matters as set out in note 17 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Independent auditor's report to the members of Only Connect UK (continued)

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual 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 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 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
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Auditors report

Independent auditor's report to the members of Only Connect UK (continued)

and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.

Moore Kingston Smith LLP

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 10/06/2021

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Restricted Funds	Unrestricted Funds	2020	Restricted Funds	Unrestricted Funds	2019
		£'000	£'000	£'000	£'000	£'000	£'000
Income from							
Donations and legacies	2	-	274	274	-	12	12
Grants	2	15	109	124	70	62	132
Other Income		-	10	10	-	-	-
Income from charitable activities	4	-	326	326	-	368	368
Total income		15	719	734	70	442	512
Expenditure on							
Raising funds		-	25	25	-	32	32
Charitable activities							
Ordinary activities	4	50	420	470	25	535	560
Total expenditure		50	445	495	25	567	592
Net movement in funds		(35)	274	239	45	(125)	(80)
Reconciliation of funds							
Total funds brought forward		45	(225)	(180)	-	(100)	(100)
Total funds carried forward		10	49	59	45	(225)	(180)

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

FINANCIAL STATEMENTS

CHARITY BALANCE SHEET - 31 AUGUST 2020
Company number: 05848399

	notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	6		2		6
Current assets					
Debtors	7	39		89	
Cash at bank and in hand		48		48	
		87		137	
Current liabilities					
Creditors: amounts falling due within one year	8	(30)		(63)	
Net current (liabilities)			57		74
			59		80
Creditors: amounts falling due after more than one year	9		-		(260)
Net (liabilities)			59		(180)
Funds					
Restricted funds	10		10		45
General fund	11		49		(225)
			59		(180)

The financial statements were approved by the Board of Trustees and authorised for issue on 10 June 2021.

On behalf of the Board of Trustees

Danny Kruger
Director

The notes on pages 15 to 21 form part of these financial statements.

FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £'000	2019 £'000
Net income/(expenditure) for the reporting period	**239**	**(80)**
Adjusted for:		
Conversion of Loan to Donation	(260)	-
Depreciation charges	2	3
Loss on Disposal of Fixed Assets	2	-
(Increase)/Decrease in debtors	50	17
Increase/(Decrease) in creditors	(33)	99
Net cash provided by/(used in) operating activities	**-**	**39**
Investing activities	**-**	**-**
Financing Activities	**-**	**-**
Net (decrease)/increase in cash and cash equivalents *in the reporting period*	**-**	**39**
Cash and cash equivalents at beginning of year	48	9
Cash and cash equivalents at end of year	**48**	**48**
Relating to:		
Bank balances and short term deposits	48	48
Cash and cash equivalents	**48**	**48**

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2020

1. Accounting policies
Only Connect UK is a charitable company, limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. The registered office is 32 Cubitt Street, London WC1X 0LR

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), including Update Bulletin 2. 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.

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. The principal uncertainty that has arisen following the Covid-19 pandemic is the amount of income that the company can generate from renting space in its London office. After appropriate consideration and 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. However, the charitable company's income has been impacted by the Covid-19 pandemic during this financial year and post year end. Whilst the charitable company has continued to adopt the going concern basis in preparing its financial statements, the matters described above indicate that there may be an uncertainty over its ability to continue as a going concern.

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

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:

Fund Accounting

General funds
General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds
Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes, The costs of raising and administering such funds are charged against **Income**
All income is recognised once the charitable company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Legacies
Entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donations
Donated services or facilities are recognised when the charitable company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charitable company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS102), the general volunteer time of the Friends is not recognised – refer to the Trustees' report for more information about their contribution. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised as expenditure in the period of receipt.

Income tax recoverable
Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other Income
Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Fundraising costs are those incurred in seeking voluntary contribution and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

Expenditure (continued)
at the year-end are noted as a commitment, but not accrued as expenditure.

Tangible fixed assets and depreciation
All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at costs less depreciation. Depreciation is provided at rates calculated to write-off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Leasehold improvements – 33% straight line
- Fixtures and fittings – 25% reducing balance

Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Operating leases
Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Financial Instruments
The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basis financial instruments are initially recognised at transaction value and subsequently measure at their settlement value with the exception of bank loans which are subsequently measured at amortised costs using the effective interest rate method.

Debtors
Trade and other debtors are recognised at the settlement amount after and trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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

Creditors and provisions
Creditors and provisions are recognised when the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension costs – Defined Contribution Schemes
The charitable company makes payments to defined contribution pension schemes on behalf of qualifying employees. Such contributions are charged in the Statement of Financial Activities as they fall due. The contributions are invested separately from the charities assets.

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. Other than the adoption of the Going Concern basis of preparation as set out above, no judgements or estimates are considered by the trustees to have a significant effect on the amounts recognised in the financial statements.

2. Donations, Legacies and Grants

	2020			2019		
	Restricted	Unrestricted	Total funds	Restricted	Unrestricted	Total funds
	£'000	£'000	£'000	£'000	£'000	£'000
Donations	-	274	274	-	12	12
Grants	15	109	124	70	62	132
Total	**15**	**383**	**398**	**70**	**74**	**144**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020

3. Net income/(expenditure) for the year

	2020 £'000	2019 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	2	3
Disposal of Fixed Assets	2	-
Auditor's remuneration - Audit fees for Charity's annual accounts – current year	9	9
Lease payments recognised as an expense	74	101

4. Charitable activities

Analysis of income from charitable activities for the year ended 31 August 2020

	Restricted Funds	Unrestricted Funds	2020
	£'000	£'000	£'000
Operations	-	199	199
Trading	-	127	127
Total	-	**326**	**326**

Analysis of income from charitable activities for the year ended 31 August 2019

	Restricted Funds	Unrestricted Funds	2019
	£'000	£'000	£'000
Operations	-	31	31
Trading	-	337	337
Total	-	**368**	**368**

Analysis of expenditure on charitable activities for the year ended 31 August 2020

	Restricted Funds	Unrestricted Funds	2020
	£'000	£'000	£'000
Operations	50	154	204
Trading	-	223	223
Administration & Governance	-	43	43
Total	**50**	**420**	**470**

Analysis of expenditure on charitable activities for the year ended 31 August 2019

	Restricted Funds	Unrestricted Funds	2019
	£'000	£'000	£'000
Operations	25	169	194
Trading	-	323	323
Administration & Governance	-	43	43
Total	**25**	**535**	**560**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020

4. Charitable activities (continued)

Support Costs

Year Ended 31 August 2020	**Operations**	**Trading**	**Administration & Governance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Marketing and IT	6	3	1	**10**
Office costs	2	49	-	**51**
Staff costs	3	-	-	**3**
Rent and rates	14	65	-	**79**
Other costs	2	60	-	**62**
Training and support	11	-	-	**11**
Governance costs	-	-	9	**9**
Total	**38**	**177**	**10**	**225**

Governance costs included in the above support costs amount to £9k

Support costs are allocated based on the number of people employed by each project or activity.

Year Ended 31 August 2019	**Operations**	**Trading**	**Administration & Governance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Marketing and IT	3	19	-	**22**
Office costs	5	65	-	**70**
Staff costs	1	2	-	**3**
Rent and rates	25	115	-	**140**
Other costs	2	9	-	**11**
Training and support	18	1	-	**19**
Governance costs	-	9	-	**9**
Total	**54**	**220**	**-**	**274**

Governance costs included in the above support costs amount to £9k

5. Staff costs

	2020	**2019**
	£'000	**£'000**
Salaries	240	282
National Insurance contributions	22	28
Pension contributions	7	7
	269	**317**
The average number of employees during the period was	**8**	**11**

No employee received remuneration amounting to more than £60,000 in either year.

No trustees received any remuneration during the period or were reimbursed expenses (2019: £nil).

Key Management Personnel
Key management personnel comprises the CEO from August 2019 (Head of Development and the Insight & Policy Manager: 2019)
The total employee benefits of the Key Management Personnel were £53k (2019: £6k)

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020

6. Tangible fixed assets

	Leasehold property £'000	Fixtures and fittings £'000	Total £'000
Costs			
1 September 2019	28	67	95
Additions	-	-	-
Disposals	-	(50)	(50)
31 August 2020	**28**	**17**	**45**
Depreciation			
1 September 2019	28	61	89
Charge for the period	-	2	2
Disposals	-	(48)	(48)
31 August 2020	**28**	**15**	**43**
Net book value			
At 31 August 2020	**-**	**2**	**2**
At 31 August 2019	-	6	6

7. Debtors: amounts due within one year

	2020 £'000	2019 £'000
Trade debtors	31	15
Amounts owed to group companies	-	8
Prepayments and accrued income	8	66
	39	89

8. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	4	6
Amounts owed to group companies	6	35
Accruals and deferred income	10	12
Other taxes and social security	5	5
Other creditors	5	5
	30	63

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020

9. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Balance at 1 September 2019	-	-
Amounts owed to group companies	-	260
Balance at 31 August 2020	**-**	**260**

10. Restricted funds

	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Balance 31 August 2020 £'000
Operations	45	15	(50)	10
Total restricted funds	**45**	**15**	**(50)**	**10**

Prior period	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Balance 31 August 2019 £'000
Operations	-	70	(25)	45
Total restricted funds	**-**	**70**	**(25)**	**45**

11. Unrestricted funds

	Balance 1September 2019 £'000	Income £'000	Expenditure £'000	Balance 31 August 2020 £'000
General Fund	(225)	719	(445)	49

Prior period	Balance 1September 2018 £'000	Income £'000	Expenditure £'000	Balance 31 August 2019 £'000
General Fund	(100)	442	(567)	(225)

Total funds	**(180)**	**734**	**495**	**59**
Total funds prior year	**(100)**	**512**	**(592)**	**(180)**

General fund
This represents funds which are not restricted or designated for specific purposes. General funds are expendable at the discretion of the trustees to further the charitable objects of the charitable company.

Restricted Fund

This represents funds that can only be used for a specific purpose(s) or a particular project(s). The restriction carries the weight of the law and so restricted funds can only be lawfully spent on the specific charitable purpose for which they were provided.

12. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:	Restricted funds £'000	Unrestricted funds £'000	31 August 2020 Total £'000
Tangible fixed assets		2	2
Current assets/(liabilities)	10	47	57
Total net liabilities	**10**	**49**	**59**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020

	Restricted funds £'000	Unrestricted funds £'000	31 August 2019 Total £'000
Fund balances at 31 August 2019 are represented by:			
Tangible fixed assets	-	6	6
Current assets/(liabilities)	45	(231)	(186)
Total net liabilities	**45**	**(225)**	**(180)**

13. Commitments under operating leases

	31 August 2020 £'000	31 August 2019 £'000
Land and buildings:		
expiring in the first year	24	38
expiring in the second to fifth year	-	-
expiring after five years	-	-
	24	**38**

14. Pension and Similar Obligations

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,277 (2019: £6,550). Contributions totalling £923 (2019: £1,630) were payable to the fund at the balance sheet date and are included in creditors.

15. Ultimate Parent Charity

The Charity's ultimate parent charity was Catch22 Charity Limited (company number 6577534 and registered charity number 1124127) until 31st August 2020. More details of the cessation can be found in Note 16. Post Balance Sheet Events. 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.

16. Related Party Transactions

During the year Catch22 made payments on behalf of Only Connect UK (OC) amounting to £18k, which were fully repaid in the year (2019: £115k – net of amounts repaid). OC charged rent to Catch22 of £nil (2019: £53k). Also, during the year Catch22 converted £260k (2019: £nil) of the amount owed by OC into a donation to OC. At the balance sheet date Catch22 was owed £6k (2019: £295k) by OC

Also during the year, Only Connect UK, charged Launch22 Limited, a fellow subsidiary of Catch 22 Charity Limited, £84k for rent and related costs (2019: £38k). At the balance sheet date Launch22 owed Only Connect £44k (2019: £8k).

A Special Resolution was signed by the trustees on 31st August 2020 agreeing that Catch 22 would cease to be a member of Only Connect with effect from 1st September 2020. The amounts due to Catch 22 by Only Connect as at 31st August 2020 were converted to a donation up to a maximum of £260,000 in return for written confirmation from the continuing Only Connect Trustees that:

- the charitable objectives will remain to 'advance the prospects of prisoners and ex-offenders and young people at risk of crime in London, and their families through the provision of arts projects and productions, personal development and community activities.
- Only Connect will continue to operate for the foreseeable future and that these plans and the fulfilment of its charitable objectives will be facilitated by the conversion of the loan from Catch22 to a donation;
- Only Connect will appoint two new independent trustees

Reference and Administrative Details

Company Secretary
Mrs Orla Morris (resigned 8th August 2020)
Mr Simon Pellew

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Company limited by guarantee
Company no. 05848399