

**catch
22**

Catch 22 Charity Limited Report and Financial Statements

2019

TUESDAY



A9ELB57N

A27

29/09/2020

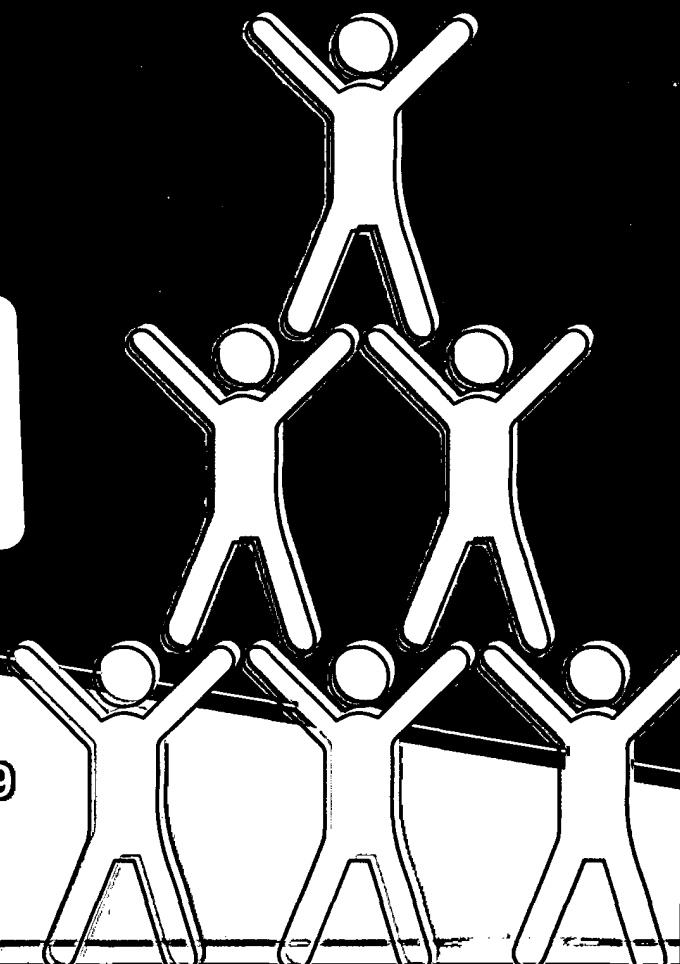
#339

COMPANIES HOUSE

FOR THE YEAR ENDED 31 AUGUST 2019

Company number: 06577534

Registered charity number: 1124127



CONTENTS

P3 TRUSTEES REPORT

P4 Intro from **Chris Wright, CEO**

P5 Our **Work**, Our **Approach** and Our **Partners**

P22 Our **Plans** for **Next Year**

P24 Our **Catch22 Group**

P26 Close from **Terry Duddy, Chair**

P27 **Finance** and **Governance**

P39 AUDITORS REPORT

P42 **Consolidated Statement of Financial Activities**
for the year ended 31 August 2019

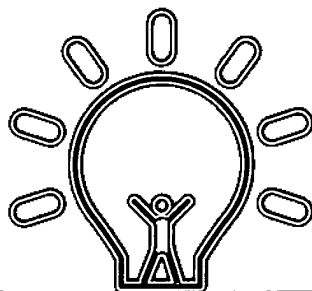
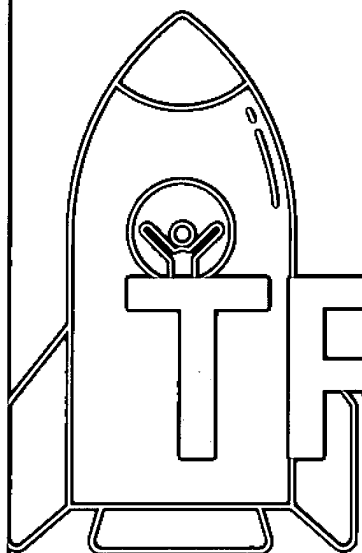
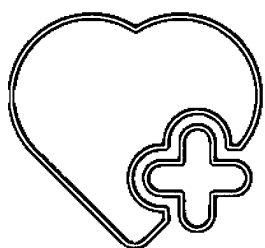
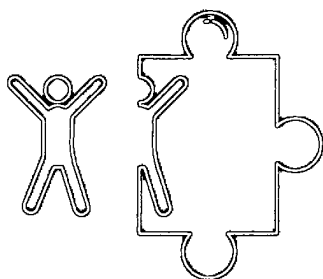
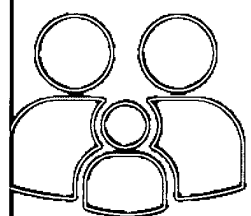
P43 **Consolidated Balance Sheet** at 31 August 2019

P44 **Charity Balance sheet** at 31 August 2019

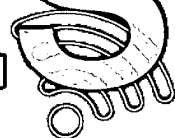
P45 **Consolidated Cash Flow Statement** for the year ended
31 August 2019

P46 **Notes to the Financial Statements** for the year ended
31 August 2019

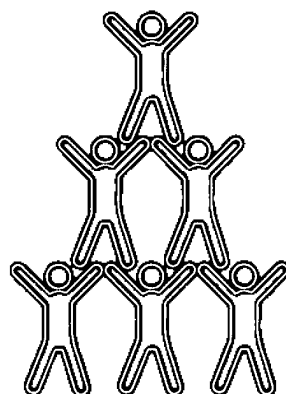
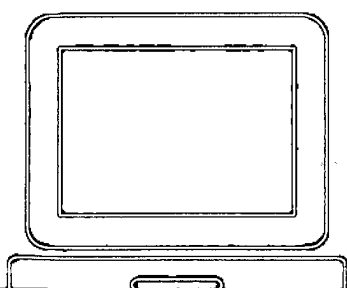
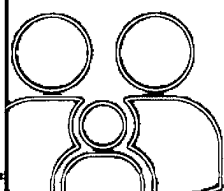
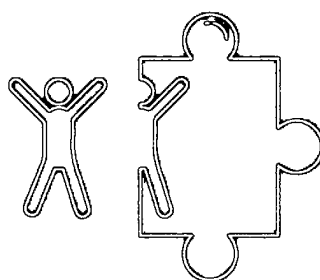
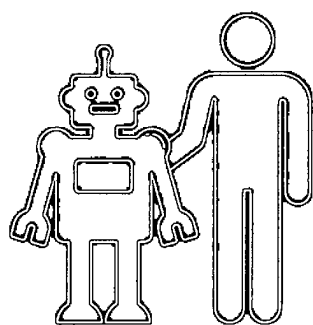
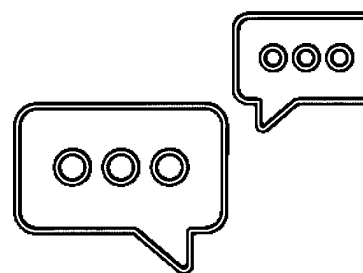
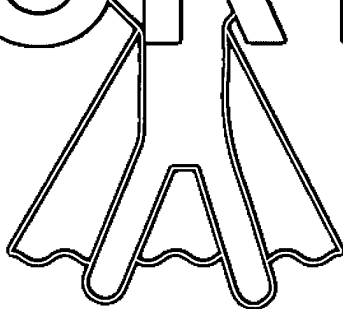
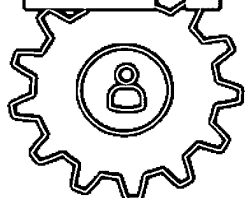
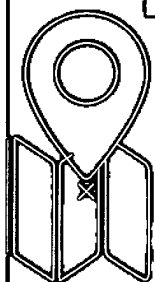
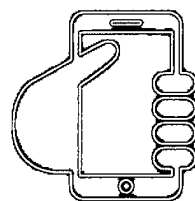




TRUSTEES'



REPORT



'THE POWER OF THE RELATIONSHIP'

The stories outlined here capture much about our work: the resilience of those we work with, the commitment of our staff, the complexity of people's lives and significantly the importance of relationships. Simply, believing in people and doing what you say you're going to do wins the confidence of those we support through the mix of our activity. Whether it's through our schools, our justice work, working with children and young people at risk, or in helping people get into work, the common denominator is the power of the relationship.

This is what we do and what we've done in our different guises for over 200 years. And the vast amount of our work delivers very positive impact on the lives of those we support – that's at the micro level, within the families and communities in which we work: the most important thing. Of course, not everything we do is perfect. We get things wrong and when we do, we look at ourselves and see what we could have done better and strive to improve.

We are also striving to change things at a systems level, we're not alone. There is a growing movement of interest which recognises that our current systems are creaking, are too transactional, compliance led and dependency denying and that they are fuelling failure demand. Too many of those in 'receipt' of services are 'done to' and guess what? People are fed up and want to see things done differently.

We also want to see things done differently. We believe that organisations like Catch22 can do more – that we can be the engine room of public service innovation – changing how services are configured, delivered, funded and produced. We think that there is huge capacity in our communities, in our economy and in the wider system that needs to be unlocked in order to effect the seismic change that is necessary within our communities, towns and cities to do things differently and put people back in the lead.

As you will read in this report, Catch22 has taken the lead in "incubating" a number of social entrepreneurs with new and imaginative approaches to responding to these challenges: from attracting high-quality talent into the prison service to re-imagining how to run children's homes. We are fortunate to work with some fantastic commissioners who allow us to be innovative and design services that truly meet the needs of service users.

Our theory of change is clear: demonstrate we can deliver well, win the confidence of commissioners, inform systems-change with policy makers and secure investment to test out ways of doing things even better. In helping us to achieve this change, we remain grateful for the support of our funders, partners and most importantly our colleagues, whether staff or volunteers, who make a difference day in, day out.

Chris Wright, Catch22 CEO



OUR WORK

Catch22 works with some of the most vulnerable people in society. We build resilience and aspiration in people to help them lead fulfilling lives for themselves and their communities.

Our work covers five main areas:

JUSTICE: We deliver victim services, offender management, and rehabilitation services in custody and in the community. We are focused on building strong, consistent and trusting relationships to help unlock potential and make positive changes to people's lives.

EDUCATION: We run alternative provision schools for pupils outside mainstream education. By providing high quality teaching and learning based on effective relationships, we help young people progress and succeed in sustained education or employment.

VOCATIONAL TRAINING AND EMPLOYABILITY: We offer apprenticeships and learning and training opportunities for students who don't want to stay in a traditional academic environment. We provide help to those who struggle to find work through conventional routes.

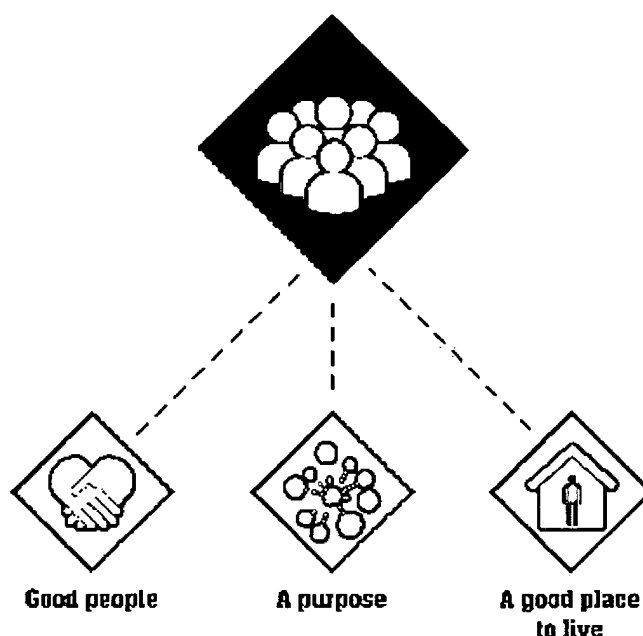
CHILDREN, YOUNG PEOPLE AND FAMILIES: We deliver services addressing child sexual and criminal exploitation, and provide mental health support and early intervention services. Working with young people and families in trouble, we provide targeted and specialist support services to those in crisis, leaving care, missing from home or with substance misuse or mental health problems.

NATIONAL CITIZEN SERVICE: We deliver a four-phase programme giving young people the opportunity to meet new friends, learn new skills and make a difference in their community. Participants improve communication skills, work in a team and develop as leaders, in line with the NCS aim of developing a more cohesive, engaged and responsible society.



THE 3 Ps

Our approach is based on the belief that people can thrive when they have:



BEYOND DELIVERY

As well as delivering services, our aim is to reform public services so they work more effectively and efficiently and meet the needs of the people who use them.

Using our experience of frontline service delivery, we influence how public services can be organised and delivered differently. That means influencing government policy at local and national levels. It also means exploring new technological solutions that have the potential to reform how public services are delivered.

THIS REVIEW

This Annual Review is a statement of our social impact and a snapshot of what we've achieved in the last year. It demonstrates the impact Catch22 is having on people's lives up and down the country, across all our areas of work.

We know some people will be interested in the detail. But we know others just want an overview.

That's why we've highlighted Voices from the frontline which tell the story of the past year in the words of our service users and our staff. If you read nothing else, read these.



JUSTICE

‘I BOUGHT HIM A WARM, WATERPROOF COAT TO GET TO THE SHELTER’

John has learning difficulties and is vulnerable. He was released from prison late in the afternoon, with less than an hour's notice following a video link court appearance.

All the services that he would have needed when he left prison – the Offender Management Unit, offender manager in the community, the Community Rehabilitation Company resettlement hub, the council and the housing resettlement worker – were due to be closed at his release time.

‘I coordinated all the necessary agencies, completed the necessary paperwork and managed to secure John emergency accommodation in a shelter. By this time, it was late and the weather was awful, so I bought him a warm, waterproof coat to get to the shelter. I arranged for him to be met by a prison advice and care trust mentor that evening and the next day he was taken to the council to sort out more permanent accommodation.’

‘I FEEL LIKE A WEIGHT HAS BEEN LIFTED FROM MY SHOULDERS’

Richard and his wife Sally killed their friend Max, following an argument between them. They were each sentenced to ten years in custody. In the spring of 2019, Catch22's Nottinghamshire Victim CARE staff met Max's wife, Elizabeth. She wanted to use restorative justice, where a meeting between the victim and the offender is organised, as a way of dealing with the aftermath of the crime.

We facilitated a restorative justice conference in prison between Richard and Elizabeth. Elizabeth was able to ask questions and tell Richard the impact the offence had on her and her children and listen to Richard's responses.

‘Restorative justice is not as hard as you would think it would be; it's the wait that is the hardest part. Since taking part in restorative justice, my anxiety has reduced, and I feel that a weight has been lifted from my shoulders. If someone asked me about restorative justice, I would tell them there are a million positives and I can't think of any negatives.’



VICTIM SERVICES - THIS YEAR:

96%
satisfaction rate

24,898
victims supported

99.7%
of victims felt their health,
well-being and personal
safety had been sustained
or improved following our
support.

THROUGH THE GATE SERVICES - THIS YEAR:

61,938
service users supported with
accommodation, finance and
debt issues, and employment.

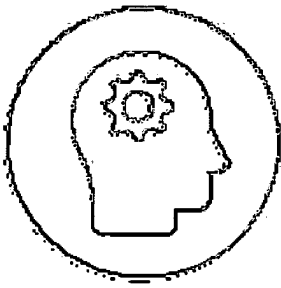
98%
of those we
work with
received an
initial screening
within five
working days.

99%
of those we work with
received a pre-release
assessment.

95%
of those we
supported said they
were satisfied with
the service they
received.

HIGHLIGHTS OF THE YEAR

- Our Through the Gate services have grown 66% through enhanced funding from the Ministry of Justice, allowing us to employ and upskill more staff, and provide more face-to-face engagement with service users.
- As part of the West Midlands Safe Centre Partnership, justice staff went to Norway to understand the Norwegian approach to youth incarceration.
- We are doing more work with gangs and on violence reduction, including in HMP Wormwood Scrubs, HMP Leeds and HMP Doncaster.
- Our Gangs Service Co-ordinator, Simon Grant won a Butler Trust award in recognition of his exceptional work.



EDUCATION

'I KNEW THAT I'D RECEIVE THE BEST SUPPORT AT SCHOOL.'

Billy came from a very unsettled background and was the oldest of five siblings. The youngest was born dependent on heroin. Billy was referred to a Catch22 school having previously had a negative experience of education, despite being a capable and intelligent student. He would often say:

'It isn't that I don't like school, I just can't physically and mentally cope with everything...'

Billy's difficult home life and volatile relationship with his parents contributed to his poor mental health and, ultimately, his drug abuse. He felt a great sense of responsibility for his younger siblings, helping his grandparents look after them. He sometimes used to sleep on the street, just to get some peace. Billy was sexually abused by his dad's girlfriend and became suicidal. He was supported by Catch22 to bring charges.

Catch22 supported Billy throughout; arranging doctors' and supporting the family to secure appropriate support from Children's Services.

To encourage his attendance at school, Billy was sometimes picked up by staff, or caught the bus and was met at the bus station. In school, he was given one-to-one, round-the-clock support. Daily phone calls were made if Billy was absent to check on his well-being.

Billy continued to struggle with the lack of action surrounding the sexual abuse charges and took a drug overdose. After recovering from the overdose, he came into school.

'I knew that I'd receive the best care and support at school'

Billy is a keen sportsman, evidenced by his improved attendance when sports was on the timetable. Catch22 provided him with the opportunity to take a Level 1 course in Sports Leadership and made contact with a local football team so he could enrol when he left school.

On leaving school, despite gaps in his education prior to joining Catch22 and his many absences, Billy attained English GCSE Level 3, Maths GCSE Level 2, English Functional Skills Levels 1 & 2, Maths Functional Skills Level 1 and Sports Leadership Level 1.

Billy now has a part-time job, has been accepted onto a football scholarship and is re-taking his GCSEs in English and Maths. He feels he has been able to take back control of his life.



EDUCATION SERVICES - THIS YEAR:

84%
of school
leavers went
on to a positive
destination.

We work with
510
students

81%
of all learners received a
qualification in Maths.

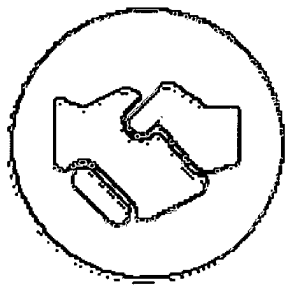
91%
of learners have a special
educational need.

10%
of learners are
currently in care.

76%
of all learners
received a
qualification in
English.

HIGHLIGHTS OF THE YEAR

- Include PPP West London and Include Suffolk received a 'good' Ofsted rating
- 92% of the parents we worked with would recommend our schools to others (up from 89% the previous year)
- Our Newport primary school was successfully registered with the Welsh Assembly and Estyn



EMPLOYABILITY

'YOU HELPED ME OUT MORE THAN YOU KNOW.'

Whilst working in Speke library in Liverpool, I met Martin. Martin had recently lost a well-paid job due to his criminal record. I worked with him to look at his main career goals – he said he was keen on electrical installation and was working towards a related qualification at night classes at a local college.

We explored apprenticeships and various electrician mate roles together. We adapted his CV to focus on the skills he held and looked at the hidden job market, researching local employers and discussing how to carry out speculative applications.

Martin soon felt confident enough to approach a local electrical company with his new CV. They were not actively looking for staff but the site manager was keen to have a chat.

Around a week later, Martin called me to say he'd been offered a role, could continue his training alongside this, and that the employer would accommodate his childcare needs.

'Thank you for all the help and support you've given me finding work again.

'I felt very low but you picked my mood up and it felt like only a matter of time before I would finally get a placement. You helped me out more than you know.'

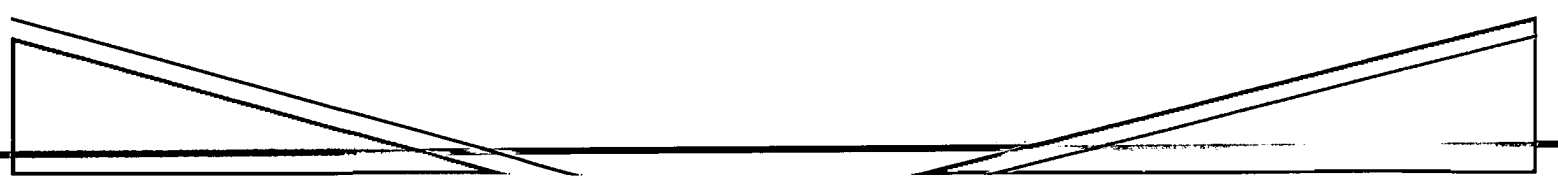
'SHE NOW VIRTUALLY RUNS THE DEPARTMENT SHE WORKS IN'

Chelsea, 19, was referred to me via her Job Centre advisor. Whilst in her last job, she was bullied by staff and constantly felt undermined. Chelsea could no longer cope mentally and physically — she was working 47 hours a week, 7 days a week and had to eventually leave her job. Since then she had been claiming Jobseeker's Allowance.

Chelsea was eager to get back into part-time work. I found an administrative role at the local council that I thought would suit her well and we put forward her CV.

The hiring manager was keen to meet her and arranged an interview immediately. Chelsea interviewed against six other candidates. Following the interview, the manager said she stood head and shoulders above the others and was the perfect candidate for the role.

Chelsea has come on leaps and bounds and now virtually runs the department she works in. She impressed so much, at, after three months, she's been given more hours and now commits to 30 hours a week.



EMPLOYMENT - THIS YEAR:

1,693
new people
engaged on our
programmes.

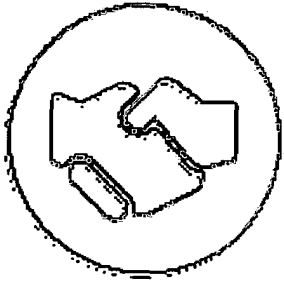
680
people
achieved their
first job start.

65%
sustainability achieved
across all programmes.

55%
more job starts
than in the
previous year.

HIGHLIGHTS OF THE YEAR

- The Social Switch Project launched and has already delivered impressive results with:
 - 200 frontline professionals trained in how to address the challenges and opportunities of the digital world with young people.
 - 12 young people successfully completing a three-week training course to launch their digital careers.
 - Project set to deliver £75,000 in grants to micro-charities and grassroots projects in the first six months of 2020.
- Bright Light, a pilot programme delivered with The Children's Society and funded by the Clothworkers' Foundation, launched to support care leavers into apprenticeships.



COLLEGES AND APPRENTICESHIPS

**'THE SUPPORT THEY GIVE US AS AN EMPLOYER,
AND TO THE APPRENTICE, IS OUTSTANDING.'**

Catch22 staff are reliable, helpful and experienced. The support they give to us, as an employer, and to the apprentice, is outstanding.

All of the apprentices we've had at the medical centre have become part of the team and have fulfilled their role to the best of their ability. They have learnt all aspects of the job and work hard to fulfil their potential, adding value to the entire centre. Working as part of a team that motivates each other helps them to achieve their own ambitions.

The apprenticeship experience gives you the opportunity to learn different aspects of the job and gives you motivation to achieve high standards in the profession that you choose. It's an ideal starting place and offers opportunities that you may not get otherwise.

'We work towards high standards of care for the community and our staff all have set targets to meet daily. Being part of the team means that you must maintain professionalism and work at a high standard to achieve the goals set for you. The apprentices we have had from Catch22 all achieved that goal and have contributed to the smooth running and the overall standards achieved by the surgery.'

Belvedere Medical Centre



APPRENTICESHIPS - THIS YEAR:

Worked with
80
different
employers.

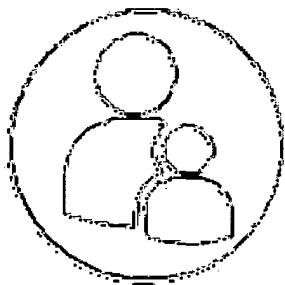
Supported
387
apprentices.

Worked with
464
College learners -
65%
of whom had a
known disability.

Offered
6
different apprenticeship
programmes at
4
different levels.

HIGHLIGHTS OF THE YEAR

- Seven of our students successfully made it through to the the Dangoor Next Generation Programme — an expedition to Iceland run in conjunction with the British Exploring Society. The programme is designed to boost self-esteem, develop leadership, communication and team working skills and to help young people to apply those skills in ongoing employment, education or training.
- Our Patron, HRH the Princess Royal, visited The AA Oldbury, presenting Apprenticeship Graduation certificates to our first cohort.
- Catch22 was voted a Top 20 Training Provider nationally in the Rate my Apprenticeships survey.
- Two Catch22 apprentices reached the finals of National Award selections.



CHILDREN, YOUNG PEOPLE AND FAMILIES

'CATCH22 HELPED SAVE MY LIFE.'

My daughter is very vulnerable and impressionable for her age. She experienced some horrible situations that affected her mental health and started mixing with a few people who were into various substances. She became very self-destructive.

The caseworker at Catch22 supported her to understand herself and how worthwhile her life is. My daughter tells me that Catch22 helped save her life – allowing her to look at things from different perspectives and start to value herself again.

My beautiful girl is back. She is now a mummy herself and doing the most amazing job.

'I NO LONGER CARRY A KNIFE. MY EXPERIENCE WAS LIFE-CHANGING.'

I'm Kyle, I'm 16 and from Birkenhead. I came into contact with Catch22 because I had a butcher's knife in my room and I always went missing. I worked with Catch22 who made me realise the impact of knife crime and the consequences of my actions. I now no longer carry a knife. My experience was life-changing.

'THE EXPERIENCE I'VE HAD HAS BEEN SECOND TO NONE.'

I'm Ade, a young person from Southwark.

Last year, I didn't have a lot going for me and had no motivation. I just went to the gym or stayed at home all day. I received a call from someone at Catch22 inviting me to join the Unlock It programme. He told me he was a care leaver who had experience of the system and knew how it was to be in my position.

Initially I was apprehensive as I didn't know anyone on the course. However, everyone was very welcoming and made it easy to get engaged in the sessions. The one that resonated with me the most was the 'Managing Conflict' session which showed me new ways to address certain issues and how to make the most of the things around me.

The work experience side of the programme was very enlightening – I saw what it was like to work in an office environment. I'm now an apprentice at the local council, doing business administration in the housing and modernisation department. Just a few months ago I never would have envisioned myself with a job and the ability to financially support myself. The experience I've had has been second to none.



CHILDREN, YOUNG PEOPLE AND FAMILIES - THIS YEAR

We have touched
the lives of

13,614
young people.

1,180
parents/carers/
families

395
adults.

15,189
individuals
received support.

88%
of individuals
reported a
positive outcome
working with
Catch22.

6,260
individuals
recorded a positive
outcome.

HIGHLIGHTS OF THE YEAR

- Stoke & Staffordshire Young People's Forum members have been involved in PhD research, a consultation at UCL, an All Party Parliamentary Group consultation and a visit to Facebook Head Office to discuss the impact of their experiences of online grooming.
- The Hive - an innovative health and wellbeing service that supports young people aged 16 to 24 in Camden - was cited as a model of good practice in the NHS long term plan.



NATIONAL CITIZEN SERVICE

‘WE RAISED £1,500 FOR A LOCAL CHARITY.’

During sixth form I remember sitting with my group of friends during break when two people in NCS hoodies approached us. Their initial attempts to persuade me to join NCS were met with my arms firmly folded, along with a solid ‘no’, my thought process at the time was ‘Why would I do this when I could just be sat at home relaxing?’. One by one, a handful of my friends accepted the sign-up form to take home and so did my then girlfriend, so of course I had no other choice but to take one too!

The October half term break came around and I found myself on the residential NCS programme. I hadn’t really done any outdoor activities before but opened up and gave these a go. For instance, I had never done climbing before but managed to get to the top pretty fast on my first attempt! Another memory was being given a crying plastic baby to look after for around 12 hours one day. This drove us insane, but taught us some hard lessons about parental responsibilities! Our social action project was a real highlight, raising around £1,500 for a local charity through a Frozen themed dress-up and sing-along cinema event. It showed me just how much you can achieve in a short amount of time when you have a team that really puts their all into something.

At the end of the program, Kevin and Lisa asked me to come back and work for them when I turned 18, an offer which I could not refuse. Fast forward to now, five years since my NCS journey began, and I’ve just finished my 10th and final wave as a mentor.

Along the way I’ve worked with some incredible people, both the full-time staff in the office and those that I have mentored. There has been nothing more rewarding than working with the young people I’ve had the pleasure of mentoring. You get to experience such a variety of personalities and become a first-hand witness to their growth throughout the program.

For sure, you will face challenges, lack sleep, and deal with young people simply refusing to cooperate, but when you find a way of getting through to them and see that ‘no’ turn into a ‘yes’ it makes you feel like you have made a difference. As a mentor you are the face of NCS to your group: you are the main one they will remember. It is a huge responsibility but one that, if done right, reaps so many benefits for you and all your young people.

I wouldn’t change my five-year journey in the slightest. As my time with NCS draws to a close, I will miss the excitement every summer knowing I’ll be back as a mentor.



CATCH22 NATIONAL CITIZEN SERVICE: SUMMER 2019

4913

young people on
the programme
with

91%

completing all
four weeks. That's
546 more than
last year.

294,700

hours of social
action completed.

18.3%

of participants
from non-
white British
backgrounds.

£143,437.94

raised to help develop social
action projects and donated
to local organisations.

250

national and local
organisations worked with
NCS to deliver social action
projects.

22%

on the programme
are eligible for free
school meals.

HIGHLIGHT OF THE YEAR

- Summer 2019 was the best performing season that Catch22 has ever delivered on NCS. We had more young people complete the programme than ever before whilst maintaining our quality.

INCUBATE, ACCELERATE, AMPLIFY

The Catch22 Incubator programme provides tailored support for social entrepreneurs with ideas that reimagine – and ultimately reform – the delivery of public services.

Our 2019 cohort includes:

YOUTH INK: MIFTA CHOUDHURY

Caught in the justice system for more than ten years from the age of 12, Mifta Choudhury turned his life around and now supports young people to develop resilience and aspiration.

Perpetrators of youth violence often lack any kind of relationship with a trusted adult. Additionally, offenders and ex-offenders are not as involved in reforming services and systems as they could be, despite having the insights on the causes of crime and the barriers to successful rehabilitation.

Youth Ink facilitates honest and open discussions between young people and ex-offenders, to produce interventions for those at risk of entering the justice system. Mifta is already changing the lives of young people in Southwark through his award-winning programme.

DEVIE: PUJA BALACHANDER AND LAURA WHITE

Devie is a virtual coach delivered via one-to-one online interactions to support parents' goals and well-being. Devie has been developed by designer Puja and early childhood educator Laura. It will operate alongside existing family support services and be free of charge for everyone working towards parenting goals.

Whilst Catch22 firmly believes that humans are better than technology at building trust, empathising and responding sensitively to complex situations, we are keen to lend our expertise in public service delivery to support this exciting technology through his award-winning programme.



RECREWT: TRACY HAMMOND

Tracy Hammond is helping people with learning disabilities, mental health problems and autistic spectrum disorders enter the workforce.

There are record levels of employment in the UK, but adults with learning disabilities still face barriers to finding employment. While only 6% of people with learning disabilities are in work, 65% would like to be.

This is why Tracy is creating an ethical employment agency, Recrewt, that works with employers who will provide opportunities for which she will recruit and train those with learning disabilities.

OFFPLOY: JACOB HILL

Over 11 million people in the UK have a criminal record. Many find it difficult to find employment, with employer attitudes being one of the main barriers to finding work. With paths to legitimate employment blocked, many ex-offenders reoffend, costing the UK taxpayer over £16bn a year.

Launched in 2016 by Yorkshire's Young Entrepreneur of the Year, Jacob Hill, Offploy supports people with criminal convictions into meaningful, mentored and sustainable employment. Offploy works with both employers and employees to address the UK's chronic skills shortage, to reduce reoffending and to make society safer for all.

Based in Yorkshire and the Humber, Offploy has secured employment for over 140 people to date.

UPDATES FROM OUR OTHER VENTURES

LIGHTHOUSE

Having secured over £2 million in funding, in 2019 Lighthouse has built out the team and continued to develop their strategy in preparation for the opening of its first home in late 2020. Lighthouse, founded by Emmanuel Akpan-Inwang, was featured in The Guardian and was named as one of the Big Issue's Changemakers to Watch for 2020.

UNLOCKED

Unlocked Graduates has continued to grow in 2019. Over 10,000 people registered their interest for the 100 places available on the leadership development programme and they are expanding further in 2020 when they hope to have prison officers in over a quarter of closed condition prisons in England. Marking its success, Unlocked Graduates entered The Times Top 100 Graduate Employers at number 49, making it the highest new entry. This year they will reach another key milestone as they spin out from Catch22 to become an independent charity.



OUR PARTNERSHIPS

We work with corporate partners, grant giving bodies, charities and social enterprises to deliver inspiring programmes and drive innovation in public services.

This year our partnerships include:

CONNECT WITH WORK - WITH BARCLAYS

Connect with Work is a programme, delivered by Barclays and Catch22, which offers advice and guidance to help people with barriers to get into work. Working with individuals 16 years and above, we support a vast range of individuals in this community-based programme. Creating a bespoke career plan and access to apply to the Barclays training fund means career options are endless on this programme.

DIGITAL EDGE - WITH MICROSOFT

Microsoft and Catch22 have joined forces to help people facing barriers to work embark on digital apprenticeships.

The pilot project will see Catch22 find and recruit candidates with a range of challenges – from gender and ethnicity barriers, homelessness, mental health issues, school exclusion and disability – and support them to access a digital apprenticeship with a local employer within Microsoft's network of customers and partners.

THE SOCIAL SWITCH PROJECT – WITH GOOGLE.ORG AND REDTHREAD

Funded by Google.org and delivered by leading charities tackling youth violence, Catch22 and Redthread, The Social Switch

Project is switching the narrative on how social media's relationship with youth violence is understood, tackled and solved.

The three strands involve:

- delivering free training to 500 frontline professionals who work with young people across London, to train them in recognising and dealing with online harms,
- training young Londoners to help them launch digital careers,
- providing grants to the best grassroots ideas across London which engage young people and steer them away from violence.

BRIGHT LIGHT - WITH THE CHILDREN'S SOCIETY AND THE CLOTHWORKERS' FOUNDATION

Bright Light is a pilot programme focused on getting care leavers into apprenticeships. It is a partnership project delivered by Catch22 and The Children's Society, funded by The Clothworkers' Foundation.

This project explores what is needed to support care leavers into independence, whether that means launching a career or progressing into apprenticeships, employment, education and training, and helps address the systemic barriers that impact these opportunities.



OUR PLANS FOR NEXT YEAR

The Catch22 Three Year Plan was launched in November 2019. It sets out priority areas with the aim of ensuring that the services we run are of high quality and are delivering the impact that is needed. We also want to expand our footprint where we know we do well.

REFORM AGENDA

Catch22 is at the forefront of public service delivery – and yet the systems within which services are working too often prevent them being as great as they could be. Our ‘end game’ – government adoption of better public services – remains at the heart of what we do. Ahead of last year’s General Election, we set out the policy change we want to see across all our areas of work. As part of our Three Year Plan 2019-2022, we’re investing in a series of ‘transformation projects’ which will all play into our reform agenda.

PROJECT 1: INVESTMENT

The aim is to attract investment in Catch22, which as a charity isn't straightforward. Therefore, we are looking at a range of options including the creation of a company, limited by shares, that would sit alongside the charity.

PROJECT 2: VENTURES

Alongside our current incubation programme, we'll be looking to support and grow two to three ventures involved in solving social challenges that we've identified. We'll also be exploring how to link Catch22 closely to these organisations, for example by taking a stake in return for our investment and support.

PROJECT 3: TECHNOLOGY

Technology has a significant role to play in the effective and efficient delivery of public services. There has been a huge proliferation of various technologies built by people without access to public service markets. We can match them up and explore how we might be able to share revenue in any new tech solutions, with a view to rolling them out across our services.

Any surplus money we make will be reinvested into the organisation. It will be used to invest in staff, invest in new ventures, to grow impact and drive reform of public services.

Over the next three years, we want:

- 95% service user satisfaction across all services,
 - four new partnerships a year,
 - one ministers or high-level policy visit to a Catch22 service per quarter,
 - delivery of a Catch22 events series,
 - development of a digital strategy
- that transform the way we operate so we can deliver high-quality, cost-effective services that help us reform public services.



We are also embarking on three transformation projects where we will be innovating to push for changes that will transform the way we work for the better.

VENTURES

Building on our successful Incubate, Accelerate, Amplify programme, we will set up a 'ventures' special project to support and grow two to three ventures involved in solving social challenges.

TECHNOLOGY

Actively pursue technological solutions that can be used within our different public services to make our work more effective and efficient.

INVESTMENT

Looking at how we can raise money will allow us to invest more in improving our current business activities.



COMMUNITY LINKS

Part of the Catch22 group, Community Links is a community charity, rooted in East London, providing support and opportunities to thousands of people every year. With advice programmes, employability, health awareness and community initiatives we have been transforming lives for over 40 years and are founded on two principles: to find innovative solutions and to deliver them with the whole community.

- The Community Links Advice team **assisted more than 3,000 people last year.**
- 843 families **accessed dry food packages** provided by the service
- The Appeals service met 48 people to help them **appeal legal decisions about their Employment Support or Personal Independence Payments** - 99% of these appeals were successful
- The Advice Service achieved the **Advice Quality Standard.**
- 833 young mentors and mentees participated in our **mental health peer-to-peer mentoring** programme, More than Mentors
- The Create Your Future, the programme aims to bring **black and minority ethnic (BAME) women closer to employment** and has helped 631 women
- Our health facilitators called 57,911 patients living across London to encourage uptake of **bowel and breast cancer screening**
- Community Links awarded **18 community grants to residents of South Canning Town and Keir Hardie estates.** Funded by Clarion Futures, these grants help residents to deliver innovative and sustainable projects (green spaces, parenting support, art classes, and contribution to the community history...) within their neighbourhoods.



CATCH22 MULTI ACADEMIES TRUST

The Catch22 Multi Academies Trust is the vehicle for Catch22's sponsorship of academies which focus on learners who can benefit from small, supportive alternative education provision. We look to increase access to one to one and mentoring opportunities through a mixture of off-site and extra curricular events in order to improve the self-esteem and self-confidence of learners. We also implement speech and language development programmes.

We offer a full national curriculum as well as a nurturing environment for primary and vocational subjects for older students. We have high aspirations for all learners, with an expectation that all secondary learners will work toward achieving at least five GCSEs.

- 78% of our learners went on to a positive destination after leaving school
- At Ashwood Academy, 2 learners achieved 4+ GCSE Grade 5 qualifications
- We had learners achieve Grade 5 qualifications in Brunel and Burton Academies
- 84% of learners in our Academies achieved a qualification in English and Maths



'WE CAN'T AND WE WON'T STAND STILL'

To an outsider, Catch22 may seem to be delivering lots of varied services that are quite different from each other. It's true that our staff comprise teachers, counsellors, project managers, designers, gangs experts, case workers and youth participation leads. Their day-to-day jobs may appear poles apart, and yet every single one is working towards the same goal – to build resilience and aspiration in individuals and communities.

That's what joins us together and what makes us Catch22.

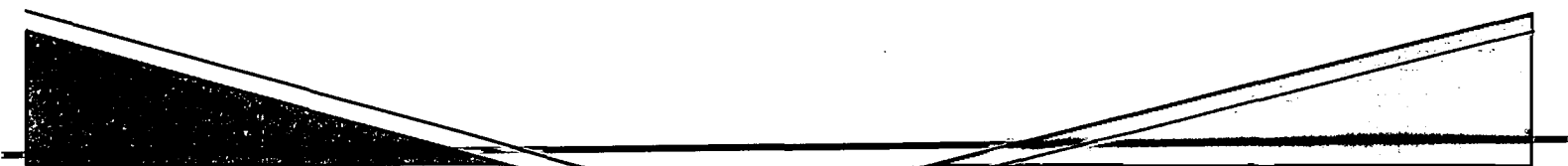
The stories in this review demonstrate the impact we're having on improving people's lives. The numbers show the extent of our reach and the success of our programmes. And the emphasis on our 'end game' – to reform public service with the ultimate aim of government adoption – is what drives us to do more, to innovate and to be ambitious about how real social change can be delivered.

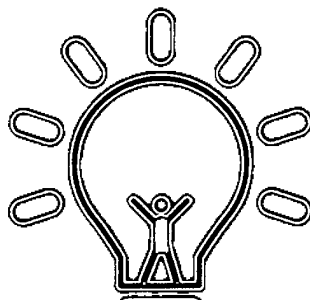
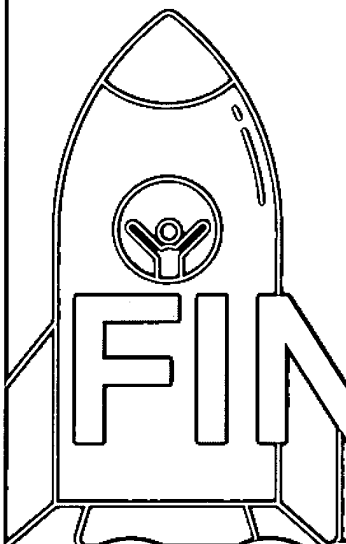
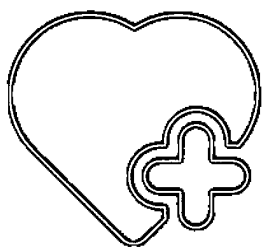
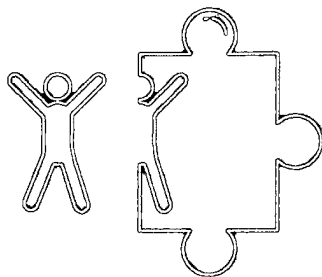
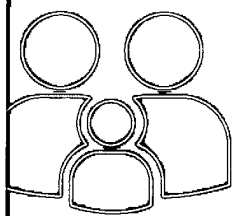
We're not afraid to do things differently or to challenge convention. Our Pan Merseyside child exploitation service is pioneering cross-service working and co-location with impressive results. The Hive model is a new and successful way of delivering integrated mental health support and youth club facilities for young people. And Lighthouse – which Catch22 incubated – is due to open its first children's care home later this year, which will deliver care in a radically different way to what we currently see in the UK.

It's set to be an exciting year ahead. We are ambitious in our plans to forge new partnerships in order to deliver work in topical areas that are affecting people's lives – like online harms and the use of technology to improve delivery and outcomes in public services.

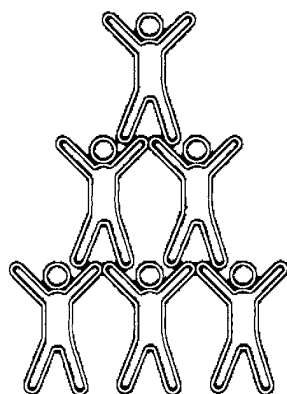
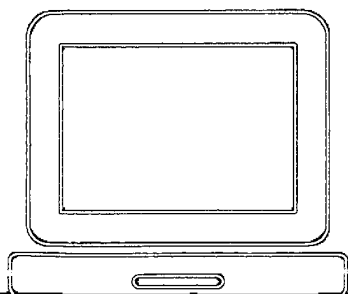
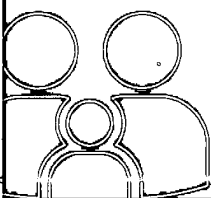
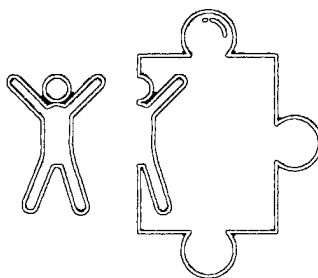
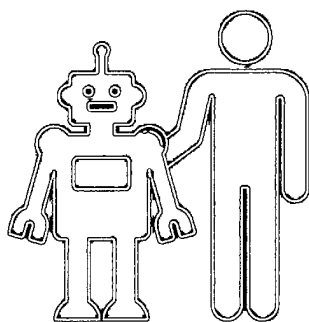
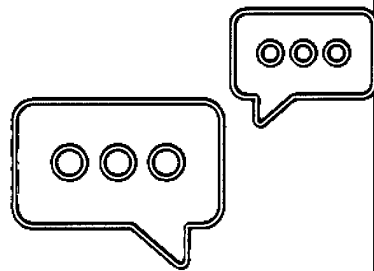
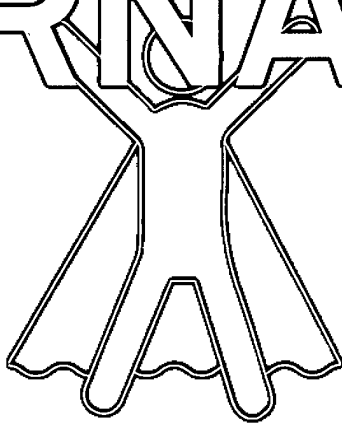
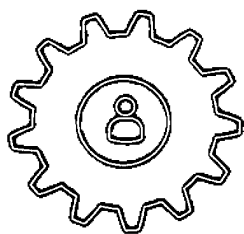
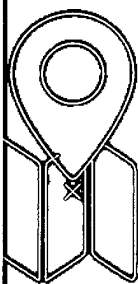
We can't and we won't stand still. So whilst we celebrate the successes of the past year, and thank all those who make Catch22 what it is, we're also very much focused on the challenges and opportunities that lie ahead.

Terry Duddy, Catch22 Chair





FINANCE AND GOVERNANCE



OUR FINANCIAL OVERVIEW

Financial highlights

The group's financial performance for the year is set out in the Statement of Financial Activities. Movements in the Restricted Pension Funds and Restricted Fixed Asset Funds relate to the operations of the Catch22 Multi Academies Trust and in particular the establishment of new academies.

The underlying financial performance of the group is therefore better represented by the movements on Restricted Funds, increase of £1.2m (2018: £0.3m) and Unrestricted Funds, decrease of £1.2m (2018: £0.7m).

The increase in Restricted Funds is reflective of our strategy to increase voluntary income, particularly in Catch22 itself, with £1.1m of the overall increase being achieved in Catch22.

The decrease in Unrestricted Funds includes a revaluation of the group's head office of £1.5m (2018: £nil) and is after exceptional costs of £1.5m (2018: £0.4m), relating to organisational restructures and service closures, a provision against a debt owed by a subsidiary charity, Launch22, that is not consolidated and a provision against the possible clawback of funds as a result of non-delivery by a subcontractor. Designated Funds of £0.1m (2018: £0.3m) have also been expended during the year.

The group's consolidated balance sheet remains strong, with Restricted Reserves of £4.5m (2018: £3.3m) and Unrestricted Reserves of £9.7m (2018: £10.8m). These reserves provide a solid base for the future of the organisation, but the challenging economic environment, particularly post the Covid-19 pandemic, in which all providers of public services are operating persists.

We are continuing to review all our services on a regular basis and taking steps to either turnaround or close services that aren't financially viable without compromising on the quality of our delivery. We are also continuing to focus on ensuring our support services and management structures are efficient and cost effective; investing in digital solutions where possible e.g. during the year we upgraded our HR system and since the year end have also invested in a new IT cloud platform.

We continue to seek opportunities to grow in areas that both align with our charitable objectives and there is funding available. A key objective is to continue to grow grant and other voluntary income, we have invested in our partnership team to achieve this, to enable us to add value to our services, maximise impact and have more flexibility to meet service user needs in innovative ways as well as contributing to improved cash flow.

Although the availability of public funding has been in decline, service user need continues to increase and is likely to accelerate further following the pandemic, whilst regulation in service delivery becomes increasingly more onerous, we however remain confident that our solid foundations and experience will enable us to respond to these challenges. We still believe that through innovation and doing things differently with support from partners, we will be able to unlock the funding and capacity needed from society to achieve the social impact and reform of public services that we seek.

During 2019.20 we plan to use some of our Unrestricted Reserves whilst we 'reshape' the organisation to ensure our service delivery is commercially viable, focussed on our aim of



delivering high quality services that provide high impact and contribute to our reform agenda. We also plan to continue to invest in digital solutions to provide the framework for seamless, safe, compliant and efficient operational delivery. Further development of our HR system is planned, along with further improvements to our IT core platforms and the introduction of other systems that can reduce administrative burdens.

Income

Total income for the year to 31 August 2019 was £57.2m, compared with £58.1m for the previous year.

Voluntary income in the period included £5.0m (2018: £5.6m) of long leasehold land and buildings transferred from local authorities used by new academies in the Catch22 Multi Academies Trust.

After adjusting for these 'one-off' income amounts, income for the year is £52.2m, in line with the previous year (£52.5m).

Donations, legacies and grants remained at 8% of income excluding 'one-offs' (2018: 8%) an active strategy to increase voluntary income continues to be pursued, which should see a greater proportion of income coming from these sources in future years.

Income from charitable activities fell slightly to £46.8m (2018: £47.2m). Education income grew by £1.1m, mainly due to expansion of existing academies in the Catch22 Multi Academies Trust and Justice income grew by £0.7m due to the full year impact of new services secured. The biggest decline in income was in Vocational Training, £1.6m, following the decisions to cease any deliver of apprenticeships through subcontractors and the closure of some college sites. NCS & Employability income fell by £0.6m due to an Education and Skills Funding Agency contract to support young people Not in Education Employment, or Training in London coming to an end.

Expenditure

Total expenditure for the year the year to 31 August 2019 was £54.2m, compared with £53.2m for the previous financial year. Included within the cost of charitable activities are exceptional items of £1.5m (2018: £0.4m), which are explained above.

Surpluses on investment assets

The net gain on investments during the year was £0.1m (2018: £0.1m) and at 31 August 2019, after withdrawals, the portfolio was valued at £10.9m (31 August 2018: £10.9m), in addition, income earned from the portfolio was £0.3m (2018: £0.3m).

HSBC Private Bank, the investment managers, offer a working capital facility (currently with an agreed limit of £5.0m) secured against the portfolio at a very competitive interest rate. The trustees regularly consider the cost of borrowing to finance working capital against expected investment returns in order to decide whether investments should be sold to fund working capital requirements. The trustees' current opinion is that market returns are likely to exceed the cost of borrowing for the foreseeable future and therefore investments should not be sold. At 31 August 2019 £3.75 of the facility has been drawn (2018: £3.25m).



Support costs

We monitor the effectiveness and cost of our overheads on a continual basis. During 2018/19 we continued to reduce costs through consolidation of support services across the group. We will continue to drive down costs where possible through process and system improvement and simplification of structures, and have reduced headcount in support services during 2019/20.

Reserves

The Finance 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.

The level of Free Reserves that should be maintained by the organisation is determined by balancing two competing objectives. On the one hand ensuring we have maximum and speedy use of resources to deliver real impact for beneficiaries and realise our reform ambitions and, on the other hand, ensuring we have adequate resources to continue to deliver our services through periods of financial challenge and uncertainty and can be here for our beneficiaries over the medium and long term.

The trustees assess the risks that the charity is exposed to on a regular basis and determine a range for Free Reserves considering these risks. The principle risks include:

- an unexpected change in the level of our income;
- the need to maintain services over the short term if funding streams reduce;
- the likelihood of unexpected expenditure; and
- working capital requirements.

In determining the figures trustees also consider future plans for the group and the need to protect vulnerable beneficiaries, staff and volunteers in the unlikely event of unplanned closure of some of its services.

Whilst this process cannot come up with a precise figure for Free Reserves, after taking these factors into consideration the trustees believe that the appropriate level for Free Reserves is between £4.0m and £5.9m for the group.

Free Reserves are those that are freely available at the trustees' discretion to help manage financial variability i.e. Unrestricted Reserves excluding fixed assets and bank borrowing secured against those fixed assets.

At 31 August 2019 the group's total reserves amounted to £31.9m (2018: £27.7m) of which £22.2 was restricted (2018: £16.9m) and £9.7 was unrestricted (2018: £10.8m), including £nil (2018: £0.1m) of Designated Reserves. Of the unrestricted amount £4.3m (2018: £7.5m) is deemed to be free reserves, which is within the range set by the trustees.

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 a firm 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.

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 Finance and Administration Committee to oversee the performance of our investment managers.

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.

Other risk

The impact of the Covid-19 outbreak has been considered on the charity's future plans and budgeting processes and the effect of the outbreak will be a significant risk into the August 2020 year end and beyond. The effect on this year's financial statements has been considered in note 23 – Post balance sheet events - of the financial statements.



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

The trustees are satisfied that Catch22 has aims and objectives and carries out activities that are for the public benefit in that the support provided to individuals, families and communities directly benefits each of those groups and therefore the wider public.

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. The Rainer Foundation has released its permanent endowment and is now dormant. Crime Concern is also now dormant.

Catch22 holds 100% of the share capital of Catch22 Social Enterprise Limited

Catch22 owns 100% of Pupil Parent Partnership Limited, a company limited by guarantee.

Catch22 also owns 100% of Catch22 Social Enterprise Solutions Limited.

Catch22 also owns 100% of Include, a company limited by guarantee.

Catch22 also owns 100% of Catch22 Multi Academies Trust Limited, a company limited by guarantee.

Catch22 also owns 100% of Citizen22, a company limited by guarantee (struck-off February 2020)

Catch22 also owns 100% of Only Connect UK, a company limited by guarantee

Catch22 also owns 100% of Community Links Trust Limited, a company limited by guarantee. Community Links Trust Limited owns 100% of Community Links Trading Limited.

Catch22 also owns 100% of Launch22 Limited, a company limited by guarantee.

Catch22 also owns 100% of Unlocked Graduates, a company limited by guarantee.

Please see note 12 for disclosure of activities and performance of each subsidiary.

GOVERNANCE

Safeguarding

Catch22 is a diverse and dispersed organisation, supporting some very vulnerable service users. In 2017, following a review of our safeguarding arrangements by Morning Lane consultancy, it was recognised that there was a need to have a dedicated post within the organisation to ensure that we could better manage risk and drive improvements in our practice across the various delivery arms particularly education and social care. This post of Safeguarding Manager has been in place since January 2018 and is focussed on continuous improvement to our safeguarding practice.

Over this financial year, there were various safeguarding incidents, primarily made up of disclosures made by the vulnerable young people and adults that we work with. Where appropriate these were escalated to the Local Authority Designated Officer (LADO).

We are rolling out an IT platform for safeguarding incident reporting and management in our schools and colleges to improve communication and reduce the bureaucratic burden, both at the point of reporting and in the administration of the monitoring and follow up actions so that even more resources can be focussed on keeping our service users safe.

Modern Slavery

Catch22 has a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to endeavour to ensure that modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. We also expect that our suppliers will hold their own suppliers to the same high standards.

Board and Committees

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 & Remuneration. Additionally, the Finance and Business Administration Committee has established an Investment sub-committee, which concerns itself with Catch22's investment portfolio.

It is planned to increase the frequency of meetings and reviews the committee structure during 2019/20.

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

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



Board and Committees (continued)

There is a scheme of delegation in place which sets out what matters are reserved for the trustee board and what is delegated to the chief executive and senior management.

Matters reserved for the board include (among others):

- Setting the charity's strategy;
- Approval of the organisational business plan and annual budget;
- Approval of any changes to the group structure;
- Appointment of the chief executive

Matters delegated to the chief executive include (among others):

- Establishing partnerships and joint working arrangements;
- Development of new services;
- Tenders for new contracts (with a value of up to £2m);
- Appointment of the executive management team

Setting Pay and Remuneration of Key Management Personnel

Setting Pay and Remuneration of key management personnel is the responsibility of the Governance and Remuneration committee. In setting pay and remuneration, they consider performance management information and relevant benchmarks within the sector.

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.



Trustees responsibilities (continued)

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 & 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 contacts. Applicants are assessed against a trustee job description and shortlisted candidates are interviewed by a panel of Trustees and appointed by the Trustee Board. Trustees are normally appointed for four years and may be reappointed for a further four years subject to agreement of the Board. A further four year period is available if it's considered to be in the best interest of Board stability.

New Trustees are provided with induction meetings with 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 robust 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. During the year the management team established a Governance Risk & Compliance (GRC) Board, chaired by the Director of Governance & Risk, to manage risk across the group and ensure collaborative mitigating action is taken.



Risk management (continued)

The key risks identified by Catch22 at the end of 2018/19, 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 continue to focus resources in our business development team, keep our quality high and our costs competitive to ensure that our cost basis is sustainable over the longer-term. We are also focussing on securing an increased proportion of voluntary grant income.
- Loss of income and increased service user demand due to the Covid-19 outbreak. Catch22's response is to accelerate the delivery of its three year business plan that began in September 2019 that stated our desire to become more digital, embrace new technology to enhance service delivery and to ensure services are safe, efficient and effective. We committed to greater cross-service collaboration and to focus on going deeper in our main geographical areas, and to growing our presence. Part of our transformation programme over the next year will be on making significant cost savings by identifying opportunities to do things differently, reducing unnecessary spending and eliminating duplication and inefficiencies. This will include closing services that are putting a financial strain on the organisation.
- Increasingly stringent delivery conditions and regulation imposed by commissioner. 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.
- Commissioner payment terms are increasingly significantly 'in arrears' and this combined with more contracts being on a 'payment by results' basis can mean that some payments are not received for more than 6 months after the initial engagement with the beneficiary. Catch22 is responding by regularly monitoring and forecasting working capital requirements, securing facilities with both its investment managers and bankers to fund general requirements and engaging with other funders e.g. social investors and grant funders to secure funding for specific projects.
- Loss of control of personal or sensitive data. Mitigated by robust data protection and information security policies, in line with the General Data Protection Regulation (GDPR), supported by staff briefings and compulsory training. We review the risk of a breach of our IT platforms on an ongoing basis and take appropriate mitigating action to keep them secure.
- Failure to keep our service users safe. Established policies and procedures with clear training and staff competency expectations, monitored through regular supervisions and internal audit, overseen by a Safeguarding Manager and the GRC Board. Compliance with recruitment policies monitored to ensure relevant employment checks are completed. During 2019/20 we will be rolling out improved internet filtering in our schools and colleges to ensure our service users are kept safe online.
- Failure to ensure the wellbeing and safety of staff, particularly those working with vulnerable beneficiaries. People team continuing to develop our wellbeing offer and our policy on staff supervision meetings includes the requirement to discuss staff welfare. Professional health and safety team in post with embedded health and safety policies and procedures, underpinned by compulsory training for managers and regular health and safety inspections with follow-up of actions. Emphasis on learning from incidents and near misses.
- Serious incident results in adverse publicity leading to reputational damage. Appropriate policies and procedure are in place to mitigate the risk of a serious incident occurring. Crisis Management policy in place and crisis management training provided to key staff. Reactive communication strategy prepared.

Further information about Catch2, including our Social Business Review can be found at:
<http://www.catch-22.org.uk>

Signed on behalf of the Board of Trustees on 26 August 2020.

A handwritten signature in black ink that reads "Terry Duddy". The signature is written in a cursive style with a large, stylized 'T' and 'D'.

Terry Duddy
Chair, Catch22 Charity Ltd



AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Catch22 Charity Limited for the year ended 31 August 2019 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

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 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

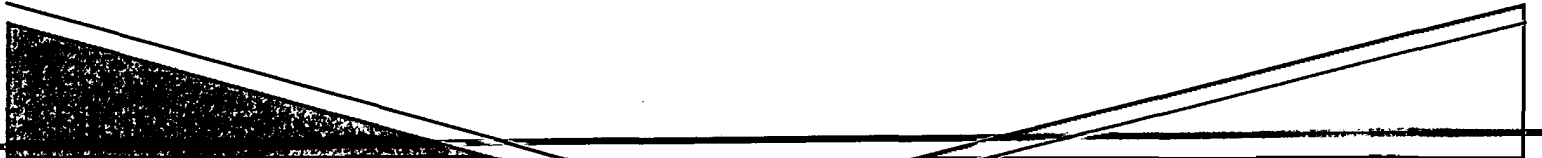
- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Auditors report (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- the parent charitable company has not kept adequate and sufficient 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.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Auditors report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Moore Kingston Smith LLP

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP
27 August 2020

Devonshire House
60 Goswell Road
London
EC1M 7AD



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 August 2019

	Note	Restricted Pension Funds (MAT) £'000	Restricted Fixed Assets Funds (MAT) £'000	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
Income from							
Donations and legacies		-	-	429	523	952	1,932
Grants	2	-	318	2,894	181	3,393	2,082
Donation - transfer from local authority on conversion (MAT)	3	-	5,020	-	-	5,020	5,639
Income from charitable activities	6	-	-	13,523	33,233	46,756	47,233
Income from trading activities		-	-	-	763	763	844
Income from investments	4	-	-	-	318	318	333
Total income		-	5,338	16,846	35,018	57,202	58,063
Expenditure on							
Raising funds		-	-	-	408	408	635
Charitable activities	6						
Ordinary activities		503	527	15,321	35,312	51,663	51,504
Exceptional		-	-	-	1,506	1,506	396
Trading activities		-	-	-	668	668	685
Total expenditure		503	527	15,321	37,894	54,245	53,220
Net gains on investments	11	-	-	-	98	98	97
Net income/(expenditure) for the period		(503)	4,811	1,525	(2,778)	3,055	4,940
Transfers between funds	17,18	259	-	(373)	114	-	-
Net income/(expenditure) before other recognised gains/(losses)		(244)	4,811	1,152	(2,664)	3,055	4,940
Other recognised gains/(losses)							
Gain on revaluation of Fixed Assets		-	-	-	1,511	1,511	-
Actuarial gain/(loss) on defined benefit pension scheme	21	(444)	-	-	-	(444)	288
Net movement in funds		(688)	4,811	1,152	(1,153)	4,122	5,228
Reconciliation of funds							
Total funds brought forward		(811)	14,395	3,331	10,819	27,734	22,506
Total funds carried forward		(1,499)	19,206	4,483	9,666	31,856	27,734

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

All income and expenditure derive from continuing activities.

The statement provides the consolidated information for the charitable company and its subsidiary undertakings. Total income for the charitable company alone was £39,617k (2018: £40,653k) and net expenditure was £2,038k (2018: £1,322k).

The notes on pages 46 to 72 form part of these financial statements.

CONSOLIDATED BALANCE SHEET - 31 August 2019
Company number: 06577534

	Note	31 August 2019 £'000	31 August 2018 £'000
Fixed assets			
Intangible assets	9	281	146
Tangible fixed assets	10	24,679	18,539
Investments	11	11,001	11,001
		35,961	29,686
Current assets			
Stock	8		14
Debtors	13	7,511	7,544
Cash at bank and in hand		2,519	3,130
Current liabilities		10,038	10,688
Creditors: amounts due within one year	14	(11,337)	(11,426)
Net current assets/(liabilities)		(1,299)	(738)
		34,662	28,948
Creditors: amounts falling due after more than one year	15	(293)	(403)
Provisions	16	(2,513)	(811)
Net assets	19	31,856	27,734
Funds			
Restricted pension funds	17	(1,499)	(811)
Restricted fixed asset funds	17	19,206	14,395
Restricted funds	17	4,483	3,331
General fund	18	9,666	10,819
		31,856	27,734

The financial statements were approved by the Board of Trustees and authorised for issue on 26 August 2020.

Terry Duddy

Terry Duddy
Chair

The notes on pages 46 to 72 form part of these financial statements.

CHARITY BALANCE SHEET - 31 August 2019
Company number: 06577534

	Note	31 August 2019		31 August 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		281		128
Tangible fixed assets	10		4,207		2,766
Investment in subsidiary	11		253		253
Investments	11		<u>10,885</u>		<u>10,885</u>
			15,626		14,032
Current assets					
Stock		8		14	
Debtors	13	6,418		6,631	
Cash at bank and in hand		<u>565</u>		<u>117</u>	
		6,991		6,762	
Current liabilities					
Creditors: amounts due within one year	14	<u>(11,655)</u>		<u>(10,209)</u>	
Net current assets/(liabilities)			(4,664)		(3,447)
			<u>10,962</u>		<u>10,585</u>
Creditors: amounts falling due after more than one year	15		(293)		(403)
Provisions	16		<u>(1,014)</u>		<u>-</u>
Net assets			<u>9,655</u>		<u>10,182</u>
Funds					
Restricted funds	17		2,285		1,149
General fund	18		<u>7,370</u>		<u>9,033</u>
			<u>9,655</u>		<u>10,182</u>

As permitted by s408 of the Companies Act 2006, the company has not presented its own statement of financial activities and income and expenditure account. The company's net expenditure in 2019 was £2,038k (2018: £1,322k)

The financial statements were approved by the Board of Trustees and authorised for issue on 26 August 2020.

Terry Duddy

Terry Duddy
Chair
Company Registration No. 06577534

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 August 2019

	Year to 31 August 2019		Year to 31 August 2018	
	£'000	£'000	£'000	£'000
Net income/(expenditure) for the reporting period		3,055		4,940
Adjusted for:				
Fair value of land and buildings transferred on academy conversion		-		(994)
Net gains on investments		(99)		(97)
Revaluation of tangible fixed assets		(5,020)		(4,645)
Loss on disposal of tangible fixed assets		168		4
Depreciation charges		356		254
Amortisation charges		126		260
Defined benefit pension scheme cost less contributions payable		224		207
Defined benefit pension scheme finance cost		20		21
Interest receivable		(3)		(2)
Investment income receivable		(318)		(331)
Interest payable		94		70
Capital grants received		(318)		(91)
(Increase)/Decrease in stock		6		1
(Increase)/Decrease in debtors		33		145
Increase/(Decrease) in liabilities		663		212
Net cash provided by/(used in) operating activities		(1,013)		(46)
Investing activities				
Purchase of intangible fixed assets	(261)		(7)	
Purchase of tangible fixed assets	(135)		(220)	
Capital grants received	318		91	
Proceeds from sale of investments	316		-	
Interest received	3		2	
Investment income received	101		508	
Net cash generated from investing activities		342		374
Financing Activities				
Repayment of borrowings	(110)		(110)	
Interest paid	(94)		(70)	
Net cash used in financing activities		(204)		(180)
Net increase/(decrease) in cash and cash equivalents in the reporting period		(875)		148
Cash and cash equivalents at beginning of year		(378)		(526)
Cash and cash equivalents at end of year		(1,253)		(378)
Relating to:				
Bank balances and short term deposits		2,519		3,130
Bank overdrafts		(3,772)		(3,508)
Cash and cash equivalents		(1,253)		(378)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 August 2019

1. Accounting policies

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

Catch22 Charity Limited is a charitable company (no. 06577534), limited by guarantee, incorporated in England and Wales and registered with the Charity Commission (no 1124127). The registered office is 27 Pear Tree Street, London EC1V 3AG.

Basis of preparation

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

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable group to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trustees have considered the charitable company's forecast and projections and have considered the potential impact of the Covid-19 outbreak on the viability of the charitable group. As set out in note 23, whilst some income lines are affected, they are partly mitigated by anticipated costs savings. Annual budgets have been revised taking this into account with prudent figures for both income and expenditure. The charity has an investment portfolio held in relatively liquid funds valued at £10.89m as at 31 August 2019 with an available working capital facility secured against this of up to £5.0m (£3.75m drawn as at 31 August 2019). This facility is due for renewal in December 2020, but the trustees expect that it will be renewed on similar terms. Although the value of the portfolio had fallen by £656k as at 30 June 2020 this equates to £6.48m of available cash should it be required and in addition there is a £1.0m unsecured overdraft facility available (£nil utilised at 31 August 2019). The overdraft is due for review in April 2021, but the trustees have no reason to believe that it will not be renewed on similar terms. After making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

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

The charity has taken advantage of the exemption in the Companies Act 2006 not to present its own statement of financial activities. The results of the charity for the year ended 31 August 2019 are set out here: total income of £39,617k (2018: £40,653k) total expenditure of £41,753k (2018: £41,975k), net gains on investments £99k (2018: £97k) and revaluation of a property £1,511k (2018: £nil), resulting in net movement in funds of (£527k) (2018: (£1,225k)). This is after charging exceptional items of £1,801k, relating to service closures and organisational restructuring, provisions against loans to subsidiaries and a potential clawback of funding relating to non-delivery by a subcontractor (2018: £430k).

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

Basis of consolidation

The consolidated financial statements incorporate those of Catch22 Charity Limited and all its subsidiaries apart from Launch22 Limited. The company has taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to include Launch22 as it is not material to the group.

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. All intra-group transactions and balances between group companies are eliminated on consolidation.

Income

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

Grants and fees

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

Donations

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

Investment Income

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

Expenditure

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

Allocation of overhead and support costs

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

Governance costs

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

Costs of raising funds

The costs of generating funds consist of investment management fees and the costs of raising funds including an apportionment of overhead, support and governance costs.

Charitable activities

Costs of charitable activities include grants payable and other costs directly associated with providing the services and support provided by the charity and an apportionment of overhead, support and governance costs.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 August 2019

1. Accounting policies (continued)

Expenditure (continued)

Trading activities

Costs of trading activities include costs directly associated with providing the services provided through trading and an apportionment of overhead, support and governance costs.

Intangible Assets

Development costs for future IT projects are capitalised at cost, provided it is likely to bring future economic benefit to the group. If the criteria for recognition as assets are not met, the expense is recognised in the statement of financial activities in the period in which it is incurred. Capitalised IT costs include all direct and indirect costs that are directly attributable to the development process. The costs are amortised using the straight line method over 3 to 5 years being their estimated useful lives.

Capitalisation of assets

Assets with a value of greater than £10,000 (and some lower value vehicles and IT equipment with an estimated useful life of at least 4 or 3 years respectively) are capitalised and depreciated to write off the cost of the assets over their estimated useful lives.

Tangible fixed assets

Land and buildings and equipment are stated in the balance sheet at cost or, in the case of certain freehold and long leasehold land and buildings, valuation 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 three or 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 Instruments

Cash and cash equivalents

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

Debtors and creditors

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

Employee benefits

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

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

Pension costs – Defined Contribution Schemes

The 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' 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 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 Trust 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 quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS' are funded schemes and the assets are held separately from those of the Trust 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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 August 2019

1. Accounting policies (continued)

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 £50k (2018: £50k). This figure does not include a value for the volunteer work which is indispensable to the work that the Group undertakes.

Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

Fund Accounting

The group maintains various types of funds as follows:

Restricted Pension funds

Restricted pension reserves are resources or liabilities relating to the group's obligations to the Local Government Pension Scheme, of which some of its employees are members.

Restricted fixed asset funds

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted funds

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

Unrestricted funds

Revaluation reserves relate to the measurement of the fair value of certain freehold property. Designated funds are funds that the trustees have designated to be used for specific purposes. General unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objects of the Charity.

Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the trustees to have most significant effect on amounts recognised in the financial statements:

a) *Local Government Pension Scheme liability*

The present value of the Local Government Pension Schemes defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions.

The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

b) *Useful Economic Lives of Intangible Assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advances, future investments and economic utilisation. Goodwill and computer software impairment reviews are performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill and software has been allocated and the public benefit derived from the services provided to beneficiaries in fulfilment of the company and group's charitable objectives.

c) *Impairment of Goodwill and Investments in Subsidiaries*

Impairment reviews of goodwill and investment in subsidiaries are carried out annually. These reviews require an estimation of both the expected future cash generation of the charitable subsidiaries to which the goodwill and investments relate and consideration of the public benefit derived from the services provided to beneficiaries in fulfilment of the company and group's charitable objectives.

d) *Land and buildings transferred on conversion*

Long leasehold title of land and buildings has been transferred to the Catch22 Multi Academies Trust at £nil consideration. The premises have been recognised in the Trust's accounts at their fair value as at the date of conversion. This has been estimated at the most recent valuation figures provided by the transferring local authority, as a best approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

Comparative Consolidated Statement of Financial Activities for the Period Ended 31 August 2018

	Note	Restricted Pension Funds (MAT) £'000	Restricted Fixed Assets Funds (MAT) £'000	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2018 £'000
Income from						
Donations and legacies		-	-	1,245	687	1,932
Grants	2	-	91	1,720	271	2,082
Donation - transfer from local authority on conversion (MAT)	3	-	5,639	-	-	5,639
Other income	4	-	-	-	-	-
Income from charitable activities	7	-	-	11,872	35,361	47,233
Income from trading activities		-	-	-	844	844
Income from investments	5	-	-	-	333	333
Total income		-	5,730	14,837	37,496	58,063
Expenditure on						
Raising funds		-	-	41	594	635
Charitable activities	6					
Ordinary activities		429	102	14,164	36,809	51,504
Exceptional		-	-	-	396	396
Trading activities		-	-	-	685	685
Total expenditure		429	102	14,205	38,484	53,220
Net gains on investments	11	-	-	-	97	97
Net income/(expenditure) for the period		(429)	5,628	632	(891)	4,940
Transfers between funds	17,18	201	(82)	(300)	181	-
Net income/(expenditure) before other recognised gains/(losses)		(228)	5,546	332	(710)	4,940
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension scheme	21	288	-	-	-	288
Acquisition of non-controlling interest		-	-	-	-	-
Net movement in funds		60	5,546	332	(710)	5,228
Reconciliation of funds						
Total funds brought forward		(871)	8,849	2,999	11,529	22,506
Total funds carried forward		(811)	14,395	3,331	10,819	27,734

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 August 2019

2. Donations, legacies and grants

	Year to 31 August 2019				Year to 31 August 2018			
	Fixed Asset Restricted £'000	Restricted £'000	Unrestricted £'000	Total funds £'000	Fixed Asset Restricted £'000	Restricted £'000	Unrestricted £'000	Total funds £'000
NCS & employability	-	1,868	-	1,868	-	1,087	-	1,087
Vocational training	-	-	-	-	-	-	-	-
Education	318	-	-	318	91	-	-	91
Justice	-	70	74	144	-	215	175	390
Young people & families	-	432	89	521	-	108	118	226
Place based delivery and early action	-	429	415	844	-	1,245	451	1,696
Other	-	524	126	650	-	310	214	524
	318	3,323	704	4,345	91	2,965	958	4,014

The group has benefited from the support of a number of private donors, trusts, foundations and corporate entities including Barclays Bank plc, The Tides Foundation, The National Lottery Community Fund and The Clothworkers' Foundation.

3. Transfers from local authority on conversion

On 1 September 2017 The Everitt Academy and on 1 June 2018 The Fen Rivers Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Catch22 Multi Academies Trust from Norfolk County Council and Suffolk County Council respectively, for £nil consideration.

The transfer was accounted for in the comparative period as a combination that is in substance a gift. The assets and liabilities transferred were valued at the best estimate of their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

During the current year the land and buildings at these schools have been revalued following receipt of the land and buildings valuation as at 31 August 2018 performed by Montagu Evans. The increase in valuation of land and buildings is as follows:

	Restricted Pension Fund £000	Restricted £000	Restricted Fixed Asset £000	Total Funds £000
Tangible fixed assets	-	-	5,020	5,020
Long leasehold land and buildings	-	-	5,020	5,020
Net Assets	-	-	5,020	5,020

Transfer from local authority for the year ended 31 August 2018 relates to the following:

As set out above on 1 September 2017 The Everitt Academy and on 1 June 2018 The Fen Rivers Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Catch22 Multi Academies Trust from Norfolk County Council and Suffolk County Council respectively, for £nil consideration. The transfer was accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at the best estimate of their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion. Land and buildings totalling £994k were recognised in accordance with the latest valuations as provided by Suffolk County Council and Norfolk County Council respectively, being the best estimate of fair value transferred on conversion.

During the year ended 31 August 2017 the land and buildings occupied by The Brunel Academy and The Burton academy were assigned to the Catch22 Multi Academies Trust on conversion. Land and buildings totalling £3,855k were recognised in accordance with the latest valuations provided by Torquay Council, being the best estimate of fair value transferred on conversion. During the year ended 31 August 2018 the land and buildings at The Brunel Academy and The Burton Academy have been revalued to £8,500k following receipt of the land and buildings valuation as at 31 August 2017 as provided by the ESFA.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Restricted Fixed Asset £000	Total Funds £000
Tangible fixed assets		
Long leasehold land and buildings	994	994
Long leasehold land and buildings in respect of prior periods	4,645	4,645
Net Assets - 2018	5,639	5,639

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 August 2019

4. Investment income

	Restricted funds £'000	Unrestricted funds £'000	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
Investment income	-	-	318	331
Interest and other income	-	-	-	2
	-	-	318	333

All prior year investment income was also unrestricted

5. Net income/(expenditure) for the year

	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	355	254
Loss on disposal of tangible fixed assets	168	4
Amortisation of goodwill and intangible fixed assets	126	260
Property rental	1,396	1,626
Auditor's remuneration		
Audit fees for Charity's annual accounts	30	29
Audit fees for other services:		
- the audit of the Charity's subsidiaries, pursuant to legislation	44	49
- other fees and taxation advice	26	8

6. Charitable activities

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

	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2019 £'000
NCS & Employability	-	5,628	5,628
Education	8,216	7,991	16,207
Justice	3,447	7,224	10,671
Young people & families	573	7,829	8,402
Vocational training	-	3,598	3,598
Place based delivery and early action	1,287	929	2,216
Other	-	34	34
Total	13,523	33,233	46,756

Analysis of income from charitable activities for the year ended 31 August 2018

	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2018 £'000
NCS & Employability	-	6,245	6,245
Education	6,843	8,283	15,126
Justice	2,996	7,013	10,009
Young people & families	602	8,158	8,760
Vocational training	-	5,245	5,245
Place based delivery and early action	1,431	404	1,835
Other	-	13	13
Total	11,872	35,361	47,233

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

6. Charitable activities (continued)

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

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2019
	£'000	£'000	£'000	£'000	£'000
NCS & Employability	-	-	1,044	5,109	6,153
Education	503	527	7,667	9,609	18,306
Justice	-	-	3,312	6,784	10,096
Young people & families	-	-	973	7,836	8,809
Vocational training	-	-	-	4,307	4,307
Place based delivery and early action	-	-	1,921	1,493	3,414
Other	-	-	404	174	578
Exceptional items	-	-	-	225	225
Total	503	527	15,321	35,537	51,888

Included within place based delivery and early action expenditure is £50k (2018: £256k) related to the transition of Community Links Trust into the Catch22 group and the related Community Links Trust restructuring costs.

Analysis of expenditure on charitable activities for the year ended 31 August 2018

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2018
	£'000	£'000	£'000	£'000	£'000
NCS & Employability	-	-	982	5,621	6,603
Education	429	102	6,511	9,193	16,235
Justice	-	-	3,363	6,529	9,892
Young people & families	-	-	1,080	8,062	9,142
Vocational training	-	-	-	6,167	6,167
Place based delivery and early action	-	-	2,062	975	3,037
Other	-	-	166	262	428
Exceptional items	-	-	-	396	396
Total	429	102	14,164	37,205	51,900

Support Costs

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

Year Ended 31 August 2019	Business development, marketing and communications	Facilities & IT	Finance and commercial	Human resources	Management and strategy	Compliance and risk management	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Raising Funds	5	5	9	7	5	3	33
Charitable activities:							
NCS & employability	75	68	133	103	73	46	499
Education	224	202	396	306	218	136	1,483
Justice	124	111	219	169	120	75	818
Young people & families	108	97	191	147	105	66	714
Vocational training	53	48	93	72	51	32	349
Place based delivery and early action	42	32	74	57	41	25	277
Other	7	6	12	9	7	4	44
	638	575	1,127	870	621	387	4,217
Trading activities	8	7	14	11	8	5	54
	646	582	1,141	881	629	392	4,271

Governance costs included in the above support costs amount to £88k

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

6. Charitable activities (continued)

Support Costs (continued)

Year Ended 31 August 2018	Business development, marketing and communications £'000	Facilities & IT £'000	Finance and commercial £'000	Human resources £'000	Management and strategy £'000	Compliance and risk management £'000	Total £'000
Raising Funds	9	7	15	11	8	4	54
Charitable activities:							
NCS & employability	89	70	158	111	81	36	545
Education	220	171	389	273	199	90	1,342
Justice	134	104	237	166	121	54	816
Young people & families	124	96	219	154	112	50	755
Vocational training	83	65	148	104	75	34	509
Place based delivery and early action	41	32	73	51	37	17	251
Other	6	4	10	7	5	2	34
	697	542	1,234	866	630	283	4,252
Trading activities	9	7	16	12	8	4	56
	715	556	1,265	889	646	291	4,362

Governance costs included in the above support costs amount to £103k

Exceptional Items

Included within Cost of Charitable Activities are the following exceptional items:

	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
Closure of Catch22 Social Enterprise Limited	-	(3)
Organisational restructuring and service closures	225	399
Provision against group company debtor (not consolidated)	267	-
Potential clawback of funding relating to non-delivery by a subcontractor	1,014	-
Total	1,506	396

7. Staff costs

	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
Salaries	28,297	26,736
Redundancies	143	129
National Insurance contributions	2,598	2,366
Pension contributions	1,367	985
	32,405	30,216
The average number of employees during the period split as follows:		
Charitable Activities	945	1,061
Trading	5	5
Support	97	84
Total	1,047	1,150

During the period payments to agencies for temporary staff amounted to £2,030,435 (2018: £1,244,175)
Agency staff are used to cover temporary vacancies and to meet short-term needs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

7. Staff costs (continued)

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

	Year to 31 August 2019 £'000	Year to 31 August 2018 £'000
£60,001 - £70,000	20	20
£70,001 - £80,000	2	3
£80,001 - £90,000	4	4
£90,001 - £100,000	1	-
£100,001-£110,000	2	-
£110,001-£120,000	-	-
£150,001-£160,000	1	1

Employer's pension contributions of £203,851 (2018: £103,899) were paid on behalf of the above staff.

No trustees received any remuneration during the period. Two (2018: four) trustees were reimbursed £1,015 (2018: £4,636) during the year for travelling expenses incurred during the year.

Key Management Personnel

The total employee benefits of the Key Management Personnel were £1,184,242 (2018: £830,534).

Volunteers

The average number of volunteers for the year to 31 August 2019 totalled 162 (2018: 255). 91 worked in Young People & Families on various projects, 49 volunteers worked in Justice, 12 worked in Vocational Training, 8 worked in NCS & Employability and 2 worked in other areas.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

8. Intangible fixed assets – Consolidated

	Computer Software £'000	Goodwill £'000	Total £'000
Cost			
1 September 2018	1,519	457	1,976
Additions	261	-	261
31 August 2019	1,780	457	-
Amortisation			
1 September 2018	1,391	439	1,830
Charge for the year	108	18	126
31 August 2019	1,499	457	1,956
Net book value			
At 31 August 2019	281	-	281
At 31 August 2018	128	18	146

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 subsidiaries, Include and Only Connect UK, at the date of acquisition. The estimate useful life of goodwill is 5 years in relation to Include and 3 years in relation to Only Connect.

9. Intangible fixed assets – Charity only

	Computer Software £'000	Total £'000
Costs		
1 September 2018	1,519	1,519
Additions	261	261
31 August 2019	1,780	1,780
Amortisation		
1 September 2018	1,391	1,391
Charge for the year	108	108
31 August 2019	1,499	1,499
Net book value		
At 31 August 2019	281	281
At 31 August 2018	128	128

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

10. Tangible fixed assets – Consolidated

	Long leasehold land and buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Motor Vehicles £'000	Total £'000
Cost or Revaluation					
1 September 2018	18,236	737	686	42	19,701
Revaluations	6,301	-	-	-	6,302
Additions	7	45	84	-	136
Disposals	-	-	(287)	(12)	(299)
31 August 2019	24,545	782	483	30	25,840
Depreciation					
1 September 2018	684	73	364	41	1,162
Charge for the year	179	55	121	1	356
Disposals	-	-	(119)	(12)	(131)
Eliminated on revaluation	(227)	-	-	-	(227)
31 August 2019	636	128	366	30	1,160
Net book value					
At 31 August 2019	23,908	654	117	-	24,679
At 31 August 2018	17,552	664	322	1	18,539

As set out in Note 3, during the current year the land and buildings occupied by The Everitt Academy and The Fen Rivers Academy (held by the Catch22 Multi Academies Trust) have been revalued following receipt of the land and buildings valuation as at 31 August 2018 performed by Montagu Evans. The increase in valuation of these land and buildings recognised during the year was £5,020k.

Also during the year the charity's head office at 27 Pear Tree Street, London was valued as at 31 August 2019 by JM Commercial, Chartered Surveyors. The increase in valuation of this property recognised during the year was £1,510k.

10. Tangible fixed assets – Charity only

	Long leasehold land and buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Total £'000
Cost or Revaluation				
1 September 2018	2,196	737	264	3,197
Additions	-	45	64	109
Revaluation	1,282	-	-	1,282
31 August 2019	3,478	782	327	4,588
Depreciation				
1 September 2018	193	73	165	431
Charge for the year	34	55	88	177
Eliminated on Revaluation	(227)	-	-	(227)
31 August 2019	-	128	253	381
Net book value				
At 31 August 2019	3,478	655	74	4,207
At 31 August 2018	2,003	664	99	2,766

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

11. Investment in subsidiary – Charity only

	Investment in subsidiary £'000	Total £'000
Cost		
31 August 2018 and 31 August 2019	475	475
Impairment		
1 September 2018	222	222
Charge for the year	-	-
31 August 2018	222	222
Net book value		
At 31 August 2019	253	253
At 31 August 2018	253	253

11. Investments – Consolidated

	31 August 2019 £'000	31 August 2018 £'000
Investment in associated LLP	105	105
Other investments at market value	10,896	10,896
Investments at market value	11,001	11,001
Quoted investments	10,463	10,438
Cash held by investment managers	428	453
Unlisted investments	110	110
	11,001	11,001
1 September 2018	11,001	11,081
Acquisitions at cost	3,518	3,602
Disposal proceeds	(3,591)	(3,951)
Increase/(decrease) in cash in the portfolio	(25)	172
Change in market value	98	97
Market value at 31 August 2019	11,001	11,001
Historic cost at 31 August 2019	9,885	9,641

	31 August 2019			31 August 2018		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC - equity	1,379	12	1,198	7,962	72	6,630
HSBC – funds-	5,426	49	4,698	276	3	267
HSBC – fixed income	2,375	22	2,280	1,521	14	1,553
HSBC - alternatives	1,278	12	1,166	673	6	621
HSBC - cash	428	4	428	453	4	453
Other - listed	5	-	5	6	-	6
Other - unlisted	110	1	110	110	1	111
	11,001	100	9,885	11,001	100	9,641

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

11. Investments – Charity only

	31 August 2019 £'000	31 August 2018 £'000
Investments at market value	10,886	10,885
Quoted investments	10,458	10,432
Cash held by investment managers	428	453
	<u>10,886</u>	<u>10,885</u>
1 September 2018	10,885	10,965
Acquisitions at cost	3,518	3,602
Disposal proceeds	(3,591)	(3,951)
Increase in cash in the portfolio	(25)	172
Change in market value	98	97
	<u>10,886</u>	<u>10,885</u>
Market value at 31 August 2019	10,886	10,885
Historic cost at 31 August 2019	9,770	9,524

	31 August 2019			31 August 2018		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC – equity	1,379	12	1,198	7,962	73	6,630
HSBC – funds	5,426	50	4,698	276	3	267
HSBC – fixed income	2,375	22	2,280	1,521	14	1,553
HSBC – alternatives	1,278	12	1,166	673	6	621
HSBC – cash	428	4	428	453	4	453
	<u>10,886</u>	<u>100</u>	<u>9,770</u>	<u>10,885</u>	<u>100</u>	<u>9,524</u>

12. Subsidiaries

The charity is the parent of the following subsidiaries:

Name of subsidiary	Country of incorporation	Registered Office	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl. invest income £'000	Costs £'000	Surplus/ (deficit) for the year £'000
The Royal Philanthropic Society incorporating the Rainer Foundation Charity Number 229132	England and Wales	N/A	Dormant	100%	-	-	-	-
Crime Concern Trust Limited Company Number: 02259016 Charity Number 800735	England and Wales	(1)	Dormant	100%	-	-	-	-
Catch22 Social Enterprise Limited Company Number: 06166785	England and Wales	(1)	Dormant	100%	(646)	-	-	-
Catch22 Social Enterprise Solutions Limited Company Number: 07971380	England and Wales	(1)	Providing training and employment opportunities for the unemployed	100%	(5)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

12. Subsidiaries (continued)

Name of subsidiary	Country of incorporation	Registered Office	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl. invest income £'000	Costs £'000	Surplus/ (deficit) for the year £'000
Pupil Parent Partnership Limited <i>Company Number: 04872659</i>	England and Wales	(2)	Dormant	100%	1	-	-	-
Include <i>Company Number: 02429781</i> <i>Charity Number 0803333</i>	England and Wales	(2)	Dormant	100%	253	-	-	-
Catch22 Multi Academies Trust Limited <i>Company Number: 08299181</i>	England and Wales	(2)	Advancing for the public benefit, education in the UK through the operation of alternative provision schools	100%	18,910	13,696	(9,397)	4,299
Only Connect UK <i>Company Number: 05848399</i> <i>Charity Number 1116147</i>	England and Wales	(3)	Advancing the education and prospects of prisoners, ex-offenders and young people at risk of crime in London	100%	(180)	512	(592)	(80)
Citizen22 <i>Company Number: 09754657</i>	England and Wales	(2)	Dissolved 4 February 2020	100%	-	-	-	-
Community Links Trust Limited <i>Company Number: 02661182</i> <i>Charity Number 1018517</i>	England and Wales	(4)	Community delivery and early action	100%	3,173	3,403	(3,120)	283
Community Links Trading Limited <i>Company Number: 05737749</i>	England and Wales	(4)	Events management, production services and storage	100%	12	787	(614)	173
Unlocked Graduates <i>Company Number: 11448853</i> <i>Charity Number 1187552</i>	England and Wales	(2)	Dormant	100%	-	-	-	-

Not consolidated:

for the 9 months ended 31 August 2019

Launch22 Limited <i>Company Number: 08789117</i> <i>Charity Number 1156715</i>	England and Wales	(2)	Mentoring, advice and training, access to facilities and workspace to enable persons to become self-supporting	100%	(374)	256	(299)	(43)
---	-------------------	-----	--	------	-------	-----	-------	------

Launch22 is not included in the consolidated financial statements of Catch22 Charity Limited as the company has taken advantage of the exemption provided by section 479A of the Companies Act 2006 not to include Launch22, as it is immaterial to the group.

The list of Registered Offices is set out below:

- (1) Rectory Lodge, High Street, Brasted, Kent, TN16 1JF
- (2) 27 Pear Tree Street, London, EC1V 3AG
- (3) 32 Cubitt Street, London, WC1X 0LR
- (4) 105 Barking Road, London, E16 4HQ

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

13. Debtors: amounts due within one year

	31 August 2019 £'000	31 August 2018 £'000
Consolidated		
Grant and trade debtors	3,498	3,590
Other debtors	282	271
Prepayments and accrued income	3,723	3,494
Amounts owed by other group companies	8	189
	7,511	7,544

Financial instruments included in the above debtor balances are £6,792k (2018: £6,840k)

Charity only		
Grant and trade debtors	2,847	2,905
Other debtors	162	174
Prepayments and accrued income	3,292	3,014
Amounts owed by other group companies	117	538
	6,418	6,631

Financial instruments included in the above debtor balances are £5,873k (2018: £6,120k).

14. Creditors: amounts falling due within one year

	31 August 2019 £'000	31 August 2018 £'000
Consolidated		
Bank overdraft	3,772	3,508
Bank loan	110	110
Trade creditors	1,862	1,772
Accrued expenditure and income in advance	3,873	3,952
Other taxes and social security	1,400	1,163
Other creditors	320	921
	11,337	11,426

Financial instruments included in the above creditor balances are £8,397k (2018: £9,237k). Included in other creditors are outstanding pension contributions amounting to £187k (2018: £90k). £3,750k (2018: £3,250k) of the bank overdraft is secured by a fixed charge over the investments of the charity. It is provided by HSBC Private Bank and is repayable on demand and interest is charged at 1.25% above the base rate. the total facility available is £5,000k. In addition the charity has a £1m unsecured overdraft available from Barclays Bank with interest charged at 3% above the base rate.

Charity only		
Bank overdraft	3,772	3,508
Bank loan	110	110
Trade creditors	1,528	1,199
Accrued expenditure and income in advance	3,159	3,348
Other taxes and social security	1,220	995
Amounts owing to other group companies	1,766	326
Other creditors	100	723
	11,655	10,209

Financial instruments included in the above creditor balances are £9,226k (2018: £8,383k). Included in other creditors are outstanding pension contributions amounting to £96k (2018: £16k). £3,750k (2018: £3,250k) of the bank overdraft is secured by a fixed charge over the investments of the charity. It is provided by HSBC Private Bank and is repayable on demand and interest is charged at 1.25% above the base rate. the total facility available is £5,000k. In addition the charity has a £1m unsecured overdraft available from Barclays Bank with interest charged at 3% above the base rate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

14. Creditors: amounts falling due within one year

Consolidated — deferred income movement	£'000
Balance at 1 September 2018	1,033
Amount released in the period	(1,033)
Amount deferred in the period	1,539
Balance at 31 August 2019 – all due within one year	1,539

Charity only — deferred income movement	£'000
Balance at 1 September 2018	865
Amount released in the period	(865)
Amount deferred in the period	1,209
Balance at 31 August 2019 – all due within one year	1,209

15. Creditors: amounts falling after more than one year

	31 August 2019 £'000	31 August 2018 £'000
Consolidated		
Bank loan	293	403
	293	403
Charity only		
Bank loan	293	403
	293	403

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 2019 is £403k – shown as £293k due in more than one year and £110k due in less than one year - (2018: £513k). The bank loan is secured by a fixed charge over the charity's leasehold property at Pear Tree Street, London. Interest is charged at 3.28% above base rate.

16. Provisions

	31 August 2019 £'000	31 August 2018 £'000
Consolidated		
Pension fund deficit (note 18)	1,499	811
Potential clawback of funding relating to non-delivery by a subcontractor	1,014	-
	2,513	811
Charity only		
Potential clawback of funding relating to non-delivery by a subcontractor	1,014	-
	1,014	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

17. Restricted funds

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000
Consolidated				
Balance at 1 September 2018	(811)	14,395	3,331	16,915
Income	-	5,338	16,846	22,184
Expenditure	(503)	(527)	(15,321)	(16,351)
Transfers between funds	-	-	(373)	(373)
Actuarial gain/(loss) on defined benefit pension scheme	(185)	-	-	(185)
Balance at 31 August 2019	(1,499)	19,206	4,483	22,190
Charity only				
Balance at 1 September 2018	-	-	1,149	1,149
Income	-	-	6,855	6,855
Expenditure	-	-	5,719	5,719
Balance at 31 August 2019	-	-	2,285	2,285

The specific purposes for which the funds are to be applied are as follows:

Restricted pension funds

These arise in Catch22 Multi Academies Trust and represent the negative reserve in respect of the liability on the LGPS defined benefit pension scheme.

Restricted fixed asset funds

These arise in Catch22 Multi Academies Trust and represent the net book value of 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. Income represents donations, grants and fees from government bodies and corporate and trust donors. Expenditure represents expenditure on specific services linked to these restricted donations, grants and fees. Restricted funds also include the activities of the subsidiary company, Catch 22 Multi Academies Trust Limited.

An analysis of restricted funds by activity is set out below:

Transfers between funds

Restricted pension funds £259k (2018: £210k) – this represents the actual employer contributions in year to the LGPS scheme, transferred from restricted funds in the Catch22 Multi Academies Trust

Restricted fixed asset funds £nil (2018: (£82k)) – this represents property maintenance expenditure transferred to restricted funds in the Catch22 Multi Academies Trust

Restricted funds (£373k) – (£259k) and £nil as described above. The remaining (£145k) (2018: (£181k)) represents charges for services between the Charity and Catch22 Multi Academies Trust, transferred to general funds

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

17. Restricted funds (continued)

Prior year	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000	
Consolidated					
Balance at 1 September 2017	(871)	8,849	2,999	10,977	
Income	-	5,730	14,837	20,567	
Expenditure	(429)	(102)	(14,205)	(14,736)	
Transfers between funds	201	(82)	(300)	(181)	
Actuarial gain/(loss) on defined benefit pension scheme	288	-	-	288	
Balance at 31 August 2018	(811)	14,395	3,331	16,915	
Charity only					
Balance at 1 September 2017	-	-	1,786	1,786	
Income	-	-	5,217	5,217	
Expenditure	-	-	(5,854)	(5,854)	
Balance at 31 August 2018	-	-	1,149	1,149	
Current year					
	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2019 £'000
Consolidated by charitable activity					
NCS and employability	438	1,869	(1,043)	-	1,264
Education	899	8,216	(7,668)	(373)	1,074
Justice	2	3,517	(3,312)	-	207
Young people and families	434	1,005	(973)	-	466
Place based delivery and early action	985	1,715	(1,883)	-	817
Place based delivery and early action – fixed assets	409	-	(37)	-	372
Other	164	524	(405)	-	283
Total restricted funds	3,331	16,846	15,321	(373)	4,483
	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2019 £'000
Charity only by charitable activity					
NCS and employability	438	1,869	(1,043)	-	1,264
Justice	112	3,447	(3,298)	-	271
Young people and families	435	1,005	(973)	-	467
Other	164	524	(405)	-	283
Total restricted funds	1,149	6,845	(5,739)	-	2,285
Prior year	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2018 £'000
Consolidated by charitable activity					
NCS and employability	333	1,087	(982)	-	438
Education	866	6,844	(6,511)	(300)	899
Justice	173	3,211	(3,382)	-	2
Young people and families	805	710	(1,080)	-	435
Place based delivery and early action	333	2,676	(2,024)	-	985
Place based delivery and early action – fixed assets	469	-	(60)	-	409
Other	20	309	(166)	-	163
Total restricted funds	2,999	14,837	(14,205)	(300)	3,331

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

17. Restricted funds (continued)

Prior year

	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2018 £'000
Charity Only by charitable activity					
NCS and employability	333	1,087	(982)	-	438
Education	345	-	(345)	-	-
Justice	283	3,110	(3,281)	-	112
Young people and families	805	710	(1,080)	-	435
Other	20	310	(166)	-	164
Total restricted funds	1,786	5,217	(5,854)	-	1,149

18. Unrestricted funds

	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Net gains on investments £'000	Net gain on revaluation of fixed assets £'000	Balance 31 August 2019 £'000
Consolidated							
Revaluation reserve	1,087	-	(9)	-	-	1,511	2,589
Designated transition funding	50	-	(50)	-	-	-	-
Designated fixed assets	55	-	-	-	-	-	55
General fund	9,627	35,018	(37,835)	114	98	-	7,022
Total	10,819	35,018	(37,894)	114	98	1,511	9,666
Charity							
Revaluation reserve	196	-	-	-	-	1,511	1,707
General fund	8,837	32,773	(36,045)	-	98	-	5,663
Total	9,033	32,773	(36,045)	-	98	1,511	7,370

Revaluation reserve

This represents the difference between the net book value and valuation of revalued property.

Designated transition funding

This represents funds to be used in the transition of Community Links Trust into the Catch22 group.

Designated fixed assets

This represents the net book value of Community Links Trust fixed assets, which were not purchased with restricted funds. Depreciation relating to such fixed assets is charged to this fund.

General fund

This represents funds which are not restricted or designated for specific purposes. General funds are expendable at the discretion of the trustees to further the charitable objects of the Catch22 group.

Prior year

	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Net gains on investments £'000	Balance 31 August 2018 £'000
Consolidated						
Revaluation reserve	1,111	-	(24)	-	-	1,087
Designated transition funding	306	-	(256)	-	-	50
Designated fixed assets	55	-	-	-	-	55
General fund	10,057	37,496	(38,204)	181	97	9,629
Total	11,529	37,496	(38,484)	181	97	10,819
Charity						
Revaluation reserve	211	-	(15)	-	-	196
General fund	9,410	35,436	(36,106)	-	97	8,837
Total	9,621	35,436	(36,121)	-	97	9,033

* The in-year minority interest movement represent the transfer of the previous accumulated minority interest, following the acquisition of the remaining share capital in Catch22 Social Enterprise Limited.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 August 2019

19. Analysis of net assets between funds

Consolidation

Fund balances at 31 August 2019 are represented by:

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2019 Total £'000
Tangible fixed assets	-	19,129	372	5,175	24,676
Intangible fixed assets	-	-	-	284	284
Investments	-	-	-	11,001	11,001
Current assets/(liabilities)	-	77	4,111	(5,487)	(1,299)
Long term liabilities	-	-	-	(293)	(293)
Provisions	(1,499)	-	-	(1,014)	(2,513)
Total net assets	(1,499)	19,206	4,483	9,666	31,856

Charity Only

Fund balances at 31 August 2019 are represented by:

Tangible fixed assets	-	-	-	4,204	4,204
Intangible fixed assets	-	-	-	537	537
Investments	-	-	-	10,885	10,885
Current assets/(liabilities)	-	-	2,285	(6,949)	(4,664)
Long term liabilities	-	-	-	(293)	(293)
Provisions	-	-	-	(1,014)	(1,014)
Total net assets	-	-	2,285	7,370	9,655

Consolidation

Fund balances at 31 August 2018 are represented by:

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2018 Total £'000
Tangible fixed assets	-	14,395	409	3,735	18,539
Intangible fixed assets	-	-	-	146	146
Investments	-	-	-	11,001	11,001
Current assets/(liabilities)	-	-	2,922	(3,660)	(738)
Long term liabilities	-	-	-	(403)	(403)
Provisions	(811)	-	-	-	(811)
Total net assets	(811)	14,395	3,331	10,819	27,734

Charity Only

Fund balances at 31 August 2018 are represented by:

Tangible fixed assets	-	-	-	2,766	2,766
Intangible fixed assets	-	-	-	128	128
Investments	-	-	-	11,138	11,138
Current assets/(liabilities)	-	-	1,149	(4,596)	(3,447)
Long term liabilities	-	-	-	(403)	(403)
Total net assets	-	-	1,149	9,033	10,182

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 August 2019

20. Commitments under operating leases

Consolidation

At 31 August 2019 the group had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2019 £'000	31 August 2018 £'000
Land and buildings:		
expiring in the first year	845	969
expiring in the second to fifth year	265	261
expiring after five years	286	288
	1,396	1,518

Charity only

At 31 August 2019 the charity had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2019 £'000	31 August 2018 £'000
Land and buildings:		
expiring in the first year	883	936
expiring in the second to fifth year	265	261
expiring after five years	286	287
	1,434	1,484

21. Pension and Similar Obligations

The Catch22 Multi Academies Trust employees belong to six principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and Local Government Pension Scheme (LGPS) for non-teaching staff, consisting of the Hampshire County Council Pension Fund which is managed by Hampshire County Council for Ashwood Academy staff, the Northamptonshire Pension Fund which is managed by Northamptonshire County Council for the Spire Academy staff, the Devon County Council Pension Fund which is managed by Devon County Council for the Burton Academy and Brunel Academy staff in Torbay, the Norfolk County Council Pension Fund which is managed by Norfolk County Council for Fen Rivers Academy staff and the Suffolk County Council Pension Fund which is managed by Suffolk County Council for Everitt Academy staff.

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 2016 and for the five LGPS' 31 March 2016.

Contributions amounting to £82,217 were payable to the schemes at 31 August 2019 (2018: £72,737) and are included within other creditors payable within one year.

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

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 affecting contributions during the year 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 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective 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 is 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 nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.48% to 23.6% from 1 September 2019. Employers are also required to pay a scheme levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusions has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

21. Pension and Similar Obligations (continued)

Teachers' Pension Scheme (continued)

The employer pension costs paid to TPS in the period amounted to £406k (2018: £262k).

A copy of the valuation report and supporting documentation is available on the Teachers' Pension website (<https://www.teacherspensions.co.uk/-/media/documents/member/documents/news-items/teachers-pension-scheme-actuarial-valuation-2016>).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS' are funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £332k (2018: £114k), of which employer's contributions totalled £259k (2018: £87k) and employees' contributions totalled £73k (2018: £7k). The agreed contribution rates for future years is between 6.5 and 16.9 per cent for employers and is between 5.5 and 12.5 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 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	At 31 August 2019	At 31 August 2019	At 31 August 2019	At 31 August 2019	At 31 August 2019
	Hampshire	Norfolk	Northamptonshire	Suffolk	Torbay
Rate of increase in salaries	3.60%	2.60%	2.60%	2.30%	2.15%
Rate of increase for pensions in payment/inflation	2.10%	2.30%	2.30%	2.30%	2.15%
Discount rate for scheme liabilities	1.90%	1.90%	1.90%	1.90%	1.90%
Inflation assumption (CPI)	2.10%	2.30%	2.30%	2.30%	2.15%
RPI Inflation	3.10%	3.30%	3.30%	3.30%	3.15%

	At 31 August 2018	At 31 August 2018	At 31 August 2018	At 31 August 2018	At 31 August 2018
	Hampshire	Norfolk	Northamptonshire	Suffolk	Torbay
Rate of increase in salaries	2.00%	2.60%	2.60%	2.60%	2.30%
Rate of increase for pensions in payment/inflation	3.50%	2.30%	2.30%	2.30%	3.80%
Discount rate for scheme liabilities	2.80%	2.80%	2.80%	2.80%	2.70%
Inflation assumption (CPI)	2.00%	2.30%	2.30%	2.30%	2.30%
RPI Inflation	3.10%	3.30%	3.30%	3.30%	3.20%

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 August 2019

21. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity Analysis

Approximate monetary increase to the obligation as a result of the following changes in assumptions at 31 August 2019

	At 31 August 2019 £000	At 31 August 2018 £000
<i>Hampshire</i>		
0.1% increase in the salary increase rate	5	3
0.1% increase in the pension increase rate	15	11
0.1% decrease in real discount rate	19	14
<i>Norfolk</i>		
0.5% increase in the salary increase rate	-	-
0.5% increase in the pension increase rate	24	2
0.5% decrease in real discount rate	24	2
<i>Northamptonshire</i>		
0.5% increase in the salary increase rate	-	-
0.5% increase in the pension increase rate	47	20
0.5% decrease in real discount rate	48	20
<i>Suffolk</i>		
0.5% increase in the salary increase rate	-	-
0.5% increase in the pension increase rate	27	8
0.5% decrease in real discount rate	27	8
<i>Torbay</i>		
0.1% increase in the salary increase rate	3	2
0.1% increase in the pension increase rate	52	37
0.1% decrease in real discount rate	55	37

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

21. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2019	At 31 August 2019	At 31 August 2019	At 31 August 2019	At 31 August 2019
	Hampshire	Norfolk	Northamptonshire	Suffolk	Torbay
<i>Retiring today</i>					
Males	23.1 years	21.1 years	22.1 years	21.3 years	22.5 years
Females	25.8 years	23.5 years	24.2 years	23.5 years	24.4 years
<i>Retiring in 20 years</i>					
Males	24.7 years	22.4 years	23.9 years	22.3 years	24.2 years
Females	27.6 years	25.0 years	26.1 years	24.9 years	26.2 years

	At 31 August 2018	At 31 August 2018	At 31 August 2018	At 31 August 2018	At 31 August 2018
	Hampshire	Norfolk	Northamptonshire	Suffolk	Torbay
<i>Retiring today</i>					
Males	26.2 years	22.1 years	22.1 years	21.9 years	23.5 years
Females	24.1 years	24.4 years	24.2 years	24.4 years	25.6 years
<i>Retiring in 20 years</i>					
Males	29.4 years	24.1 years	23.9 years	23.9 years	25.8 years
Females	27.2 years	26.4 years	26.1 years	26.4 years	28.0 years

The charity's share of the assets in the scheme were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	872	686
Government Bonds	135	89
Property	206	146
Corporate Bonds	13	16
Cash	28	21
Others	207	140
Total market value of assets	1,461	1,098

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	(427)	(408)
Past service cost	(56)	-
Net interest cost	(20)	(21)
Total operating charge	(503)	(429)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 August 2019

21. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

Changes in the present value of defined benefit obligations were as follows:

	2019	2018
	£000	£000
At 1 September	1,909	1,660
Current service cost	427	408
Past service cost	56	-
Interest cost	55	44
Employee contributions	73	56
Actuarial (gain)/loss	472	(251)
Benefits paid	(32)	(8)
At 31 August	2,960	1,909

Changes in the fair value of the charity's share of scheme assets:

	2019	2018
	£000	£000
At 1 September	1,098	789
Interest income	35	23
Contributions by members	73	56
Contributions by the employer	259	201
Actuarial (loss)/gain	28	37
Benefits paid	(32)	(8)
At 31 August	1,461	1,098

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 August 2019

22. Related party transactions

- a) During the year Catch22 provided services and recharged costs to The Catch22 Multi Academies Trust Ltd (MAT) amounting to £490k (2018: £393k). The MAT provided services to Catch22 amounting to £273k (2018: £79k). At the balance sheet date Catch22 owed £14k to the MAT (2018: £16k was owed by the MAT).
- b) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Solutions Ltd (Solutions) amounting to £nil (2018: £53k). At the balance sheet date Catch22 was owed £nil (2018: £109k) by Solutions.
- c) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Limited (Auto22) amounting, to £nil (2018: £30k). The amount that was due to Catch22 from Auto22 at 31 August 2019 amounting to £646k (2018: £646k) has been written off as irrecoverable and therefore the balance due at 31 August 2019 included within the Catch22 financial statements was £nil (2018: £ nil).
- d) There were no transactions between the Pupil Parent Partnership and Catch22 during the year. The amount owed by Catch22 to PPP at the balance sheet date was £51k (2018: £51k).
- e) There were no transactions between Include and Catch22 during the year. The amount owed by Catch22 to Include at the balance sheet date was £269k (2018: £269k).
- f) During the year Catch22 made payments (net of amounts repaid) on behalf of Only Connect UK amounting to £115k (2018: £49k) and Only Connect UK charged rent to Catch22 of £53k (2018: £67k). At the balance sheet date Catch22 was owed £295k (2018: £180k) by Only Connect. Included within this amount is a loan for £260k (2018: £nil) which is due after more than 1 year, as reported in Note 13. At the balance sheet date a provision against the full amount of the debt, £295k (2018: £nil) has been made in the Catch22 accounts.
- g) During the year Catch22 purchased services from Community Links Trust amounting to £40k (2018: £nil) and Catch22 recharged costs to Community Links Trust, of £151k (2018: £259k). Also during the year Community Links Trust entered into an agreement to invest its surplus cash with Catch22, interest of 0.5% above Barclays bank base rate is payable on the amount invested. At 31 August 2019 Community Links had invested £1,425k (2018: £nil) with Catch22, which was the amount Catch22 owed Community Links Trust at the balance sheet date (2018: £15k was owed by Community Links Trust).
- h) During the year Catch22 purchased services from Community Links Trading amounting to £12k (2018: £nil). Also during the year Catch22 recharged costs to Community Links Trading, net of amounts reimbursed, of £nil (2018: £8k). At the balance sheet date Catch22 was owed £8k (2018: £8k) by Community Links Trading.
- i) On 31 March 2015 Catch22 made a loan of £125k to another charity, Launch22 Limited (formerly Launchpad Labs Limited), at an interest rate of LIBOR plus 0.75% per annum. The amount remained due to Catch22 at 31 August 2019 (2018: £125k). The loan was due for repayment in four equal annual instalments commencing on the second anniversary of the agreement, but remains outstanding and Catch22 made a full provision against this debt in the financial year ended 31 August 2016. Catch22 became the sole member of Launch22 on 23 May 2017 and paid amounts totalling £78k on behalf of Launch22 during the financial year (2018: £113k). £267k was due to Catch22 at the balance sheet date (2018: £189k). At the balance sheet date a provision against the full amount of the debt, £267k (2018: £nil) has been made. Also during the year Catch22 made a donation to Launch22 relating to rent on the property from which Launch22 operates amounting to £53k (2018: £67k). Launch22 has not been consolidated into the results of the group for the year ended 31 August 2019 as it is not material
- j) Catch22 Social Enterprise Solutions Limited is a member of Public Services Lab LLP (PSL), which was incorporated on 24 November 2016; and it controls 32.5% of the voting rights in that entity. There were no transactions between PSL and Catch22 during the year and there were no balances outstanding between these entities at the balance sheet date (2018 £nil).

23. Post balance sheet events

The group has given due consideration to the effects of the Covid-19 outbreak, which occurred before these financial statements were signed. The group is largely sheltered from the expected effects of the pandemic due to most of its income being derived from the delivery of public services, which the group has continued to deliver throughout the pandemic. However, there will be some loss of expected income during the year ended 31 August 2020 from contracts where funding is received based on the volume of service users worked with and the positives destination achieved for them, this will be partially offset by reductions in expenditure. New business opportunities have also been lost or delayed.

Following the outbreak, the trustees have considered areas of delivery that are not financially viable and are putting financial strain on the group and are making plans to close or consolidate those services. In particular, in consultation with the trustees of the relevant subsidiary charities, they have made the following decisions:

- Launch22 Limited will close by 31 July 2020, as it is unlikely financial viability will be achievable following the pandemic.
- Only Connect UK will no longer be financially supported by Catch22. Discussions are ongoing as to whether Only Connect will close, be partially subsumed into Catch22 or will continue outside of the group, provided that the trustees are confident that it can be a going concern without the support of Catch22.



CATCH22 PEOPLE

Patron

HRH The Princess Royal

Board of Trustees

Terry Duddy, Chairman (appointed 27 March 2019)

Jim McKenna, Chairman (resigned 27 March 2019)

Carl Cramer, Treasurer (resigned 8 June 2020)

Mike Adamson

Elaine Bailey

Kieron Boyle

Pauline Campbell

Ben Cooper

Honor Wilson-Fletcher

Jeff Jacobs (appointed 1 July 2020)

Daniel Kruger (resigned 21 January 2020)

John Marlor (resigned 20 December 2019)

Gita North (appointed 23 January 2020)

Tove Okunniwa

Pria Rai (appointed 28 January 2020)

Paul Williams (resigned 20 December 2019)

Richard Williams (appointed 1 July 2020)

Sean Williams

Chief Executive

Chris Wright

Company Secretary

Nigel Richards

Bankers

Barclays

Level 27, 1 Churchill Place

London

E14 5HP

Solicitors

Stone King LLP

Boundary House

91 Charterhouse Street

Clerkenwell

London

EC1M 6BHR

Investment Managers

HSBC Private Bank (UK) Limited

78 St James's Street

London SW1A 1JB

Auditors

Moore Kingston Smith LLP

Devonshire House,

60 Goswell Road,

London,

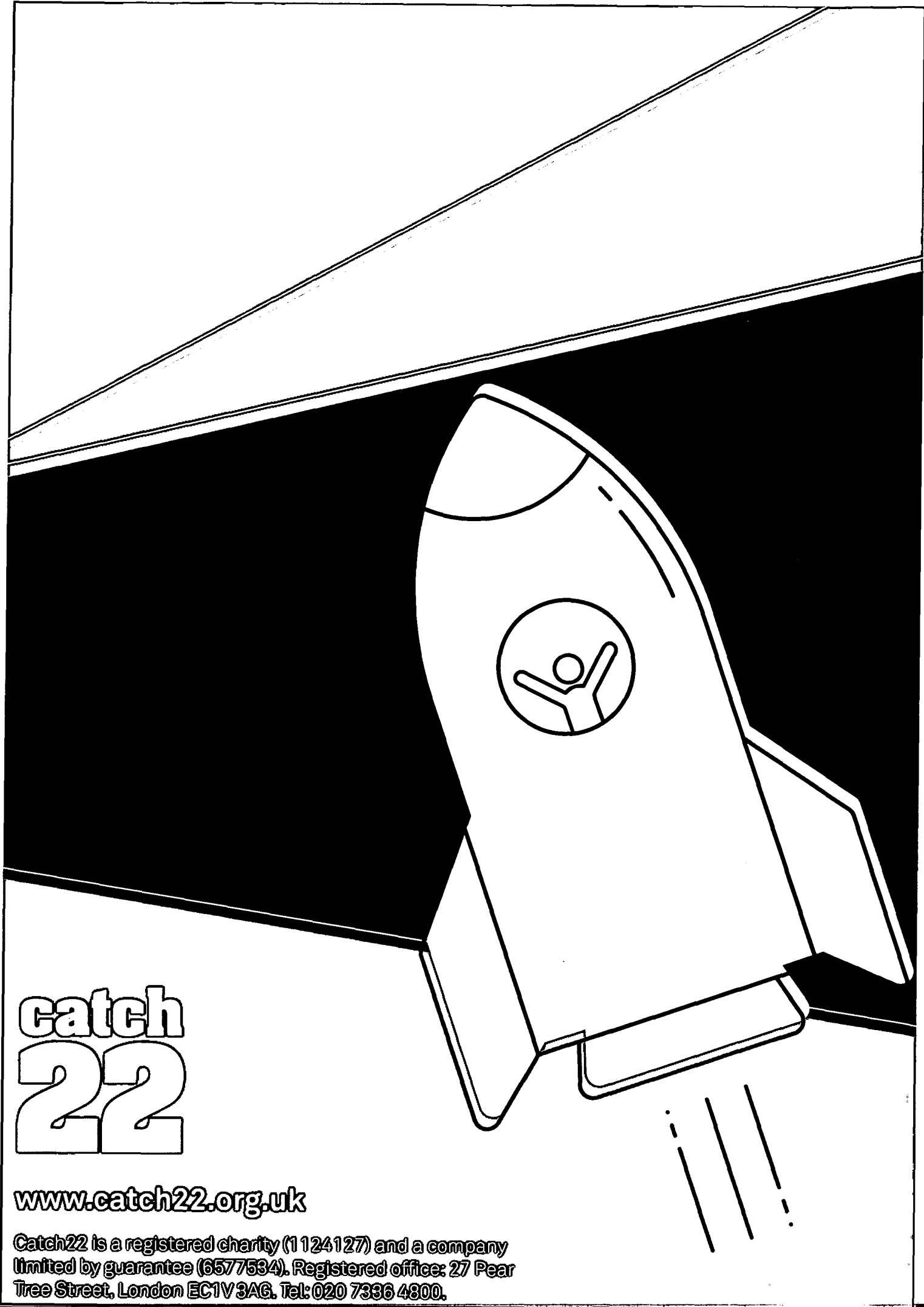
EC1M 7AD

Registered Office

27 Pear Tree Street

London

EC1V 3AG



**catch
22**

www.catch22.org.uk

Catch22 is a registered charity (1124127) and a company limited by guarantee (6577534). Registered office: 27 Pear Tree Street, London EC1V 3AG. Tel: 020 7336 4800.