

Catch22 Charity Limited

Report and Financial Statements

For the period ended 31 August 2015

Company number: 06577534

Registered charity number: 1124127



Who we are

Catch22 is a forward-looking social business that exists to transform disadvantaged lives and communities

Catch22 has been at the heart of public service delivery for over 200 years. We know that a strong society is one where everyone has a place, a purpose, and good people around them.

We deliver social outcomes in a business-like and transparent way, and in this report we want to share some of those outcomes with you.

In 2014/15, Catch22 directly delivered a diverse range of public services to over 33,177 people. We are the only provider that works with individuals at every stage of the social welfare cycle. This gives us unique insight into the challenges facing disadvantaged people.

We believe that in an era of reduced public resource it is our responsibility to find imaginative new ways to fund and deliver better public services. This report puts a spotlight on some of the new ways we are working and the challenges and opportunities they present.

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Board of Trustees' report

Introduction from Jim McKenna, Chairman of Board of Trustees

Catch22 began its new 2015-2018 strategic period with excitement and optimism. In a tough economic environment with continued reductions to spending on public services, Catch22 has continued to thrive. We go forward into the new strategic period with unwavering commitment to our social mission, with confidence in the quality of our services and impact, and a robust plan for the sustainable future of the organisation and the people it supports.

The Standards and Pillars set out in the 2015-2018 Strategic Plan provide the roadmap for how we will continue to make our organisation stronger and achieve greater impact for our service users and their communities.

As we enter a new phase in Catch22's 200 year history – one in which austerity or reductions in public expenditure are becoming the norm – we want to be among the drivers of transformation and improvement in public services. The landscape in which we operate is shifting as the nature of public services evolves. Collaboration, good governance and innovation will play major roles in ensuring our continued success as an organisation and in demonstrating the capability of our sector to rise to new economic challenges.

Being a social business

Catch22 is a not-for-profit business with a social mission. That means combining both our commercial and our social values. There are numerous examples in the pages ahead that demonstrate how being a social business is enabling us to transform the ways that people-facing public services are designed and delivered.

Growth and reach

We are ambitious in our plans to grow the scale and reach of the services we provide. A professional business-like approach is crucial in demonstrating to funders, commissioners and partners that we have the capacity and financial strength to deliver not just more but better services.

Over the last year we have been successful in growing our reach across the services we deliver. For example, our new Multi Academies Trust offers specialist alternative education provision for children and young people who need it. Our justice services now operate in 19 prisons across country, up from three in 2013/14. And in an exciting and unprecedented merger, Catch22 acquired the London-based criminal justice charity Only Connect.

Innovation

As an organisation we seek to find innovative solutions to stubborn challenges. In a time of tightened budgets and increasing demand for services, doing more of the same with less simply won't work. We believe in doing things differently. At Catch22 we are imaginative, creative and not afraid to challenge established systems that are no longer fit for purpose. Supported by the Department for Education's Innovation Programme, we have been able to trial a new delivery model in Project Crewe. Our teams are organised into 'pods', with each child allocated a

Board of Trustees' report

Introduction from Jim McKenna, Chairman of Board of Trustees

Innovation (continued)

qualified social worker and supported by differently qualified staff and volunteers from diverse backgrounds. This model combines the expertise of social work professionals with the experience and flexibility of other frontline staff. Another ground breaking innovation is the Public Services Lab we are developing with partners Interserve, Big Society Capital and Clubfinance. While still in the early stages, the Lab will eventually provide incubator and accelerator opportunities for voluntary sector organisations to build their own capacity so they can bid competitively to deliver large scale public service contracts. While we are ambitious about growing our own delivery, Catch22 is also truly committed to creating a more diverse and capable social sector.

Partnerships

Collaborating and working in partnership is central to the way Catch22 works. When united behind a shared goal, different partners can bring a valuable range of skills, expertise and insights. We believe in sharing and building on each other's knowledge to arrive at the strongest possible solutions.

Our start up business incubator in London, Launch22, emerged through a partnership with entrepreneurs Launchpad Labs, and we are proud of what we have achieved. We launched a new site in Liverpool in the summer of 2015 and hope to support the opening of more sites across the UK in future.

Axis, our new young people's health and wellbeing service is another exemplary partnership. Catch22 leads a range of specialist local voluntary sector organisations, working with the NHS, the local authority and a young people's board, to co-design a service that meets a specific local need. We are not just delivering to a specification but truly working together to provide a bespoke service that works for the young people who use it.

Our people

As ever, I am proud to Chair this outstanding organisation. On behalf of the Board of Trustees, I would like to thank the staff and volunteers for their ceaseless commitment to transforming people's lives. We have high expectations of everyone who works with us and the Catch22 Standards will drive us all forward, building on our strengths to transform and improve the way we work so we are the best we can be. At Catch22, we believe relationships are what make the difference in a person's life. This thinking extends to the way we approach our own relationships. We would not have been able to achieve so much success this year without the support of our funders, investors, commissioners and other partners. We look forward to working with you in the year ahead as we continue on our mission to transform lives and communities.

Board of Trustees' report

My vision for the future Chris Wright, Chief Executive

At Catch22, we are feeling optimistic about the future. While concerns about the state of our public services should be taken seriously, it is equally important to explore the opportunities for innovation and improvement that are emerging as a result of continuing reforms. The last five years of austerity have undoubtedly brought new challenges for many of the people we work with, much has been lost as budgets have tightened. But in order to ensure people still receive the support they need, we must respond to the challenges of the new economics with creativity and optimism. That is not to say we must try to do more of the same with less, but rather we must challenge entrenched old ideas of how public services should be run and find new, more effective, more efficient ways to provide support to people who need it.

To give a personal perspective, I am a probation officer and social worker by training and, like many others who pursue a career in this type of work, I was motivated by a desire to change things, to make things better for those I worked with. Today, I lead an organisation in which every member of staff is united by a shared commitment to transform people's lives. However, in our experience it is becoming clear that many of the services designed to transform people's lives are not working as well as they could. While there is encouraging progress in some areas, generally speaking outcomes remain stubbornly poor and there is continued pressure to achieve more with less.

In spite of this, I remain optimistic about the future. To do the best we can for the people who use public services, whether those services are provided by the public, private or voluntary sectors, we must radically rethink how such services are designed and delivered. I believe that over the next three years Catch22 will play an important role in shaping the future of public service delivery so that the people and communities we work with continue to get the support they need in a challenging economic climate.

While we are ambitious about our potential to lead a change and transform lives, our ambition remains rooted in our experience as a provider and innovator. The scale and breadth of the services we deliver provide Catch22 with in depth insight into what works for people and communities. As long as we continue doing things in the way they have always been done, improvements in outcomes and efficiencies will only ever be marginal. To affect a real change in people's lives, there must be significant transformation in the way people-facing public services are designed and delivered. Underpinning these ideas are three guiding principles that must be at the core of a new approach.

- 1. Being more human**
- 2. Unlocking capacity**
- 3. Local accountability**

Board of Trustees' report

My vision for the future Chris Wright, Chief Executive

Being more human

I borrow the phrase 'more human' from Steve Hilton's book of the same name¹ which argues that systems, structures and bureaucracy have driven out the basic requirement to treat each other as human beings. He says, 'If you want to make the world a better place, try a simpler solution. Let people relate to each other as people, on a human scale, in a human way. Things are better when they are more human.' You can apply this thinking to the whole range of things we do to help people. Our experience teaches us time and time again that what makes a difference in people's lives is developing strong and meaningful relationships, built around trust, empathy and intimacy, but which are honest and provide boundaries where necessary.

Our programmes try to encourage independence and agency in those who use them because we know that people respond better to services and interventions that engage them, rather than those that 'do to' them. Unfortunately our current systems are not fit for this purpose. We must move away from these increasingly transactional, bureaucratic and risk averse services that are remote from those they seek to support, and move towards the design of services that are more relational. The effectiveness of our interventions is based on the worker's ability to use the relationship to help service users to identify for themselves the value of positive change and to unlock their own agency. Then, in those 'teachable moments' where they want to make changes, we help them navigate how to desist from negative behaviours and start to engage in positive ones. Furthermore, frontline workers and volunteers can be equipped to address a multitude of challenges and, when in need of specialist intervention, to seek assistance. In thinking differently about who delivers and how, we can be both relational and rational.

Unlocking capacity

There is far more capacity out there than we currently access, but tradition and orthodoxy tend to get in the way of innovation and improvement. There are numerous examples of people doing things in their spare time that make a fundamental difference to the communities in which they live. While volunteers are not necessarily the answer to all our challenges, we must start thinking more imaginatively about who does what. This will allow us to utilise a huge reservoir of untapped capacity.

The statutory framework governing children's social care is a pertinent example of how orthodoxy can act as a constraint to thinking differently. Contracts are often so heavily specified that our ability to innovate is heavily restricted. Yet Catch22 has been able to make a relatively modest change to this framework as part of Project Crewe. Under the current framework, children in need are allocated and directly supported by a qualified social worker. Our Project Crewe model frees up the social worker to work high-risk cases by enabling differently qualified staff or volunteers to support the social worker with the day to day work with the child.

Social sector organisations (of all sizes) can deliver much more than they are at present, but so far they have been largely excluded from the biggest outsourced public services. While we

¹ Hilton, S, Bade, S, & Bade, J (n.d.) More human. Designing a world where people come first

Board of Trustees' report

My vision for the future Chris Wright, Chief Executive

Unlocking capacity (continued)

acknowledge the need for a strong balance sheet and robust infrastructure, charities will never be able to absorb as much financial risk as our private sector competitors. This presents a major opportunity for investors to support organisations like ours to build capacity, working capital requirements and financial guarantees. Over the next few years, we want to do the same for smaller charities, as we have done this year through the Catch22 Fellowship with Dr Charlie Howard and MAC UK, and our acquisition of the criminal justice charity Only Connect.

The Public Services Lab that we are developing with partners Big Society Capital, Interserve and Clubfinance aims to build capacity in the social sector while trying to influence fresh thinking around corporate social responsibility. The Lab is comprised of three elements: capacity building and bid support to help providers to win contracts, back office infrastructure to overcome structural barriers, and a fertile meeting ground where services can be co-commissioned and co-designed differently. The Lab aims to work across sectors and silos – with commissioning, corporate, voluntary, community and social enterprise organisations – to reimagine how public services could be delivered outside of the normal arrangement, and ultimately to produce better public service outcomes. The Lab will be run as a commercial venture but with a clear social mission.

Local accountability

The State needn't do everything itself. Its role has to change. It must become an enabler and a convenor. At present, decision making takes place too far from the impact of the decisions and consequently leads to breakdown in trust and ownership. As devolution deals are discussed, we need to explore how we might be able to use different governance models to oversee the delivery of public services. Could we use the Academy methodology, for example, to oversee children's social care, as was announced by the Prime Minister in 2015? How about local prisons being governed by local people to create a sense of ownership and responsibility for what happens to those who end up incarcerated? These ideas might seem bold, but they may unlock the way to better address social challenges. Catch22's latest emotional wellbeing service, Axis, is an excellent example of co-design and being more imaginative about governance. While our role is to lead and manage the partners to ensure accountability and proper governance, this is a true community partnership, run by local organisations and local young people. It nurtures a sense of ownership and responsibility and will undoubtedly have a lasting impact on the wider community and the way it understands, engages and creates opportunities for local people.

Looking ahead

While we don't have all the answers yet and we still have a long way to go to get this right, I am still optimistic. In our own work and further afield, I'm seeing a greater openness to new ideas and finding new ways to tackle old problems. I recognise that when tested, we may need to develop this thinking further, but this is the time to be bold. If we enter into the challenge with optimism with a sense of adventure, the future of public service delivery need not be bleak.

Board of Trustees' report

My vision for the future Chris Wright, Chief Executive

Want to know more

You can find out more about our work in our Social Business Review which can be found here

www.catch-22.org.uk/social-business-review-2016

Board of Trustees' report

Strategic Report

What we set out to do and what we achieved in 2014/15

- To be a **key provider** of high quality public services

Catch22 is the only provider that works with individuals at every stage of the social welfare cycle. This gives us unique insight into the challenges facing disadvantaged people. We believe that good public services build human relationships, unlock capacity and deliver local accountability.

In February 2014, Catch22 was approved as an Academy Sponsor and became the sponsor of our first academy, The Ashwood Academy, in September 2014. We were rated 'Good' by Ofsted for our apprenticeships and post-16, Study Programme. And while we were disappointed to have been unsuccessful in our bid as part of the Ministry of Justice's Transforming Rehabilitation programme, our justice provision has continued to expand and we remain committed to the drive for better outcomes in the delivery of public services, in probation services and elsewhere. We have expanded our services to 19 prisons nationwide, working with a range of partners. Working closely with Community Rehabilitation Companies enables us to bring new skills and energy to the Transforming Rehabilitation services, giving us a great opportunity to do what we do best.

- **Grow** all areas of our work and reach out to even greater number of marginalised and excluded young people, families and offenders

In 2014/15 (April 14 – March 15) we worked directly with 33,177 people and supported a further 54,341 young people through our Realising Ambition programme – reaching 87,518 people overall. We became the sponsor of our first academy in September 2014, with two further academies approved and in development. And our justice services now operate in 19 prisons across country, up from three in 2013/14.

- **Rethink public services** – in partnership with private, public, corporate and voluntary sectors rethink how public services can be delivered with a view to improving outcomes, producing more responsive services designed around the needs of the person.

We are delivering a number of innovative services that are helping to shape the future of service delivery.

- Project Crewe – trialling a new staffing model that frees up social workers to manage their high-risk caseloads by involving differently qualified staff and volunteers
- Axis – co-designed with young people, this emotional wellbeing centre in Camden will help bridge the gap between children's and adult's services
- A blueprint for alternative education - Catch22 partnered with Impetus – The Private Equity Foundation to design an education model that prepares learners for the world of work
- HMP Doncaster payment by results pilot - Catch22's reoffending pilot at HMP Doncaster remains the only evidence-based prison pathfinder to have effected real change amongst the short-sentenced prisoner group. The Ministry of Justice identified that it had reduced re-offending rates amongst all prisoners released by up to 5.7% against a 2009 baseline and, among the short sentence prisoner group, delivered an 8.4% reduction in post-release reoffending.

Board of Trustees' report

Strategic Report

- **Transform ourselves** – achieving value for money, reducing corporate costs and adopting a renewed business like approach to our work in line with being a social business

The Catch22 Standards and Pillars set out in the 2015-2018 Strategic Plan provide the roadmap for how we will continue to make our organisation stronger and achieve greater impact for our service users and their communities

- To achieve **year on year improvements** in rates of reoffending, increased school attendance and attainment and support those we work with to access opportunities, gain qualification and get into work and training

This year our adult justice work has seen an 88% reduction in gang-related violent incidents through our HMP Thameside Gangs service. In Kent, our Imprisonment for Public Protection Service had no recalls to custody within the first six months of release, and our work in HMP Leeds has seen 94% of prisoners released into settled accommodation. In HMP Doncaster, our pilot outperformed its targets with the short sentence prisoner group, delivering an 8.4% reduction in post release reoffending.

Through the use of rigorous protocols and monitoring, learner attendance has improved significantly at the Academy, with a 14% improvement in Autumn Term 2014 compared with the same period in the previous year.

The number of apprenticeship starts we provided for young people aged 16 to 18-years-old increased by 16%, from 280 in 2013/14 to 326 in 2014/15.

- **Sustain and develop** our network of social enterprises

Catch22 is committed to social enterprise as an alternative, community-led approach to creating employment opportunities. To that end, we hired a Director of Social Investment and Innovation to set strategy and ensure our enterprises have the maximum social impact.

In 2014, Catch22 joined forces with a social enterprise business incubator to support young entrepreneurs into self-employment. Launch22 provides members with a supportive environment, expert mentors and access to professional networks, with “scholars” from less advantaged backgrounds going for free.

Auto22 is our social enterprise garage in Kent, offering young people a first step into the automotive industry. We have five apprentices at any time, and a one-to-one ratio with technicians.

- 89% of our apprentices have moved on to positive destinations
- 78% are using the skills they learned on their placement

- **To invest for growth**

We are committed to investing in our infrastructure to enable us to deliver not just more but better services. This investment includes development of ICT systems and the creation of roles in key areas such as governance. We were disappointed to have been unsuccessful in our bid to deliver rehabilitation services, as part of the Ministry of Justice's Transforming Rehabilitation programme, but that investment created a platform which led to growth, we now operate in 19 prisons across the country.

Board of Trustees' report

Our financial overview

Financial highlights

The Trustees decided to extend the financial period of the charity and some of its subsidiaries in order to align the period end dates for all companies within the group

2014/15 has been another year of strong financial performance and the Catch22 Group goes into 2015/16 with a very strong consolidated balance sheet

Catch22 therefore has an extremely sound base on which to build future success and growth and to deal with the challenges presented by the current economic environment

In order to ensure we remain a financially strong organisation, we place great focus on

- ensuring that our services fully recover all their costs and do not run at a deficit, except where Trustees have chosen to invest
- ensuring support services are efficient and cost effective and to this end during the financial period we have undertaken a restructure of our core support services so that they are now provided centrally to all companies within the group
- managing our reserves in line with our policy

Incoming resources

Total incoming resources for the 17 months to 31 August 2015 were £89.7m, compared with £54.9m for the 12 months to 31 March 2014

Voluntary income included £4.8m (Year to 31 March 2014 £nil) of long leasehold land and buildings transferred from the local authority on the conversion of the Ashwood Education Centre to an academy

Resources expended

Overall resources expended for the 17 months to 31 August 2015 were £84.4m compared to £55.4m for the year to 31 March 2014

Costs of charitable activities for the 17 months was £84.0m compared to £55.1m for the year to 31 March 2014. This reflects the overall increase in income and activity

Included within the cost of charitable activities is £0.5m of one-off costs invested in bidding for the Transforming Rehabilitation contracts as a prime contractor. Although these prime bids were ultimately unsuccessful the groundwork done for these bids enabled us win tier 2 work from successful primes. In addition there are one-off costs of £0.1 relating to the centralisation of our core support services across the group

Surpluses on investment assets

At 31 August 2015 the portfolio was valued at £9.4m (31 March 2014 £9.5m). This is after liquidating £0.7m of investments during the year. The slight decrease in overall value is reflected in our consolidated statement of financial activities

Board of Trustees' report

Our financial overview

Support costs

We monitor the effectiveness and cost of our overheads on an ongoing basis. During 2014/15 we continued to reduce costs where appropriate to do so as reflected in the restructure outlined above, but also to make investments in the organisation when needed.

Reserves

The Finance and Business Administration Committee, on behalf of the Board of Trustees, conducts an annual review of the level of 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 Charity to meet its working capital requirements
- to allow the Charity to meet its objectives

In considering the target for reserves the Trustees exclude the value of the restricted funds which are not available for general expenditure.

Our general reserves at 31 August 2015 are over our current target at £10.3m.

Investments

All investments were acquired within the Trustees' powers. The portfolio is held in general funds and is managed in accordance with an Investment Policy, which sets out the objectives of the fund, considers risk and liquidity requirements and sets out how the fund should be managed including the Board's expectations around ethical investment. The objective of the general fund is to provide a regular flow of income to support the daily activity of Catch22 and in addition, to achieve a level of capital growth which will preserve the real value of the fund over time and provide a capital fund for investment in approved development projects within Catch22.

Our investment portfolio is managed by firms of professional investment managers. The Trustees consider the performance of those managers and the investment portfolios they manage to be satisfactory and that our underlying investments are sound.

Financial risks

Liquidity risk

The Group's objective is to maintain a balance between cash balances and long-term investments. The Group'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.

Board of Trustees' report

Our financial overview

Market risk

The Group's exposure to market risk arises primarily from the Group's fixed asset investments. The Group's policy is to utilise the services of professional investment managers to manage the fixed asset investments. Performance of these investments and therefore the investment managers is reviewed every month by the senior management team. The Board has established a sub-committee of the

Credit risk

The Group is 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 Group does not have any significant exposure to foreign exchange risk.

Board of Trustees' report

Structure, governance and management

Formation and structure of the Charity

Catch22 was incorporated as a Company Limited by Guarantee on 28 April 2008. It was registered as a charity on 19 May 2008.

Its objectives, as stated in its memorandum of association, are 'To promote opportunities for the development, education and support of young people in need to lead purposeful, stable and fulfilled lives and to promote safer, crime free communities for the benefit of the public.'

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims 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 is the sole trustee of The Royal Philanthropic Society incorporating the Rainer Foundation and is the sole member of The Crime Concern Trust Limited. Both are charities. Rainer Foundation has released its permanent endowment and is now dormant. Crime Concern is also now dormant.

Catch22 now holds 67.5% of the share capital of Catch22 Social Enterprise Limited, the other 32.5% is currently owned by Bridges Social Entrepreneurs Fund L.P.

Catch22 owns 100% of Pupil Parent Partnership Limited, a company limited by guarantee, which it acquired on 16th February 2012.

Catch22 also owns 100% of Catch22 Social Enterprise Solutions Limited, a company incorporated on 1st March 2012.

Catch22 also owns 100% of Include, which it purchased on 1 December 2013, a company limited by guarantee and incorporated on 5 October 1989.

Catch22 also owns 100% of Catch22 Multi Academies Trust Limited, a company limited by guarantee, incorporated on 19th November 2013, which began operating during the financial period.

Catch22 also owns 100% of Catch22 Rehabilitation Limited, a company limited by shares, incorporated on 24th March 2014, which is dormant.

Catch22 also owns 100% of Citizen22, a company limited by guarantee, incorporated on 28th August 2015, which is dormant.

Please see note 10 for disclosure of activities and performance of each subsidiary.

Governance

The Trustee board meets at least four times a year and has established a number of committees to which certain functions are delegated. These are Finance and Business Administration, Audit and Governance and Remuneration. Additionally, the Finance and Business Administration Committee has established an Investment sub-committee which concerns itself with Catch22's investment portfolio.

The committees monitor progress against goals and targets that flow from the strategic plan set by the Trustee board.

Board of Trustees' report

Structure, governance and management

Governance (continued)

Catch22 complies with 'Good Governance a Code for the Voluntary and Community Sector' issued by the Governance Code Steering Group

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 Group and charity and of the surplus or deficit of the Group 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.

Valuing our Trustees – recruitment, induction and ongoing training

The Governance and Remuneration Committee oversees the recruitment of Trustees 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

Board of Trustees' report

Structure, governance and management

Valuing our Trustees – recruitment, induction and ongoing training (continued)

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 the key staff and are given a detailed governance pack. Arrangements are made for Trustees to visit Catch22's projects and services. Trustees receive information newsletters, presentations on aspects of Catch22's work and on matters affecting the voluntary sector.

Catch22 looks to all those involved in its governance to make a reasonable commitment to ongoing development and training. This may involve away days, visits, presentations and other internal functions as well as opportunities to attend relevant external events such as seminars, courses and conferences.

Catch22 also circulates publications of general interest and provides access to magazines, articles, newsletters, policy briefings and other documents of more specialist interest.

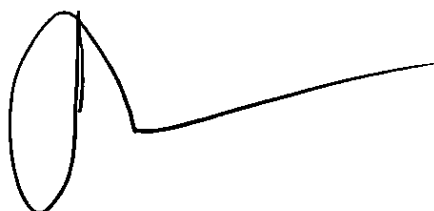
Risk management

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 risks identified by Catch22 at the end of 2014/15, together with the actions taken or intended to be taken in response to these risks are as follows:

- Loss of income due to public sector spending cuts and increased competition. Catch22's response is to focus more resource on our business development team, keep our quality high and our costs competitive.
- Increasingly stringent delivery conditions imposed by commissioners – particularly in relation to 'payment by results' contracts. Catch22's response is to ensure a strong focus on quality and performance as well as careful consideration and control on the contract terms we accept and ensuring we have access to the necessary working capital.

Signed on behalf of the Board of Trustees



Jim McKenna
Chairman
Catch22 Charity Ltd
30th March 2016

Auditors report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATCH22 CHARITY LIMITED

We have audited the financial statements of Catch22 Charity Limited for the period ended 31 August 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which 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 group's and the parent 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 group's and the parent charitable company's affairs as at 31 August 2015 and of the group's 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.

Auditors report (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's 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

VS. L. L.

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

13/4/2016

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2015

	notes	Restricted Fixed Asset Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	17 month period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income - gifts and donations		-	191	446	637	502
- grants	2	-	17,185	212	17,397	11,442
- transfer from local authority	2	4,820	3		4,823	-
Investment income	3	-	1	613	614	507
Incoming resources from charitable activities						
Fees		-	15,562	50,680	66,242	42,466
Other income		-	1	33	34	-
Total incoming resources		4,820	32,943	51,984	89,747	54,917
Resources expended						
Cost of generating funds						
Cost of generating voluntary income		-	-	237	237	250
Charitable activities						
Ordinary activities	5	-	31,357	52,050	83,407	55,075
Exceptional items	5			606	606	-
Governance costs						
Governance costs		-	40	85	125	36
Total resources expended		-	31,397	52,978	84,375	55,361
Net incoming/(outgoing) resources for the year		4,820	1,546	(994)	5,372	(444)
Transfers between funds	14	-	-	-	-	-
Net incoming/(outgoing) resources before other recognised losses		4,820	1,546	(994)	5,372	(444)
Other recognised gains/(losses)						
Actuarial gain on defined benefit pension scheme	19	-	10	-	10	-
Net gains on investment assets		-	-	427	427	142
Net movement in funds before minority interest		4,820	1,556	(567)	5,809	(302)
Minority Interest		-	-	121	121	99
Net movement in funds after minority interest		4,820	1,556	(446)	5,930	(203)
Total funds brought forward	14, 15	-	2,352	10,756	13,108	13,311
Total funds carried forward	14, 15	4,820	3,908	10,310	19,038	13,108

All income arises from the continuing activities of the Group. The Group had no recognised gains or losses other than those dealt with in the Statement of Financial Activities.

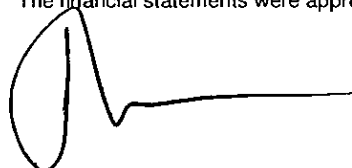
FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - 31 AUGUST 2015

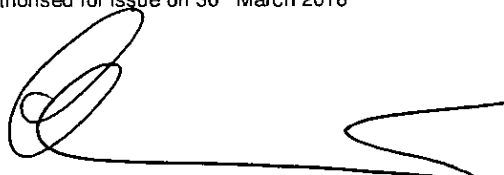
Company number 06577534

	notes	31 August 2015 £'000	31 March 2014 £'000
Fixed assets			
Tangible fixed assets	7	8,135	3,575
Intangible assets - Goodwill	8	224	322
Gang Trust investment	9	926	1,058
Other Investments	9,10	<u>9,386</u>	<u>9,525</u>
		18,671	14,480
Current assets			
Stock		21	38
Debtors	11	7,209	7,999
Cash at bank and in hand		<u>1,957</u>	<u>4,828</u>
		9,187	12,865
Current liabilities			
Creditors amounts due within one year	12	<u>(7,893)</u>	<u>(12,556)</u>
Net current assets		1,294	309
		19,965	14,789
Creditors amounts falling due after more than one year	12	(1,107)	(1,770)
Provisions	13	(90)	(60)
Net assets		18,768	12,959
Funds			
Restricted funds	14	3,908	2,352
Restricted fixed asset funds	14	4,820	-
General fund	15	<u>10,310</u>	<u>10,756</u>
		19,038	13,108
Minority interest	15	(270)	(149)
		18,768	12,959

The financial statements were approved by the Board of Trustees and authorised for issue on 30th March 2016



Jim McKenna
Chairman



Carl Cramer
Director

The notes on pages 21 to 38 form part of these financial statements

FINANCIAL STATEMENTS

CHARITY BALANCE SHEET - 31 August 2015

Company number: 06577534

	Notes	31 August 2015 £'000	31 March 2014 £'000
Fixed assets			
Tangible fixed assets	7	3,108	3,276
Investment in subsidiary	8	475	475
Gang Trust Investment	9	926	1,058
Other Investments	9,10	<u>9,386</u>	<u>9,525</u>
		13,895	14,334
Current assets			
Stock		19	24
Debtors	11	6,637	6,724
Cash at bank and in hand		<u>1,698</u>	<u>4,329</u>
		8,354	11,077
Current liabilities			
Creditors amounts due within one year	12	<u>(7,008)</u>	<u>(10,924)</u>
Net current assets			
		1,346	153
		15,241	14,487
Creditors amounts falling due after more than one year	12	<u>(733)</u>	<u>(1,405)</u>
Net assets			
		14,508	13,082
Funds			
Restricted funds	14	3,695	2,027
General fund	15	<u>10,813</u>	<u>11,055</u>
		14,508	13,082

The financial statements were approved by the Board of Trustees and authorised for issue on 30th March 2016



Jim McKenna

Chairman



Carl Cramer

Director

The notes on pages 21 to 38 form part of these financial statements

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	17 months to 31 August 2015 £'000	Year to 31 March 2014 £'000
Net incoming/(outgoing) resources		5,372	(444)
Fair value of land and buildings transferred on academy conversion		(4,820)	-
Pension fund deficit transferred on academy conversion		92	-
Pension fund costs		8	-
Investment income		(581)	(402)
Interest receivable		(33)	(105)
Depreciation		520	282
Loss on disposal		-	39
Goodwill amortisation		98	23
(Increase)/Decrease in stock		17	(7)
(Increase)/Decrease in debtors		790	(3,163)
Increase/(Decrease) in liabilities		(5,230)	2,375
Net cash (outflow) / inflow from operating activities		(3,767)	(1,402)
Net cash outflow on portfolio investments			
Cash released		698	727
Returns on investments and servicing of finance			
Investment income received	581		402
Interest received	33		105
Net cash inflow from returns on investments and servicing of finance		614	507
Capital expenditure			
Purchase of tangible fixed assets	(260)		(549)
Purchase of goodwill	-		(345)
Net cash outflow from capital expenditure		(260)	(894)
Financing			
Loan drawn down in the year	-		1,100
Repayment of borrowings	(156)		(101)
		(156)	999
Decrease in cash in year	17	(2,871)	(63)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the year		(2,871)	(63)
Cash (inflow)/outflow from increase/decrease in debt		138	(1,030)
		(2,733)	(1,093)
Net funds brought forward		3,423	4,516
Net funds carried forward	17	690	3,423

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 AUGUST 2015

1 Accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and comply with the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" and applicable accounting standards. The accounts are prepared under the historical cost convention subject to the revaluation of investments to market value.

On 1 July 2008, the Charity became the sole trustee of The Royal Philanthropic Foundation Incorporating the Rainer Foundation (Rainer) and the sole member of Crime Concern Trust Limited (Crime Concern). The Charity did not pay any consideration for becoming the sole trustee/sole member. The consolidated financial statements have been prepared in accordance with the principles of FRS6 'Acquisitions and Mergers' using the merger accounting method for the combination of the Group. Accordingly, the Group's reserves are calculated on the basis the 2 subsidiary charities had always been part of the Group. The results of the subsidiaries are consolidated on a line by line basis.

The charity has taken advantage of the exemption in the Companies Act 2006 not to present its own statement of financial activities. However, in accordance with paragraph 397 of SORP 2005, the results of the Trust for the 17 month period to 31 August 2015 (compared to the year ended 31 March 2014) are set out here – total incoming resources of £71,502k (2014 £50,788k) total outgoing resources of £70,407k (2014 £50,677k) and net incoming resources for the period of £1,095k (2014 £111k). Gains on investment of £427k (2014 £142k) result in net movement in funds of £1,522k (2014 £253k).

On acquisition of subsidiaries, acquisition accounting is used. All of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Where subsidiaries are acquired for nil consideration and are akin to a gift, the fair value of the assets and liabilities at the date of acquisition are recognised as voluntary income in the statement of financial activities. All changes to those assets and liabilities and the resulting surpluses or deficits that arise after the group has gained control of the subsidiary are charged to the post-acquisition statement of financial activities.

Resources arising – Income

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. 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). Other grant income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Any amounts received in excess of what has been earned by the year end are included within deferred income in current liabilities.

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 generating voluntary income.

Investment Income

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

Resources expended

All expenditure is accounted for on an accruals basis and has been allocated on the bases indicated below.

Charitable activities

These costs include expenditure associated with the delivery of the objects of the Charity and include both the direct costs and support costs relating to these activities.

Governance costs

These costs include the costs of governance arrangements which relate to the general running of Catch22 as opposed to the direct management functions inherent in generating funds, service delivery and project work. This includes such items as external audit, legal advice for trustees and costs associated with statutory arrangements.

Fund accounting

The Charity maintains various types of funds as follows.

Restricted funds

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

Unrestricted funds

Designated funds are amounts which have been put aside at the discretion of the trustees. General unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the Charity.

Endowment fund

These are funds where the assets must be held permanently by the charity. Permission was received from The Charity Commission for England and Wales, for the charity's permanent endowment to be released and applied for the general purposes of the Group and this release occurred during the year.

Tangible fixed assets

Land and buildings and equipment are stated in the balance sheet at cost less depreciation which is provided in equal annual instalments over the estimated useful life of the assets. The rates of depreciation are:

- Freehold property – 2% per annum
- Long leasehold property – over term of lease
- Furniture and equipment, – 20% and 33% per annum
- Motor vehicles – 25% per annum

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill has been amortised on a straight line basis over five years.

Investments

Investments are stated at market value at the balance sheet date. Any change in the market value of investments is taken to the relevant fund together with any profits or losses on disposal of investments during the year.

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

1 Accounting policies (cont)

Pension costs – Defined Contribution Schemes

The Group 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.

Pension benefits – Defined Benefit Pension Schemes

Retirement benefits to employees of the Catch22 Multi Academies Trust (MAT) are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the MAT in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the MAT in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Leased assets

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the period of the leases.

In kind funding/support

The Group benefits from the services of secondees, many thousands of voluntary hours and unclaimed out-of-pocket expenses by a very large number of supporters. In addition companies, organisations and individuals have, in many cases, provided the use of facilities, equipment and premises for various activities and meetings without charge. The value of such gifts in kind have been estimated and included in the consolidated statement of financial activities as income and expenditure when there is a cost to the third party of donating the gift/service. Although our systems are not set up to summarise the total value of these gifts in kind, we do know they are worth in excess of £271,000 for the 17 month period (Year to 31 March 2014 £538,000). The fall reflects Catch22's strategic direction of being a social business and therefore being less reliant on income in-kind. This figure does not include a value for the volunteer work which is indispensable to the work that the Group undertakes.

2. Incoming resources from generated funds

Included within Grants are the following payments received

	Period to 31 August 2015			Year to 31 March 2014		
	Income £'000	Spend £'000	Unspent funds £'000	Income £'000	Spend £'000	Unspent funds £'000
Big Lottery - NCAS Research programme – Corporate Parenting for Young People in Care	26	78	-	112	115	52
Big Lottery - Nottingham Just Ask	-	-	-	53	101	-
Big Lottery – Improving Futures Wandsworth Study	333	457	-	300	337	124
Big Lottery – Realising Ambition	10,264	9,960	290	7,115	7,168	(13)
Big Lottery – Motorcross Challenge Project Programme	5	5	-	-	-	-
Big Lottery – Development of West Midlands Street Crime Prevention Social Impact Bond	53	1	52	-	-	-
Big Lottery – Improving Financial Confidence Programme	38	36	2	-	-	-
	10,719	10,537	344	7,580	7,721	163

Spend includes expenditure of unspent funds from the previous financial period.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

2 Incoming resources from generated funds (continued)

NCS Income

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
NCS – delivery of National Citizen Service	12,781	6,331
Total NCS Income	12,781	6,331

Other Income

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Barrow Cadbury Trust	18	13
Total Other Income	18	13

Voluntary Income - Transfers on Academy Conversion

Incoming resources includes £4,820k (Year to 31 March 2014 £nil) of long leasehold land and buildings transferred from the local authority on the conversion of the Ashwood Academy. Cash of £95k (Year to 31 March 2014 £nil) and a pension deficit of £92k (Year to 31 March 2014 £nil) were also transferred on the conversion. The assets and liabilities transferred have been valued at their fair market value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item.

3. Investment and other income

	Restricted funds £'000	Unrestricted funds £'000	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Investment income	-	581	581	402
Interest and other income	1	32	33	105
	1	613	614	507

4 Net incoming resources for the year

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
This is stated after charging		
Depreciation of fixed assets	520	407
Amortisation of goodwill	98	23
Property rental	2,020	876
Auditor's remuneration		
Audit fees for Charity's annual accounts	31	30
Audit fees for other services		
- the audit of the Charity's subsidiaries, pursuant to legislation	24	12
- other fees and taxation advice	18	30

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

5 Charitable activities

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Direct cost of charitable activities	78,088	51,461
Support costs		
Management	975	509
Facilities	662	298
Finance and IT	1,618	790
Human Resources	1,087	787
Regional Support	1,583	1,230
	84,013	55,075
	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Exceptional items		
Included within Direct Cost of Charitable Activities are the following exceptional items		
Cost of bidding as a prime contractor for Transforming Rehabilitation contracts	510	-
Included within Support Costs are the following exceptional items		
Support services restructuring	96	-
	606	-

6. Staff costs

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
Salaries	32,442	19,460
National Insurance contributions	2,719	1,722
Pension contributions	639	341
	35,800	21,523
The average number of employees during the period split as follows		
Operations	955	905
Support	107	90
Total	1,062	995

During the period payments to agencies for temporary staff amounted to £1,822,741 (Year to 31 March 2014 £574,941)
Agency staff are used to cover temporary vacancies and to meet short term needs

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 AUGUST 2015

6 Staff costs (continued)

The number of employees whose annual emoluments were £60,000 and above excluding pension contributions were as follows

	Period to 31 August 2015 £'000	Year to 31 March 2014 £'000
£60,001 - £70,000	4	1
£70,001 - £80,000	5	5
£80,001 - £90,000	1	5
£90,001 - £100,000	1	-
£100,001-£110,000	-	-
£110,001-£120,000	-	-
£120,000-£130,000	-	1
£130,000-£140,000	1	-

Employer's pension contributions of £85,330 (Year to 31 March 2014 £60,224) were paid on behalf of the above staff

No trustees received any remuneration during the period. The trustees were reimbursed £5,107 during the period (Year to 31 March 2014 £124) of travelling expenses incurred during the year.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 AUGUST 2015

7. Tangible fixed assets – Group Figures

	Long leasehold buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Motor Vehicles £'000	Total £'000
Costs					
1 April 2014	2,581	946	1,447	83	5,057
Transfer on academy conversion	4,820	-	-	-	4,820
Additions	-	13	247	-	260
31 August 2015	7,401	959	1,694	83	10,137
Depreciation					
1 April 2014	306	344	749	83	1,482
Charge for the period	168	33	319	-	520
31 August 2015	474	377	1,068	83	2,002
Net book value					
At 31 August 2015	6,927	582	626	-	8,135
At 31 March 2014	2,275	602	698	-	3,575

On conversion, the land and buildings occupied by Ashwood Education Centre were assigned to the Catch22 Multi Academies Trust under a 125 year lease. These land and buildings totalling £4,280k have been recognised on a replacement cost basis in accordance with a valuation report dated July 2015, prepared for the Education Funding Agency. They were valued as at 31 March 2015 by Melanie Brown MRICS, of Mouchel Consulting in accordance, where relevant and appropriate, with the RICS Valuation – Professional Standards 2014, amended April 2015 (The Red Book) published by the Royal Institution of Chartered Surveyors, and supplementary advice issued from time to time by RICS and CIPFA. The Depreciated Replacement Cost method was used. The trustees' valuation of these land and buildings at the year end is not materially different to when the professional valuation was carried out at 31 March 2015 and therefore these land and buildings have not been depreciated this year.

7. Tangible fixed assets – Charity only

	Long leasehold buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Motor Vehicles £'000	Total £'000
Costs					
1 April 2014	2,196	847	1,257	78	4,378
Transfers	-	-	-	-	-
Additions	-	-	167	-	167
31 August 2015	2,196	847	1,424	78	4,545
Depreciation					
1 April 2014	42	335	647	78	1,102
Charge for the period	49	20	266	-	335
31 March 2015	91	355	913	78	1,437
Net book value					
At 31 August 2015	2,105	492	511	-	3,108
At 31 March 2014	2,154	512	610	-	3,276

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

8. Intangible fixed assets – Group Figures

	Goodwill £'000	Total £'000
Costs		
1 April 2014	345	345
Additions	-	-
31 August 2015	345	345
Depreciation		
1 April 2015	23	23
Charge for the period	98	98
31 August 2015	121	121
Net book value		
At 31 August 2014	224	224
At 31 March 2014	322	322

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary, include, at the date of acquisition

8 Investment in subsidiary – Charity only

	Investment in subsidiary £'000	Total £'000
Costs		
1 April 2014	475	475
Additions	-	-
31 August 2015	475	475

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

9 Investment – Group figures

	31 August 2015 £'000	31 March 2014 £'000
Gang trust investments at market value	926	1,058
Other investments at market value	9,386	9,525
Investments at market value	10,312	10,583
Quoted investments	9,386	10,188
Cash held by investment managers	926	395
	10,312	10,583
1 April 2014	10,583	11,086
Adjustments to market value	427	142
Income re-invested	43	82
Disposal	(741)	(727)
Market value at 31 August 2014	10,312	10,583
Historic cost at 31 August 2015	10,056	9,632

	31 August 2015			31 March 2014		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
UK fixed interest	-	-	-	838	10	811
Overseas fixed interest	-	-	-	268	2	266
UK equities	-	-	-	3,143	35	2,656
Overseas equities	-	-	-	2,375	21	1,839
Newton Income & Growth Fund for Charities	5,638	60	5,477	-	-	-
COIF units	3,694	39	3,626	3,522	32	3,636
Other	54	1	29	42	-	29
	9,386	100	9,132	10,188	100	9,237

In June 2014 the investments managed by Newton Investment Management were transferred from a discretionary portfolio into a pooled fund. The value of the investments transferred at this time was £5,829k.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

9. Investment – Charity only

	31 August 2015 £'000	31 March 2014 £'000
Gang trust investments at market value	926	1,058
Other investments at market value	9,386	9,525
Investments at market value	10,312	10,583
Quoted investments	9,386	10,188
Cash held by investment managers	926	395
	10,312	10,583
1 April 2013	10,583	11,086
Adjustments to market value	427	142
Income re-invested	43	82
Disposal	(741)	(727)
Market value at 31 August 2015 (31 March 2014)	10,312	10,583
Historic cost at 31 August 2015 (31 March 2014)	10,056	9,632

	31 August 2015			31 March 2014		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
UK fixed interest	-	-	-	838	8	811
Overseas fixed interest	-	-	-	268	3	266
UK equities	-	-	-	3,143	31	2,656
Overseas equities	-	-	-	2,375	23	1,839
Newton Income & Growth Fund for Charities	5,638	60	5,477	-	-	-
COIF units	3,694	39	3,626	3,522	35	3,636
Other	54	1	29	42	-	29
	9,386	100	9,132	10,188	100	9,237

In June 2014 the investments managed by Newton Investment Management were transferred from a discretionary portfolio into a pooled fund. The value of the investments transferred at this time was £5,829k.

10 Subsidiaries

The charity is the parent of the following subsidiaries

Name of subsidiary	Country of incorporation	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl invest income £'000	Costs £'000	Surplus/ (deficit) for the 17 month period £'000
The Royal Philanthropic Society incorporating the Rainer Foundation	Great Britain	Helping young people (dormant)	100%	-	-	-	-
Crime Concern Trust Limited	Great Britain	Helping young people (dormant)	100%	-	-	-	-

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

10 Subsidiaries (continued)

Name of subsidiary	Country of incorporation	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl invest income £'000	Costs £'000	Surplus/ (deficit) for the 17 month period £'000
Catch22 Social Enterprise Limited	Great Britain	Automobile maintenance and repairs and supporting young people	62.5%	(719)	620	945	(325)
Catch22 Social Enterprise Solutions Limited	Great Britain	Providing training and employment opportunities for the unemployed	100%	(24)	83	83	-
Pupil Parent Partnership Limited	Great Britain	Providing multi-disciplinary support and educational services to young people and their families	100%	299	2,334	2,360	(26)
Include	Great Britain	Providing alternative education to troubled and challenged young people	100%	96	9,335	9,367	(32)
Catch22 Multi Academies Trust Limited	Great Britain	Advancing for the public benefit, education in the UK through the operation of alternative provision schools	100%	4,864	6,205	1,407	4,864
Catch22 Rehabilitation Limited	Great Britain	Dormant	100%	-	-	-	-
Citizen22	Great Britain	Dormant	100%	-	-	-	-

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

11 Debtors amounts due within one year

	31 August 2015 £'000	31 March 2014 £'000
Consolidated		
Grant and Trade debtors	3,542	5,008
Other debtors	489	267
Prepayments	3,178	2,724
	7,209	7,999
Charity only		
Grant and Trade debtors	2,666	3,749
Other debtors	396	16
Prepayments	2,712	2,559
Amounts owed from other group companies	863	400
	6,637	6,724

12. Creditors: amounts falling due within one year

	31 August 2015 £'000	31 March 2014 £'000
Consolidated		
Bank loan	110	110
Trade creditors	1,458	1,118
Accrued expenditure and income in advance	4,696	9,648
Other taxes and social security	1,340	1,242
Other creditors	289	438
	7,893	12,556
Charity only		
Bank loan	110	110
Trade creditors	1,229	720
Accrued expenditure and income in advance	4,331	8,908
Other taxes and social security	1,153	1,069
Accrued pension contributions	41	50
Amounts owing to other group companies	28	43
Other creditors	116	24
	7,008	10,924

Consolidated — deferred income movement

	£'000
Balance at 1 April 2014	7,626
Amount released in the period	(7,110)
Amount deferred in the period	1,026
Balance at 31 August 2015	1,542
Due within one year	1,542
Due after more than one year	-

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

12. Creditors: amounts falling after more than one year

	31 August 2015 £'000	31 March 2014 £'000
Consolidated		
Bank loan	733	889
Deferred income	-	516
Amounts owed to related parties	374	315
Other creditors	-	50
	1,107	1,770
Charity only		
Bank loan	733	889
Deferred income	-	516
	733	1,405

Deferred income less than one year relates to income received in advance. Deferred income greater than one year at 31 March 2014 related to a legacy received in 2010 in order to set up a gangs unit, which is due to end in July 2015.

Amounts owed to related parties represent loans from Bridges Social Entrepreneurs Fund L.P. whom own 37.5% of Catch22 Social Enterprise Limited. The amount is due from repayment within two to five years.

Other creditors represent monies owed to London Borough of Hounslow, which lent the charity's subsidiary, Pupil Parent Partnership, £250k on 13 April 2010. Repayment terms are £50k per annum. The current loan balance is £50k, of which £nil is due in greater than one year.

A bank loan of £1.1m was received in May 2013 and is repayable in 120 monthly instalments of £9,167. The amount outstanding at the 31 August 2015 is £843k (31 March 2014: £999k). The bank loan is secured by a fixed charge over the charity's leasehold property at Pear Tree Street, London. There is a second charge on the company for a rent deposit deed in relation to one of the charity's properties.

The Charity has a £1m unsecured overdraft facility with Barclays Bank.

13 Provisions

	31 August 2015 £'000	31 March 2014 £'000
Consolidated		
Onerous lease	-	60
Pension fund deficit (note 19)	90	-
	90	60
Charity only		
	-	-
	-	-

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

14 Restricted funds

	Restricted fixed asset funds £'000	Restricted funds £'000	Total restricted funds £'000
Consolidated			
Balance at 1 April 2014	-	2,352	2,352
Incoming resources	4,820	32,943	37,763
Outgoing resources	-	(31,397)	(31,397)
Actuarial gain on defined benefit pension scheme	-	10	10
Balance at 31 August 2015	4,820	3,908	8,728
Charity only			
Balance at 1 April 2014	-	2,027	2,027
Incoming resources	-	29,038	29,038
Outgoing resources	-	(27,370)	(27,370)
Balance at 31 August 2015	-	3,695	3,695

Restricted fixed asset funds

These arise in Catch22 Multi Academies Trust and represent the land and buildings of academies transferred from the local authority on conversion

Restricted funds

These arise from donations, grants and fees to fund activities or services as specified by the donor. Incoming resources represent donations, grants and fees from government bodies and corporate and trust donors. Outgoing resources represent expenditure on specific services linked to these restricted donations, grants and fees. Restricted funds also include the activities of the subsidiary company, Pupil Parent Partnership Limited

15. Unrestricted funds

	Balance 1 April 2014 £'000	Incoming £'000	Outgoing £'000	Net gains/ (losses) £'000	Minority interest £'000	Balance 31 August 2015 £'000
Consolidated						
General Fund	10,756	51,984	(52,978)	427	121	10,310
Charity						
General Fund	11,055	42,464	(43,133)	427	-	10,813

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 Catch22

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

16. Analysis of net assets between funds

	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total £'000
Fund balances at 31 August 2015 are represented by				
Tangible fixed assets	4,820	10	3,305	8,135
Goodwill	-	-	224	224
Investments	-	-	10,312	10,312
Current assets	-	6,651	2,536	9,187
Current liabilities	-	(2,663)	(5,230)	(7,893)
Long term liabilities	-	(90)	-	(90)
Provisions	-	-	(1,107)	(1,107)
Total net assets	4,820	3,908	10,040	18,768

17 Analysis of net funds

	Balance at 1 April 2014 £'000	Cash flow £'000	Loans £'000	Balance at 31 August 2015 £'000
Investments held as cash	-	-	-	-
Bank	4,828	(2,871)	-	1,957
	4,828	(2,871)	-	1,957
Debt due less than one year	(151)	-	(9)	(160)
Debt due greater than one year	(1,254)	-	147	(1,107)
Total net funds	3,423	(2,871)	138	690

18. Commitments under operating leases

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows

	31 August 2015 £'000	31 March 2014 £'000
Land and buildings		
expiring in the first year	449	178
expiring in the second to fifth year	668	786
expiring after five years	44	61
	1,161	1,025

19 Pensions and similar obligations

The Catch22 Multi academies Trusts' employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. Both are multi-employer defined-benefit schemes.

The LGPS obligation relates to the employees of the MAT, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year ended 31 August 2015. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Pension cost paid to LGPS in the period amounted to £18,869 (Year to 31 March 2014: £nil), of which contributions of £3,394 were payable to the scheme at 31 August 2015 and are included within creditors.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

19. Pensions and similar obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation were:

employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))

total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Teachers' Pension Scheme Changes

Total pension cost paid to TPS in the period amounted to £133,393 (2014: £nil). This was made up of employer's contributions of £78,212 and employees' contributions totalled £55,181.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Group is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Group has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the period ended 31 August 2015 was £30,189 of which employer's contributions totalled £20,387 and employees' contributions totalled £9,802.

The agreed contribution rates for future years are 14.1 per cent for employers and 6.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

	31st August 2015	31st March 2014
Rate of increase in salaries	3.50%	-
Rate of increase for pensions in payment/inflation	2.00%	-
Discount rate for scheme liabilities	3.80%	-
Inflation assumption (CPI)	2.00%	-

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2015

19. Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

	Approximate % Increase to Employers Liability	Approximate Monetary Amount
1% increase in real discount rate	5.10%	£22,000
1 year increase in member's life expectancy	(4.65%)	(£20,000)
1% increase in the salary inflation rate	(1.89%)	(£8,000)
1% increase in the pension inflation rate	(3.28%)	(£20,000)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates

The assumed life expectations on retirement age 65 are

	31st August 2015	31st March 2014
<i>Retiring today</i>		
Males	24.5	-
Females	26.3	-
<i>Retiring in 20 years</i>		
Males	26.6	-
Females	28.6	-

The Group's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31st August 2015	Fair value at 31st August 2015	Expected return at 31st March 2014	Fair value at 31st March 2014
Equities	n/a*	189,750	-	-
Government bonds	n/a*	85,140	-	-
Property	n/a*	27,060	-	-
Corporate bonds	n/a*	5,610	-	-
Cash	n/a*	10,890	-	-
Others	n/a*	11,550	-	-
Total market value of assets		330,000		-
Present value of scheme liabilities funded		(420,000)		-
Surplus/(deficit) in the scheme		(90,000)		-

* the adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected rate of return on asset items in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at the accounting date.

The expected return on assets is based on the long-term expected investment return for each asset class at the beginning of the period. The actual return on scheme assets during the period was £10,000 (Year to 31 March 2014 £nil).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2015

19 Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

	Period to 31st August 2015 £	Yea to 31st March 2014 £
Amounts recognised in the Statement of Financial Activities		
Current service cost (net of employee contributions)	43,000	-
Past service cost	-	-
Total operating charge	43,000	-
Analysis of pension finance income		
Expected return on pension scheme assets	18,000	-
Interest on pension liabilities	(14,000)	-
Pension finance income	4,000	-

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS17 is a £10,000 surplus (Period to 31 March 2014 £nil)

	Period to 31st August 2015 £	Yea to 31st March 2014 £
Movements in the present value of defined benefit obligations were as follows		
At 1 April 2014	-	-
Transferred on academy conversion	376,000	-
Current service cost	43,000	-
Interest cost	14,000	-
Employee contributions	10,000	-
Actuarial (gain)	(18,000)	-
Benefits paid	(5,000)	-
Past service cost	-	-
Curtailments and settlements	-	-
At 31 August 2015	420,000	-

	Period to 31st August 2015 £	Yea to 31st March 2014 £
Movements in the fair value of the Group's share of scheme assets		
At 1 April 2014	-	-
Transferred on academy conversion	284,000	-
Expected return on assets	18,000	-
Actuarial loss	(8,000)	-
Employer contributions	31,000	-
Employee contributions	10,000	-
Benefits paid	(5,000)	-
At 31 August 2015	330,000	-

The estimated value of employer contributions for the year ended 31 August 2016 is £22,701

The five-year history of experience adjustments is as follows

	2015	2014	2013	2012	2011
Present value of defined benefit obligations	420,000	-	-	-	-
Fair value of share of scheme assets	(330,000)	-	-	-	-
Deficit in the scheme	90,000	-	-	-	-
Experience adjustments on share of scheme assets	8,000	-	-	-	-
Experience adjustments on scheme liabilities	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2015

20 Related party transactions

Advantage has been taken of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with wholly owned subsidiaries that are included in the consolidated financial statements of Catch22 Charity Limited

Catch22 Charity Limited made payments on behalf of Catch22 Social Enterprise Limited amounting to £62k in the period (Year to 31 March 2014 £49k) Catch22 Social Enterprise Limited made payments of £33k in the period (2014 £109k) on Catch22's behalf, which were reimbursed during the period At the balance sheet date Catch22 Charity Limited was owed £444k (31 March 2014 £135k) by Catch22 Social Enterprise Limited including cash loans made during the period of £247k (Year to 31 March 2014 £65k)

On 31 March 2015 Catch22 made a loan of £125k (Year to 31 March 2014 £nil) to another charity Launchpad Labs Limited at an interest rate of LIBOR plus £0.75% per annum The loan is due for repayment in four equal annual instalments commencing on the second anniversary of the agreement Catch22 became a member of LaunchPad Labs Limited during the financial period There are two members of LaunchPad Labs and Catch22 does not control this organisation

21 Post balance sheet events

1) Pupil Parent Partnership

On 1st September 2015 the activities of Pupil Parent Partnership Limited were transferred to Catch22 Charity Limited Pupil Parent Partnership Limited will be wound down during the year ended 31 August 2016

2) Catch22 Social Enterprise Limited

The trustees are currently in discussion with Bridges Social Entrepreneurs Fund L.P. whom own 37.5% of Catch22 Social Enterprise Limited who wish to transfer their shareholding in this company to Catch22 Negotiations are ongoing in respect of the terms of their proposed exit

3) Only Connect UK

On 6th October 2015 Catch 22 became the sole member of Only Connect UK, a company limited by guarantee (number 6577534) and a registered charity (number 1124127) Only Connect UK is an innovative criminal justice charity that aims to deliver innovative solutions to reduce re-offending Only Connect UK will continue to operate, but as a wholly owned subsidiary of Catch22 Charity Limited

Catch22 people

Patron

HRH The Princess Royal

Board of Trustees

Jim McKenna, Chairman

Carl Cramer, Treasurer

Elaine Bailey

Kieron Boyle

Nikki Brauer

Pauline Campbell

Brian Larkman (resigned 18 March 2015)

Laura Marcelli (resigned 21 July 2015)

John Marlor

Bruce Noble

Tove Okunniwa

Paul Williams

Sean Williams (appointed 18 March 2015)

Chief Executive

Chris Wright

Company Secretary

Chris Wright (appointed 5 November 2015)

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27 Pear Tree Street

London

EC1V 3AG

Bankers

Barclays

Level 27, 1 Churchill Place

London

E14 5HP

Solicitors

Blake Morgan

Harbour Court

Compass Road, North Harbour

Portsmouth PO6 4ST

Investment Managers

CCLA Investment Managers

COIF Charity Funds

80 Cheapside

London EC2V 6DZ

Newton Investment Management

The Bank of New York Mellon Centre

160 Queen Victoria Street

London EC4V 4LA

HSBC Private Bank (UK) Limited

78 St James's Street

London SW1A 1JB

Auditors

Kingston Smith LLP

Devonshire House,

60 Goswell Road,

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EC1M 7A

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Catch22

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Registered charity no 1124127

Company limited by guarantee

Company no 6577534

Annual Report of the Trustees and Financial Statements

**The Royal Philanthropic Society incorporating
The Rainer Foundation**

For the period ended 31 August 2015

11

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Activities of Rainer over the last year

The Royal Philanthropic Society incorporating the Rainer Foundation (Rainer) merged with another charity, The Crime Concern Trust Limited, on 1st July 2008. This was affected by creating a new charity The Catch22 Charity Ltd (Catch22).

Most of Rainer's previous activities are now conducted by Catch22.

On 16th May 2012 formal approval was received from the Charity Commission to transfer Rainer investments to Catch22 Charity Limited.

Financial review

Financial Overview

Catch22 is the sole trustee of Rainer.

The Catch22 group, of which Rainer is a part, has income in 2014/15 of approximately £89m and total reserves of over £14m.

Incoming resources

Total incoming resources for 2014/15 were £nil compared with £nil for 2013/14.

Resources expended

Total resources expended for 2014/15 were £nil compared with £nil for 2013/14.

Reserves

The Finance and Business Administration Committee of 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

Rainer's reserves are considered as part of the group of charities rather than in isolation. Combined reserves of the Catch22 group of charities are considered by the Trustees to be adequate as at 31st August 2015.

Structure, Governance and Management

The Royal Philanthropic Society incorporating the Rainer Foundation (Rainer) is a registered charity

Its objectives, as stated in its Memorandum of Association, are

To promote opportunities for the development, education and support of young people in need to lead purposeful, stable and fulfilled lives and to promote safer, crime free communities for the benefit of the public"

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

Following the merger with Crime Concern the governance and management of Rainer passed to Catch22 on 1st July 2008

Governance

Catch22's trustee board meets at least four times a year and has established a number of committees to which certain functions are delegated. These are Finance and Business Administration, Audit and Governance and Remuneration. Additionally the Finance and Business Administration Committee has established an Investment sub-committee which concerns itself with Catch22's investment portfolio

The committees monitor progress against goals and targets that flow from the strategic plan set by the trustee board

Trustees' responsibilities

The charity's trustees are responsible for the preparation of the financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity as at the end of the financial year and of the incoming resources and application of resources for that period

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

Disclosure of information to auditors

- So far as the Trustees are aware, there is no relevant audit information of which the charity'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

Valuing our trustees - recruitment and induction

The Governance and Remuneration Committee of Catch22 oversees the recruitment of trustees 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 4 years and may be reappointed for a further 4 years subject to agreement of the Board

New trustees are provided with induction meetings with the key staff and are given a detailed governance pack. Arrangements are made for trustees to visit Catch22's projects and services. Trustees receive information newsletters, presentations on aspects of Catch22's work and on matters affecting the voluntary sector.

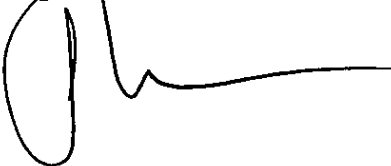
Catch22 looks to all those involved in its governance to make a reasonable commitment to ongoing development and training. This may involve away days, visits, presentations and other internal functions as well as opportunities to attend relevant external events such as seminars, courses and conferences.

Catch22 also circulates publications of general interest and provides access to magazines, articles, newsletters, policy briefings and other documents of more specialist interest.

Risk management

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.

Signed on behalf of the Board of Trustees

A handwritten signature in black ink, appearing to be 'Jim McKenna', with a long horizontal flourish extending to the right.

Jim McKenna

Chair

The Royal Philanthropic Society incorporating The Rainer Foundation

30 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL PHILANTHROPIC SOCIETY INCORPORATING THE RAINER FOUNDATION

We have audited the financial statements of The Royal Philanthropic Society Incorporating the Rainer Foundation for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet, 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).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement the trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit 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 charity'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 charity's affairs as at 31 August 2015, and of its incoming resources and application of resources, 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements, or
- sufficient accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.



Neil Finalyson
Statutory auditor

13/4/2016

Devonshire House
60 Goswell Road
London
EC1M 7AD

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2015

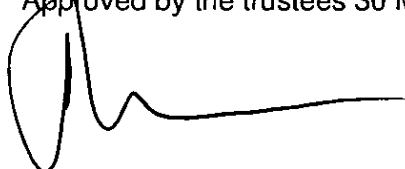
	Note	Permanent Endowment fund £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources						
Incoming resources from generated funds						
Investment income	2	-	-	-	-	-
Total incoming resources		-	-	-	-	-
Resources expended						
Cost of generating funds						
Charitable activities	4	-	-	-	-	-
Transfer to Catch22 Charity Limited		-	-	-	-	-
Total resources expended		-	-	-	-	-
Net incoming/ (outgoing) resources for the year		-	-	-	-	-
Transfers between funds	9	-	-	-	-	-
Net incoming/ (outgoing) resources before other recognised gains		-	-	-	-	-
Other recognised gains						
Net gains on investment assets		-	-	-	-	-
Net movement in funds		-	-	-	-	-
Total funds brought forward	8,9	-	-	-	-	-
Total funds carried forward	8,9	-	-	-	-	-

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

BALANCE SHEET
AS AT 31 AUGUST 2015

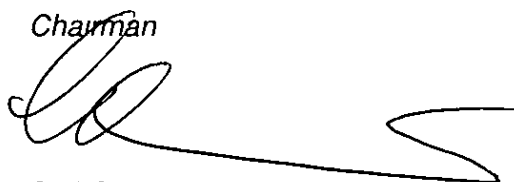
	Note	2015		2014	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	7		-		-
Net assets			-		-
Funds					
Permanent endowment fund	8		-		-
			-		-

Approved by the trustees 30 March 2016



Jim McKenna

Chairman



Carl Cramer

Director

The notes on pages 9 to 12 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements of the Charity are prepared in accordance with the Charities Act 2011 and comply with the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" and applicable accounting standards. The accounts are prepared under the historical cost convention subject to the revaluation of investments to market value.

Resources arising - Income

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. The following accounting policies are applied to income:

Investment Income

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

Resources expended

All expenditure is accounted for on an accruals basis and has been allocated on the bases indicated below:

Charitable activities

These costs include expenditure associated with the delivery of the objects of the Charity and include both the direct costs and support costs relating to these activities.

Governance costs

These costs include the costs of governance arrangements which relate to the general running of Rainer as opposed to the direct management functions inherent in generating funds, service delivery and project work. This includes such items as external audit, legal advice for trustees and costs associated with statutory arrangements.

Fund accounting

The Charity maintains various types of funds as follows:

Restricted funds

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

Unrestricted funds

Designated funds are amounts which have been put aside at the discretion of the trustees. General unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the Charity.

Endowment fund

At the request of the trustees, permission was received, early in 2013/14, from The Charity Commission for England and Wales, for the charity's permanent endowment to be released and applied for the general purposes of the Group.

NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Investments

Investments are stated at market value at the balance sheet date. Any change in the market value of investments is taken to the relevant fund together with any profits or losses on disposal of investments during the year.

Cash flow

The charity is a wholly owned subsidiary of Catch22 Charity and the cash flows of the charity are included in the consolidated cash flow of Catch22 Charity. Consequently the charity is exempt under the terms of Financial Reporting Standard 1, from the requirement to publish a separate cash flow statement.

2. Investment and other income

	Permanent Endowment Fund £'000	Total 2015 £'000	Total 2014 £'000
Investment income	-	-	-

3. Net incoming resources for the year

	2015 £'000	2014 £'000
This is stated after charging		
Auditors remuneration – Audit fees	-	-

The cost of the statutory audit in 2015 has been borne by the parent charity.

4. Charitable activities

	2015 £'000	2014 £'000
Direct cost of charitable activities	-	-

5. Staff costs

All staff working on Rainer projects are employed by the parent company Catch22 Charity Ltd and seconded to Rainer. During the year Rainer was charged £nil (2014 £nil) for salaries, £nil (2014 £nil) for NI and £nil (2014 £nil) for pension.

6. Trustees' remuneration and expenses

The trustees received no remuneration for services provided or travel expenses during the year. In 2014/15 no travel expenses were paid to any trustees and none received any remuneration for services provided.

NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2015

7. Investments	2015 £'000	2014 £'000
Investments at market value	-	-
Quoted investments	-	-
Cash held by investment managers	-	-
1 April 2014	-	-
Adjustment at market value	-	-
Transfer of investments to Catch22 Charity Limited	-	-
Market value at 31 August 2015	-	-
Historical cost at 31 March 2014	-	-

	2015			2014		
	Market value £'000	%	Original cost £'000	Market value £'000	%	Original cost £'000
UK fixed interest	-	-	-	-	-	-
Overseas fixed interest	-	-	-	-	-	-
UK equities	-	-	-	-	-	-
Overseas equities	-	-	-	-	-	-
COIF units	-	-	-	-	-	-
UK property units	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>-</u>	-	<u>-</u>	<u>-</u>	-	<u>-</u>

8. Permanent Endowment fund	2015 £'000	2014 £'000
Balance at 1 April 2014	-	-
Incoming resources	-	-
Transfer to Catch22 Charity Limited	-	-
Transfer to unrestricted funds	-	-
Investment revaluation	-	-
Balance at 31 August 2015	<u>-</u>	<u>-</u>

At the request of the trustees, permission was received, early in 2013/14, from The Charity Commission for England and Wales, for the charity's permanent endowment to be released and applied for the general purposes of the Group. This has been actioned.

NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2015

9. Restricted funds

**Permanent
Endowment
Fund
£'000**

Fund balances at 31 August 2015 are represented by
Investments

-

10. Related party transactions

The charity has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Catch22 Charity Limited

11. Ultimate parent charity

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

The Royal Philanthropic Society incorporating the Rainer Foundation

Corporate Trustee; Catch22 Charity Ltd

Registered Office: 27 Peartree Street, London EC1V 3AG

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