

# Catch 22 Charity Limited

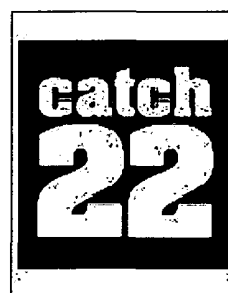
## Report and Financial Statements

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For the year ended 31 August 2017

Company number: 06577534

Registered charity number: 1124127



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## **ABOUT CATCH22**

Catch22 is a charity and social business. Our 1,800 colleagues and volunteers work at every stage of the social welfare cycle, supporting over 45,000 individuals from cradle to career.

We design and deliver action across children's social care, deliver education and training, get people into work through apprenticeships and employment programmes, build stronger communities through social action, and deliver social justice and rehabilitation services.

We take any surplus and the learning from our delivery, and funnel that into public service reform - investing in new structures and programmes that do things differently.

## CONTENTS

### Board of Trustees' report

Introduction from Jim McKenna, Chairman of Board of Trustees	1
Overview from Chris Wright, Chief Executive	3
Our Vision for Society	5
The Catch22 Endgame and Strategy	6
Our Operating Landscape	7
Delivering Well: Consistently High Quality Operations	9
Strong Finance and Governance	21
Sustainable and Diverse Funding	22
Engaged, Capable and Safe People	23
The Catch22 Group	25
2017/2018 Catch22 Plans for Development	26
Our Financial Overview	28
Structure, Governance and Management	32
<b>Auditors report.....</b>	<b>37</b>
<b>Financial Statements .....</b>	<b>.....</b>
Consolidated statement of financial activities for the year ended 31 August 2017	40
Consolidated balance sheet at 31 August 2017	41
Charity balance sheet at 31 August 2017	42
Consolidated cash flow statement for the year ended 31 August 2017	43
Notes to financial statements for the year ended 31 August 2017	44
<b>Catch22 people .....</b>	<b>72</b>

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **Introduction from Jim McKenna, Chair of Board of Trustees**

To understand this year's trustee report, I believe that it's important to look back over the past five years.

In 2013, Catch22 took the decision to convert into a "social business". We are very proud of being a charity, and of our 200 years of charitable heritage, but our approach to how we raise the money to deliver our services, and how we are organised internally, marks us apart from other charities.

Unlike traditional philanthropically funded charities, the majority of our income comes from delivering specific services for others. Today, contracts fund the majority of our delivery and we use a mixed economy of strategic grants and partnerships to fund our reform programmes. It's a model that means our service users are protected and we can focus on our endgame of reform.

Internally we're agile, we have adaptability, an ability to work across sectors and a willingness to draw from what works in the public, private and voluntary sectors.

At Catch22, "social business" means making decisions with the heart of a charity, and the mindset of a business.

As one of the first movers to become a social business, we have faced a lot of scrutiny. We have faced challenges from those who have remained sceptical about the role of charities delivering large-scale public services. This year, five years after we began the process, I am proud to point to lives we're changing on the frontline, and the innovation we're fostering across national systems, and recognise that we made the right decision.

#### **2018: Five years on**

Five years on, our stakeholder survey shows that Catch22 is today known for both its high quality delivery, and its innovative approach. It shows that the majority of our stakeholders now understand what a social business is.

This reputation for delivery – earned as result of our business-like approach – has this year opened up entirely new kinds of opportunities for us. Whether it's designing and delivering new ways to support adult victims of crime, or being approached by government to run highly specialised support for asylum seeking children, today Catch22 genuinely plays a meaningful role in reforming public services, from the outside in.

#### **Resilient and diverse colleagues**

While we have reshaped Catch22 to manage social challenge, that challenge is getting deeper.

There is no doubt that society has faced a tough year. Prisons are in crisis. Education faces huge resource issues. Social workers are facing enormous pressure and local authorities continue to try to do more, with less. It makes the work that we do; the work that we want to do, very difficult.

But difficult circumstances are where we do our best work. I have seen time and time again that when the going gets tough, Catch22 colleagues stay the course to get the job done. None of the impact we've delivered this year would have been possible without our people.

We recruit people with colourful backgrounds and their talents shine; one in ten of us were excluded from school, one in ten were an apprentice, over half have a friend or family member with substance misuse issues, one in twenty were in care themselves. A significant number of our colleagues came from being service users themselves. We promote and recognise talented women. Over half of our colleagues are women, and 50% of our senior leaders are women.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

We reflect the communities we work in. One in five colleagues are from ethnic minority backgrounds. One in ten have English as a second language. All elements of diversity that make us stronger.

I am very pleased that this year we have been able to celebrate the impact of our people, and look forward to recognising more in the year ahead.

**Jim McKenna**  
**Chair, Catch22**

## BOARD OF TRUSTEES' REPORT STRATEGIC REPORT

### OVERVIEW FROM CHRIS WRIGHT, CHIEF EXECUTIVE

There have been many highlights this year. Whether it was bringing Community Links into the Catch22 group, our cross organisational delivery to support asylum seeking children, the launch of Unlocked Graduates, opening new schools across the UK or our ongoing transformational work with those that need it the most, I have never been so proud of this organisation.

This has been a year of growth: growth of impact, growth of income and growth in clarity.

The clarity has come from organisational change. Last year we signalled our intention to review the way that we operate to ensure that we deliver as effectively as possible. I worried that our structure meant that we were moving towards becoming too much like the bureaucratic, transactional public services that we seek to change.

And so, this year Catch22 has undergone some soul searching – why do we exist? We were lucky to be able to do this from a position of strength, building on a year of new growth and reaching more service users than ever.

We were very inspired by a paper published by the Stanford Social Innovation Review 'What's your Endgame?' The paper argues that:

*Non-profit leaders should shift their focus from the scale of the organisation to the impact that their organisation can achieve.*

What struck us is that the end needs to be the beginning – the purpose of a non-profit must derive from its conclusion.

Growth is important to this; to deliver sustainability and stability. Growth by itself is not the reason for being, but it is of course important to fuel social impact.

Our vision for public services is a system that is more human, unlocks capacity in society and champions local accountability. Our endgame; our reason for being, is government adoption of this vision.

So, in answering this existential question, we have reconfigured Catch22 to focus on our endgame.

Our model isn't radically different from before, but does have significantly more clarity. Our services deliver well – then capturing the experience and learning from our service delivery we argue from a position of strength how public services can be better designed and delivered, achieving better outcomes for those who use them.

Already we're seeing the impact of this reorganisation; in our impact and in our speed of delivery.

Thank you to our trustees for believing in this vision. Thank you to our people for embracing it, and coming on the journey with us.

The next year will see us build on our new model of collaboration and delivery.

If I have learned anything in the past 30 years of my career, it's that Whitehall doesn't have the monopoly on integrity, charities don't have the monopoly on compassion, and businesses don't have the monopoly on efficiency. We must end these artificial silos and come together as whole communities to empower individuals and organisations to solve the social issues that sit on their doorsteps.

Catch22's knowledge and breadth is nothing if we don't actively collaborate to share our information and best practice internally and externally. We are beholden to our service users and stakeholders to model best practice in our services; locally accountable, unlocking capacity and being more human.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

Over the next year we will look to achieve this in three ways:

**Operationally**, by focusing on areas where we deliver multiple services and bringing these services together to work with local stakeholders to make money and outcomes go further

**Culturally**, by embedding a culture of collaboration and innovation across services and in our people

**Empirically**, by establishing and sharing our evidence locally about what works

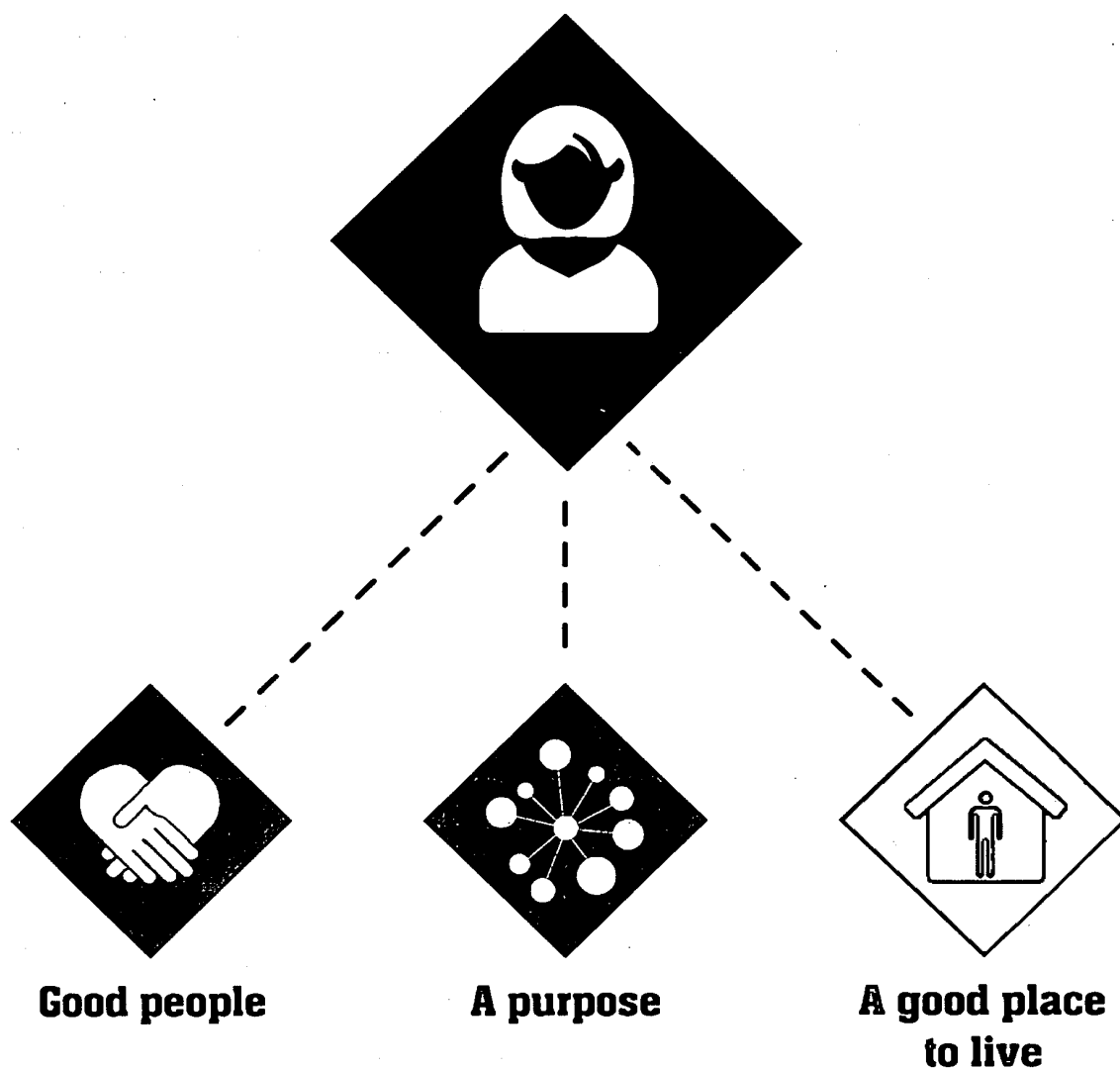
Through a more systematic approach to managing our stakeholders, better service design and internal collaboration, we will re-focus from delivering public services to delivering greater public benefit.

**Chris Wright,**  
**Chief Executive, Catch22**

## BOARD OF TRUSTEES' REPORT STRATEGIC REPORT

### OUR VISION FOR SOCIETY

Our vision is a strong society, where everyone has a good place to live, a purpose and good people around them. We exist to ensure that these are achievable for everyone, no matter what their background.





## BOARD OF TRUSTEES' REPORT STRATEGIC REPORT

### THE CATCH22 ENDGAME

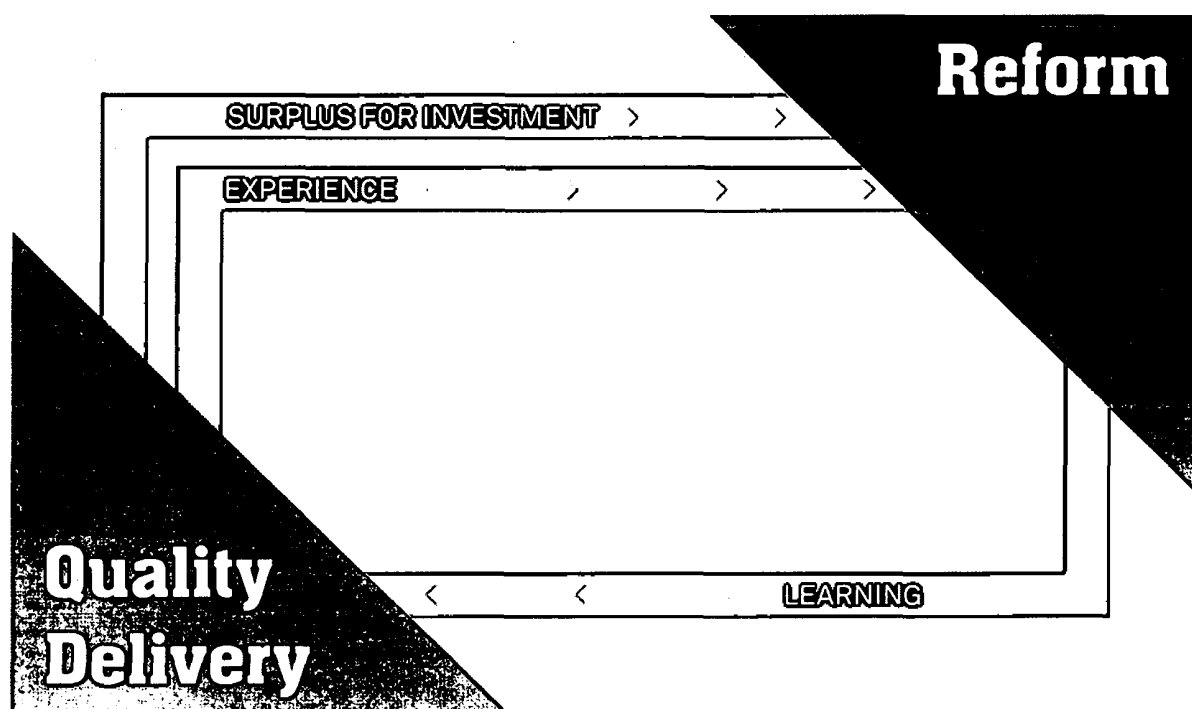
A strong society is unachievable without functioning public services. Our vision for public services is a system that is more human, unlocks capacity in society and champions local accountability. Our endgame is government adoption of this vision.

### CATCH22'S STRATEGY: DELIVERING THE ENDGAME

We take our experience and the surplus we make from delivery, and reinvest it in piloting new ways of doing things.

**Quality delivery:** We deliver services for young people, families and adults, across justice, education and into employment. Our strong frontline delivery expertise not only changes lives, but gives us direct insight into how the system is working and what needs to change.

**Reform:** We invest in new ideas that will improve outcomes for our service users. We deliver reform through our existing services, in partnership with others and by building new organisations.



**BOARD OF TRUSTEES' REPORT**  
STRATEGIC REPORT

**OUR OPERATING LANDSCAPE - THE FRONTLINE OF PUBLIC SERVICES**

	<b>Children's Services</b>	<b>Education</b>	<b>Getting young people into jobs</b>	<b>Justice</b>	<b>Education and active citizenship</b>
<b>The social problem</b>	<p>Rising numbers of children in care, an increase of 3% on 2016.</p> <p>38% of young people in Young Offender Institutions and 52% in Secure Training Centres have experience of the care system.</p> <p>Sharp rise in youth violence.</p>	<p>More pupils excluded year on year.</p> <p>90% of under-18s in the youth justice system excluded from school.</p> <p>Half of 15-17 year olds entering YOs have the literacy or numeracy levels expected of a 7-11 year old.</p>	<p>Sharp rise in young people NEET for over a year.</p> <p>Over 40% of care leavers NEET compared with 15% of all 19-year-olds.</p> <p>Youth unemployment down overall but disproportionate in some groups compared to others, and lots of young people missing from data in some regions.</p>	<p>Rising levels of prisoner self-harm and suicide, linked closely with high levels of drugs and violence on the wing.</p> <p>More than a third of young offenders have a diagnosed mental health issue.</p> <p>Victims feeling locked out of justice.</p> <p>Over-representation of young people from BAME backgrounds in the CJS.</p>	<p>Young people feeling disenfranchised from their communities, reporting lower levels of emotional wellbeing – Over a quarter of 16-17 year olds don't feel a sense of belonging in their community</p> <p>Young people from more affluent backgrounds are nearly twice as likely (48%) to get involved in volunteering and social action as those from less affluent backgrounds (27%)</p>
<b>The systemic problem</b>	<p>Low levels of innovation in children's Services; prescribed, rigid structures.</p> <p>75% of children's services departments branded inadequate or requiring improvement by Ofsted.</p>	<p>In some local authorities with the highest levels of exclusion, 100% of pupils are in settings graded 'Inadequate'</p> <p>Every cohort of permanently excluded pupils will go on to cost the state an extra £2.1 billion in education, health, benefits and criminal justice costs.</p>	<p>Opportunity for work available for educated, resilient young people, few entry level.</p> <p>Low apprenticeship wages exclude those with less financially or personally stable backgrounds.</p> <p>Employers not equipped to provide pastoral support in advance of, or during, placements.</p>	<p>A prison officer recruitment crisis.</p> <p>Stasis in the prison reform programme.</p> <p>A justice system not trusted by those it seeks to serve.</p> <p>A system which reinforces low aspirations and standards for offenders.</p>	<p>Youth organisations collaborating around contracts, rather than ideas.</p> <p>Silos between youth organisations, schools and statutory organisations.</p>

**BOARD OF TRUSTEES' REPORT**  
**STRATEGIC REPORT**

	<b>Children's Services</b>	<b>Education</b>	<b>Getting young people into jobs</b>	<b>Justice</b>	<b>Education and active citizenship</b>
<b>The structural problem</b>	Highly professionalised and fragmented market with services commissioned in and by silos.	Pricing mechanisms mean that local authorities and mainstream schools aren't referring the children who need help the most.	The Apprenticeship Levy isn't working in its current form – it encourages focus on upskilling existing staff rather than putting money into lower level apprenticeship starts – this fails to provide jobs for those who need them the most.	Centralised and bureaucratic processes have left prisons unsafe and unsanitary.  Prison governors are too far from the decision making process about procurement which could make a difference to their prisoners' lives.	A lack of investment into early action and community activity has created a system dealing with the 'problem', rather than building resilience and aspiration from a young age.

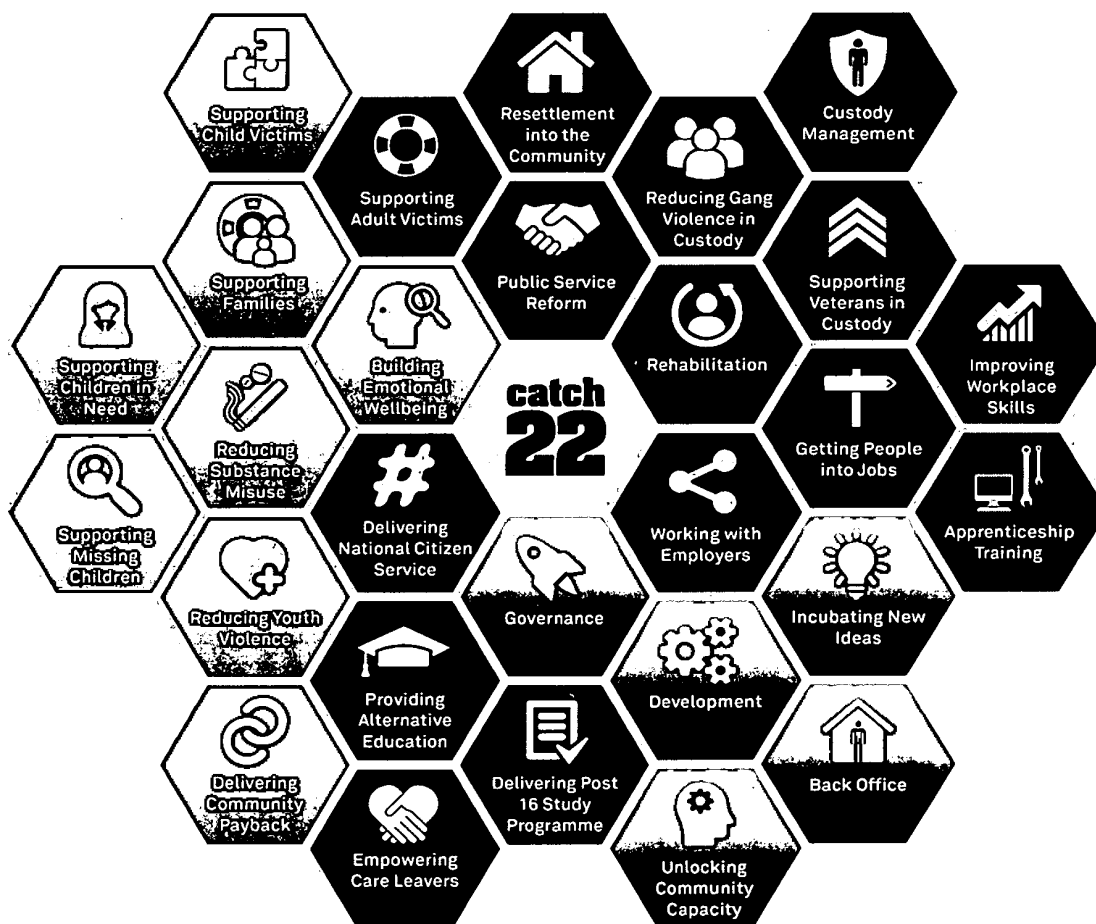
## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

#### DELIVERING WELL: CONSISTENTLY HIGH-QUALITY OPERATIONS

High quality operations sit at the heart of what Catch22 does. They are the engine by which we change lives on the frontline and power our reform activity.

This year Catch22 has delivered services to 46,644 service users, a 6% rise year on year. Our 1,537 colleagues deliver services from 123 locations, supported by 271 volunteers.



## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

While much of Catch22's work is specialist, we actively seek work that brings our 'cradle to career' delivery ability to life. One such example was our work with asylum seeking young people, in October 2016.

#### **PAN CATCH22 DELIVERY CASE STUDY: WORKING WITH ASYLUM SEEKING YOUNG PEOPLE**

One Wednesday afternoon in October, Catch22 received a call from the Home Office, asking us to run a short-term respite centre for up to 70 refugee boys coming over from Calais under the Dubs and Dublin III arrangements. We faced three immediate challenges; firstly, finding a suitable site, secondly assembling a staff team, and thirdly that the first set of boys were arriving within 96 hours. The centre was open for four weeks.

##### **What we did**

Supporting young people has been at our heart of for over 200 years, and within hours we had our plan. We had a Local Authority; Devon. We had a site; Beam House, a PGL adventure holiday camp in Great Torrington. We contacted colleagues all over the country; who would give up their weekend, their week, their indefinite future to come and build a new service? We issued the same call to partners in different sectors. We worked through the night. In the morning we had a full roster; NCS workers, teachers, CSE experts, youth workers, probation workers, mental health workers; a mix from across Catch22, all bringing different skills to the table.

Within 72 hours a full set of staff were sitting at Beam House, planning how to most effectively safeguard, support and manage up to 70 adolescent boys until they were reunited with their families, or moved into more permanent accommodation.

The fast moving situation made it hard to plan. That first night we sat waiting for the coach to arrive, not knowing who was on it, their needs, their language ability. We didn't know if they'd try to leave the centre. We had to be ready for every eventuality.

##### **The boys at Beam House**

The boys arrived off the coach, on a day of negative media headlines. They were tired, disoriented but well behaved and respectful. Some were in pretty rough shape. One had broken his arm in Libya, and had never seen a doctor. One had a broken jaw, the result he said of a punch thrown by a French police officer.

We had chosen Beam House because it was remote, but the boys could have walked off site at any point. We had to convince them to choose to stay with us, not run away now that they were on English soil. They had to feel safe, to trust us, to believe that we were working as hard as we could to reunite them with their families, and move them into more permanent accommodation.

We knew that the best way to do this was by building relationships and creating a strong culture of trust. While we put in place fun and active activities for throughout the day; sports, entertainment, ESOL lessons, we also prioritised support, listening and relationship building.

##### **Solving challenges**

##### **Profile**

Security was our first - and most easily solvable - concern. A partner provided security guards to stand at the end of our long drive. The papers soon traced us, but they patrolled, sending away reporters, finding photographers in bushes and making sure that delivery drivers were just that.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

We found ourselves at the centre of a media blitz. Devon County Council deflected much of the heat, but reporters descended on the town, writing a story of outrage among residents. A local farmer was filmed, unhappy about the refugees arriving in the area.

That one negative comment on BBC Devon was possibly the best thing that could have happened to local sentiment. The people of Great Torrington were outraged that they were seen in the media as unwelcoming. A 'Refugees ARE welcome here' Facebook group was launched, and immediately flooded with charities, local businesses and individuals all wanting to help. A lady had cleared out her son's room; did we want his old clothes? A factory had a surplus of 1,000 yoghurts; could we give them to the boys?

This outpouring of generosity of both spirit and goods didn't let up the whole of our time at Beam House. In fact, at times it became a challenge as local people became frustrated that there wasn't more access or ability to directly support the boys they wished to welcome. Through Devon County Council, we sent out a call for shoes, games, books; the local arts centre offered itself as a central drop-off point and we'd receive regular calls asking us to do additional pick ups, as they were full to overflowing.

Catch22 didn't seek publicity; quite the opposite. We felt the best way to protect the boys was to keep as low a profile as possible and thanks to social media; we were able to communicate with the local community through the administrators of local Facebook groups. Nevertheless, the word of mouth in the town meant that everyone knew we were delivering, and we received hundreds of calls from people wanting to help. The local Rotary Club did a collection, and the homeless people in Barnstaple worked with a charity to pack bags of things for the children. The Mayor was also a fantastic support, and hosted a vigil for the refugees in Great Torrington centre, bringing together a mass of people to show their support.

#### **Social workers**

The social workers seconded to our team were the lynchpin of our operation. They were on site 12 hours a day, seven days a week. Our set-up and the fact that we lived onsite with the boys meant that we were able to build relationships with them quickly, relationships that might normally take months or years to build.

Their managers in the council did a lot to free them up to work with us full time, and their commitment was inspiring. Real, old fashioned, social work; working through language difficulties to understand the boy's needs, acting as their advocates outside of Beam House. Strong relationships with the boys meant that they recognised their friendship dynamics and made sure where possible that they were placed together.

This closeness also meant that we were able to help the boys work through their trauma. The boys were resilient, but a trusting relationship meant that we had some disclosures which were very hard for our staff to hear. There was a flipside to this; when we treated them like the children they are, we were reminded of what they'd been through. A colleague was fussing over a child playing football, because he was doing it wearing flip-flops. The boy started laughing; he explained that he'd walked in them from the Sudan to Italy so he really was fine. One of the questions always asked of the kids in their CAMHs session was: "do you feel safe?" and the answer was always "look at this place, why wouldn't I?!"

This resilience and partnership working was also what solved our health challenge. Whilst they had been cleared by a doctor to travel, we had no medical history. We knew that the boys had come from countries which had notable health issues (TB, for instance) and we had to be prepared to triage any immediate conditions. The speed of our deployment also meant that the boys weren't eligible to access the secondary health care available in Devon, and they certainly weren't arriving with National Insurance numbers. Some extraordinary work by our Public Health England liaison saw her utilise her local networks, banging down doors until she found dentists able to take on emergency cases, getting Doctors at the local hospitals to rush through emergency chest X-rays. Old fashioned social work.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

We also had to listen to the boys and respond to what they wanted. We found that faith was really important to the boys, both Christian and Muslim. We had both Imams and Priests come, for prayers and for small sessions. Like all teenage boys, they were picky about their clothes, and there was always a rush for the branded trainers that were donated. We quickly ran out of hair gel. They needed cocoa butter, for their skin. They wanted Justin Bieber played, loudly.

At first they were nervous around the food; a little because it was unfamiliar, and mostly because there was so much of it. They needed a lot of coaxing to get stuck in, but like any teenage boys, they quickly grew their appetites.

They needed to make calls to their parents, who some hadn't spoken to in years. One boy mentioned in a CAMHS session that he was desperate to speak to his mother in the Sudan. He hadn't spoken to her for eight months. He'd left the Sudan with his older brother, who he had lost in the crossing over to Italy. He was provided with a phone – she'd thought they were both gone forever, until she got the call. His whole attitude instantly changed.

Reuniting the boys with their families was among the most emotional experiences of our colleagues careers. Two boys from Afghanistan had made the entire journey together. While they were friendly and chatty boys, they got very quiet and quite nervous on the car journey. They were fascinated by the countryside around them; they'd travelled from Croydon in the dark, and couldn't believe how green it was. One boy - skinny, tall, sensitive and clever - wants to be an engineer, and was so intrigued by the windmills that he saw; he said that he couldn't wait to study them at university in England. One was met by an uncle he hadn't seen since he was two years old. There was almost no need for the extensive Home Office checks when we saw them together; they have the same smile. Brilliantly, the two best friends are both being resettled in London, just ten minutes walk away from each other.

#### **What we learnt**

The lessons that we learnt at Beam House will inform Catch22's work moving forward.

Firstly, it's a lot easier to deliver when everyone is aligned around one purpose. Despite many of our team never having worked together before, there was absolute clarity around what we had to achieve. This made for a 'can-do' culture, with everyone pulling together as a team. This travelled all the way up to the senior leadership of the Council, who freed up their social workers to support our aims.

At Catch22 we talk about the 'three P's' – the idea that everyone in society needs the same things to thrive; good people around us, a good place to live, and a purpose. We built Beam House around these pillars. A network of caring, loving people, extending out into the community. A safe and supportive environment where they were given the freedom to be children. Activities and study that kept them busy and happy. By combining all three, we were able to deliver a service that we, Devon and the country could be proud of.

**Most importantly, we learnt that** when there are children in need, the community and the sector will come together to support them.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

#### BUILDING ACTIVE CITIZENS THROUGH THE NATIONAL CITIZEN SERVICE

Catch22 has delivered the National Citizen Service (NCS) since 2011 to thousands of young people all over the UK. Catch22 has a long and proud history of delivering youth social action projects, and today promotes and encourages youth social action across the breadth of its work. Since 2015, Catch22 has delivered NCS as a Local Delivery Partner, throughout the North East, North West, West Midlands, East Midlands, South West and South East regions.

We delivered the NCS programme to one of our largest ever cohorts this year. From autumn 2016 through to summer 2017, we delivered the NCS programme to 5,258 young people, building skills and resilience for hundreds of children concurrently. This year the young people on our programmes volunteered over 130,000 hours for charity and raised over £142,000 for local charities.

Our evidence from the young people on our programmes this year shows:

	Strongly agree/agree with the statement:	Young person's quote:
80%	I feel inspired that I can make an impact on my community now and in the future	"It changed me completely. I am now a lot more interested in charity work whereas before NCS I wouldn't really no (sic) what to do."  (NCS Northumberland participant)
95%	I feel comfortable working with people from different backgrounds	"I arrived at NCS on my own, shaking with nerves and terrified of the thought of meeting new people and making new friends. By the third day of NCS, I felt like I had known these people years! They made me feel so welcome and loved. From having 0 confidence to by the end of the course having stacks! I loved every minute of it; I made friends for life and challenged myself to do things I never thought I'd do!"  (NCS Shropshire participant)
92%	I have challenged myself and think NCS has pushed me	"It's so different to anything you'll ever do and challenges you in many different ways, there's no option but to overcome problems and learn to deal with different situations. The leaders are absolutely fantastic and go out of their way to make anyone and everyone feel comfortable, the friends you make will be good friends for a long time and many even for life without a doubt."  (NCS Sunderland participant)
79%	NCS has helped me to learn from and reflect on my experiences	"I made some lifelong friends which I would never have done under normal circumstances, and it has awakened me to more issues in society and I am now training to be a young volunteer for a charity because of how the NCS course inspired me."  (NCS Newcastle participant)



## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **YOUNG PEOPLE AND FAMILIES SERVICES**

Catch22 delivers services for young people and their families, all over the UK. We work with looked after children and care leavers, children missing from home or who have faced child sexual exploitation. We work with young people in the justice system, those with substance misuse and emotional wellbeing challenges.

During 2016/2017 we worked with 7,518 young people and their families. During this time we closed 5,665 cases. Of those, 70% closed with a positive outcome and 81% of families achieved significant, sustained and measurable progress against agreed outcomes

Our youth justice teams engaged 409 young people over this period. Catch22's Dawes Unit continues to engage and deliver policymakers and frontline workers through policy and practice. Influential reports published over the time period included 'Social Media as a Catalyst and Trigger for Youth Violence' examining how the blurring of online and offline boundaries has led to serious – and often hidden – safeguarding challenges for professionals working with young people.

Successes this year include the extension of Project Crewe. Following a successful pilot, Project Crewe, Catch22's innovative children's social care model received further funding from Cheshire East. Catch22's success in reducing the number of children in need in Crewe has led to the approach being replicated with a second team based in Macclesfield. To recognise this, Project Crewe was renamed FACT22 (Families Achieving Change Together).

FACT22 was launched by Catch22 and Cheshire East Council in 2015. Joint funded by the Department for Education's Innovation Programme and Cheshire East, it tested a new staffing and delivery model to support Children in Need. Recognising the impact of the service, FACT22 has been shortlisted for an MJ Award in the Impact and Learning in Children's Services category. This award celebrates services which show quantifiable evidence of innovation, impact and learning from a committed children's services team. The shortlisted services need to have worked efficiently and effectively to deliver demonstrable impact in services for 0-19s in their local area.

In March 2017, Catch22 celebrated the success of the Department for Education (DfE) Innovation funded South Yorkshire Empower and Protect programme (SYEP) in supporting children and young people who are victims, or at risk, of child sexual exploitation (CSE) to remain in their communities. Funded by the DfE Innovation Fund, Catch22 partnered with Sheffield, Barnsley and Rotherham Local Authorities and Doncaster Children's Services Trust, to develop SYEP. The aim was to build an innovative staffing and delivery model that enables young people who are subject to, or at high risk of, sexual exploitation to remain safely at home, or in stable foster care in South Yorkshire, rather than being placed out-of-area or in secure accommodation. The scope of the programme was extended in the second year to work with young people with severe and multiple vulnerabilities.

The evaluation, undertaken by Dr Sara Scott (University of Bedford) has shown that SYEP has successfully demonstrated that some children and young people who are subject to, or victims of, CSE can be safely cared for in their own communities – if sufficient, appropriate support is provided for both them and their carers.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

#### JUSTICE

Over this period, Catch22 delivered services 32,387 people in custody and in the community. Since launching our first custodial service in HMP Doncaster in October 2011 we are now in over 22 prisons across the country. The number of service users we today support has risen from 4,837 in 2012/13 to over 32,000 today.

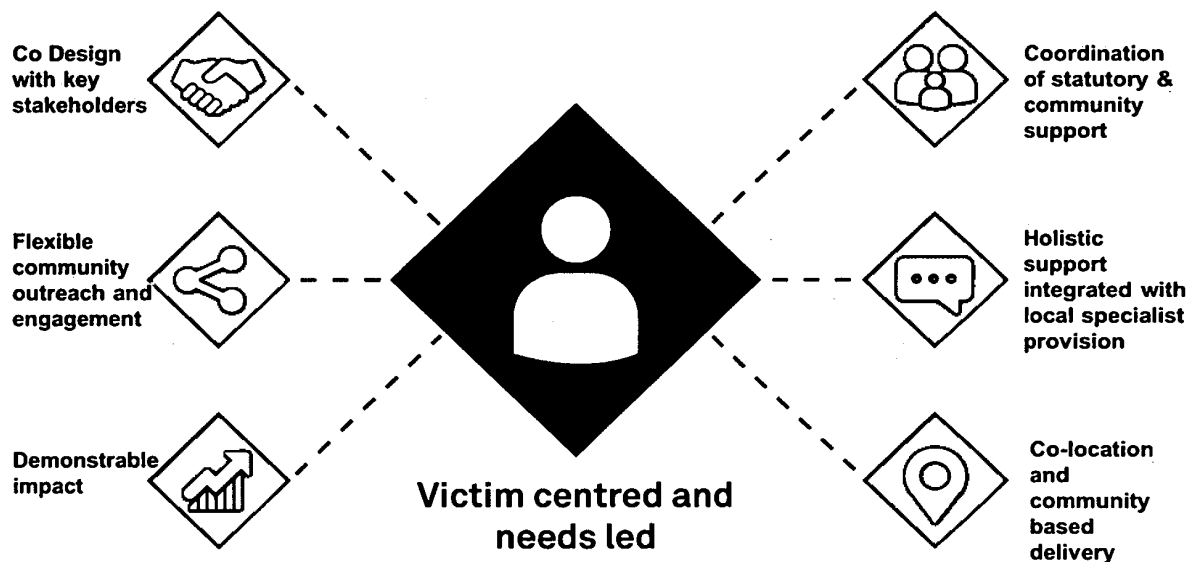
We are a Tier 2 Provider for the Transforming Rehabilitation contract, delivering offender management, resettlement and specialist support services in public and private prisons including HMP/ YOI Feltham, HMP Doncaster, HMP Leeds, HMP Thameside, HMP Isis and in the community. In prison, we worked with 16,304 people at their first reception into custody, and supported 2,465 service users in the time prior to release. In addition, we have a strong focus on supporting victims, delivering victims services and restorative justice work to 8,603 people across the country.

Central to our rehabilitative services are strong relationships (people), something to do (purpose) and a home upon resettlement (place).

This year, Catch22 released an influential report to support the work of David Lammy MP's review into racial bias. 'Fairness in the criminal justice system: 'What's Race Got To Do With It?' drew data from focus groups with people serving sentences of imprisonment inside an English prison. It focused on prisoners' perceptions of (un)fairness spanning the breadth of our criminal justice system and was referenced widely in David Lammy's final report.

#### Supporting Victims

We have a coherent, relationship based approach to supporting victims of crime:



In 2016/2017, Catch22 supported almost 9,000 adult victims of crime, through victims support services in London, Leicestershire, Rutland, Nottinghamshire and more widely.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

#### Case study: Victim CARE, Nottinghamshire

Launched in 2017 and Commissioned by the Nottinghamshire Police and Crime Commissioner (PCC), Victim CARE is a free and confidential service available to all victims of crime and Anti Social Behaviour across Nottinghamshire. The service supports Victims and survivors to be resilient and in doing so they are less likely to be re-victimised; empowered to cope and recover from crime and anti-social behaviour by timely and effective victim-centred support from local services, families and communities.

Victims do not have to report a crime to access the service. Victims of both recorded and self-reported crime are tracked at all points in their journey and given access to information, practical support and advice and where appropriate, referral to 'cope, recover and empowerment' support services in their local communities.

Victim CARE ensures that the support will be victim-centred and outcome focussed. It makes sure that the needs of the victim are considered and supported at every stage of the criminal justice process.

The service is provided by a team of experienced professional caseworkers, giving one to one support to victims of crime and ASB. The team is supported by a committed and highly trained team of volunteers. The aim is to improve victims' experience with the criminal justice system and associated support services.

Service user satisfaction and impact studies found:

- 94% of respondents were either 'Completely' or 'Fairly' satisfied with their overall Victim CARE experience
- 94% of respondents would use our service again if they were a victim of crime
- 98% of the 52 respondents said that they would recommend our service to a friend, should they be a victim of crime

*"I feel quite safe knowing I have the law on my side now - It was all explained very well and I felt very comfortable in court because of this - Definitely would use this service again, it was nice to be supported"*

Service User Feedback

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **APPRENTICESHIPS AND VOCATIONAL TRAINING**

Our apprenticeship and vocational training programmes focus on helping learners to achieve their purpose by putting a network of good people around them, coupled with quality delivery. They support young people and adults, primarily those furthest away from the labour market or with poor skills, into long term and sustainable work and career pathways. This year we supported 1,921 learners through these services.

##### **Apprenticeships**

Over this financial period we supported 713 learners into sustained work, delivering apprenticeships 'end-to-end' for large and small employers across England. We specialise in delivering Professional Business Service apprenticeships: Sales, Customer Service, Business Administration, ICT, Retail, Leading, Leadership and Management, Housing and Property Management. We deliver apprenticeships over the UK. Geographically over half are in London and South East: London (35%), The South East (25%). East of England (11%) and West Midlands (20%).

This year, Catch22 supported apprentices into work in levy paying organisations like nPower, Vodafone, Countrywide, Rendall and Rittner and Gtech. We have also won over £1m of funding to deliver non-levy apprenticeships through to March 2019.

This financial year, Catch22 became the first provider to design and deliver the Apprenticeship Standard in Housing and Property management. In collaboration with Rendall & Rittner, the Chartered Institute of Housing, and the Institute of Residential Property Management, we launched the inaugural cohort of apprentices taking part in the Housing and Property Management Apprenticeship Pilot Scheme.

96.8% of all apprentices that complete the programme progress into a positive destination, with 68% of Catch22 trained apprentices going on to employment and a further third going on to further education.

Six months after completing a Catch22 apprenticeship:

- 95% are still in employment
- 88% are still working in the same industry/sector as their Apprenticeship
- 46% have either gained a promotion or have additional responsibilities
- 48% are earning between £15k - £20k and 19% are earning between £20k and £25k. More than double the Apprenticeship national minimum wage

##### **Vocational training**

In 2016/2017, Catch22 supported 386 students through our study programmes. The Catch22 Study Programme is a Department of Education initiative which aims to individualise all learners' education and training experience, whilst enhancing their employment opportunities. Study Programmes are designed to complement all learner pathways (both vocational and academic).

Catch22 has 14 sites across England from Portsmouth to Peterlee (some are attached to our school provision). We offer a flexible learning programme for 16-19 year olds that includes:

- Maths and English GCSE / Functional skills
- Vocational or Academic qualifications
- Work experience
- Enrichment activities and pastoral support

Our students are often high needs learners who need more support than a traditional academic environment. We provide our students with a different option – the opportunity to carry on their learning in a smaller, highly supporting environment where the focus is on providing learning and training options to help them gain the skills, qualifications and experiences they need to achieve their goals in life.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **Employability**

In February 2017, Catch22 launched two new employment programmes supporting families in North and East London, aimed at getting Londoners into long-term jobs. These programmes support local people facing complex family challenges to move into sustained employment. Inspiring Families and Family Works will help individuals in Enfield, Haringey, Newham, Islington and Tower Hamlets become job ready through support with job searches, applications and interviews, as well as personal coaching to build motivation and confidence – all while taking into account personal and family circumstances.

This year Catch22 was shortlisted in the ERSA Employability Awards 2017, in the Youth Employment Award category. This award recognises the employment services provider who has demonstrated exceptional commitment in delivering employment services for young adults. This shortlisting recognises our work supporting 16-24 year olds who aren't in employment, education, or training to find a supportive place of work and their professional purpose.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **EDUCATION**

Our alternative provision schools focus on helping our students progress quickly and effectively and succeed in achieving their purpose of sustained education or employment.

We achieve this through putting a good network of people around them, high quality teaching and learning based on effective relationships, enabling the students to achieve skills and meaningful qualifications. Our model operates an academic approach, mirroring the National Curriculum from Key Stage 1 through to GCSE.

#### **Catch22 Include schools**

Catch22 runs independent schools across the UK, situated in Bristol, Norfolk, London, Thames Valley, Suffolk and Wales. During the 2016/2017 academic year our Include schools supported 460 students, a slight rise on the previous year.

Key findings from our impact data:

- The majority of students are making Good or Outstanding academic progress, however we still have improvements to make to ensure all students make at least Good progress
- Learner behaviour improved over the course of the 16/17 Academic Year with more than double the percentage of students exhibiting Good or Outstanding behaviour at the End of Year
- Two thirds of Key Stage 4 leavers entered Positive Destinations, with 91 students entering Further Education.
- The number and percentage of students in Vulnerable Learner groups has increased, indicating a cohort with greater needs;
- Learner behaviour is improving, however increased exclusions tells us there are still very challenging behaviours in schools
- Most students achieved Level 1 (or GCSE equivalent) results in Core Key Stage 4 subjects.

#### **The Catch22 Multi Academies Trust**

We launched the Catch22 Multi Academies Trust in 2014, an approved Academy Sponsor that focuses on students who can benefit from small, supportive alternative education provision. Over 2016/2017 we have worked hard to grow the provision, to support more young people across the country. Over the year we supported 241 pupils.

We currently run five alternative provision schools with one in pre-opening stage:

- The Ashwood Academy (Hampshire): Ofsted 'Good' – Alternative Provision – converted 2014.
- The Brunel Academy (Devon): SEMH Special School – converted April 2017
- The Burton Academy (Devon): Alternative Provision - converted April 2017
- The Spires Academy (Northamptonshire): Alternative Provision - opened May 2017
- Everitt Academy (Suffolk): SEMH Special School – opened Sept. 2017
- Fen Rivers Academy (Norfolk): SEMH Special School – opening early summer 2018

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

Our impact data shows that:

- 85% of our learners have Special Educational Needs (SEN)
- 64% of our learners are eligible for free school meals
- 38% of our learners are eligible for the pupil premium
- 39% of our learners improved their attendance over the last school year
- Learners with behaviour assessed as Good or Outstanding increased by nearly 10% over the course of the 16/17 Academic Year.
- 75% of learners showed Good/Outstanding progress at the end of the 16/17 academic year across english, maths and science.

### **Case Study: The Ashwood Academy**

In July 2017 Teachers, parents and pupils of the Ashwood Academy celebrated its first Ofsted 'Good' grade. The school provides alternative education for young people in the Basingstoke area who require additional behavioural, emotional or medical support.

The Ashwood Academy is a Catch22 Multi Academies Trust run pupil referral unit, which opened in 2014. Since opening, the school has worked with 228 young people who have been excluded from mainstream education, supporting their academic and pastoral development until they are able to move back into mainstream education.

Key findings from the report included:

- Pupils feel safe as they develop trusting relationships with each other and the adults who care for them.
- The work of the school is respected by others, including the local authority.
- Pupils from low starting points make good and sometimes rapid progress in english and mathematics.
- The school's curriculum fosters pupils' enjoyment of learning and facilitates success. Pupils respond well to developing a range of skills including in areas like art, business and religious education.
- Pupils' attendance is excellent. Pupils enjoy school life and some speak highly of the strides they make in managing their own behaviour allowing them to learn increasingly well.
- Behaviour between pupils is positive, as adults' expectations are high and fully understood.
- Extra-curricular activities such as tennis, philosophy and cookery develop pupils' social skills rapidly, fostering team spirit and communication.

More about the work of The Catch22 Multi Academies Trust can be found at:  
<https://www.catch-22.org.uk/services/multi-academies-trust/>

Copies of the financial statements of The Catch22 Multi Academies Trust Ltd are available from 27 Pear Tree Street, London, EC1V 3AG.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **STRONG FINANCE AND GOVERNANCE**

Catch22 is a stable and well-funded organisation. 2016/2017 was a year of growth, whilst our focus on internal collaboration and strengthening our culture led to strengthened cost control.

- This year, excluding 'one-off' amounts relating to the conversions of schools to academy status and the acquisition of Community Links we have seen an 11% growth in income, to £51.9m. This growth has come through organic and acquisitive growth. In particular, it has been fuelled by growth across Education (opening new schools), National Citizens Service and Justice, where we are increasingly recognised for our delivery of victims services. Across children's services, our experience of working with younger people in need of additional support has led to the growth of some strategic partnerships, including with the Home Office, resulting in our work with Unaccompanied Asylum Seeking Children.
- These new contracts and one off delivery support projects represent stable and ongoing income and partnerships, and we expect this investment in our relationships to continue to bring social and financial benefits.
- This year, we have focused on internal collaboration, putting in place systems and structures that have helped us better share information, expertise and assets. This cultural shift has meant that we end the year with a reduction in our overhead cost base of £1.2 million.
- In addition to this delivery growth, the wider Catch22 group has grown through our strategy of group acquisitions (Community Links) and incubation (Unlocked Graduates).
- As we signposted last year, we have continued to experience the growth of payment by results contracts, and local authorities moving to payment in arrears. These pressures on cash continue to represent a challenge to non-profit organisations looking to play a meaningful role in delivering public services. While stable, well-funded organisations like Catch22 are able to manage this challenge, it has the potential to restrict smaller and community organisations from playing the role that they were set up to do. This challenge only makes us more determined to support these organisations in the areas where we deliver; through our networks, through finance, through any support we can give.
- Our proactive and diversified investment strategy, managed by HSBC Private Bank continues to deliver strong returns, total gains were over £1m in the year from both income and capital growth.
- Whilst we do not actively seek to raise funds from the public, we do benefit from the support of trust and corporate partners. In our dealings with these partner organisations, we ensure that we act responsibly, particularly with regard to fundraising.



## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **SUSTAINABLE AND DIVERSE FUNDING**

Catch22 has a high performing business development function, primarily focused on bidding and tendering for contracts. To achieve our endgame, we must develop this function further to bring in income that is aligned to our mission.

This year, notable new partnerships and contract wins have included:

- **Nottingham Victims' CARE service (Nottinghamshire PCC)**  
Commissioned by Nottinghamshire Police and Crime Commissioner (PCC), Victim CARE is a free and confidential service available to all victims of crime and Anti Social Behaviour across Nottinghamshire.
- **Cheshire West and Chester Integrated Early Support Service (Cheshire West and Chester)**  
The Integrated Early Support Service has been established to intervene, in a joined up way and at the earliest possible stage, to tackle problems as they emerge for children, young people and families, or with a population most at risk of developing problems.
- **Stoke-on-Trent and Staffordshire CSE and Missing Service (Stoke- on-Trent City Council, Staffordshire County Council and the Staffordshire Office of the Police and Crime Commissioner)**  
This service was set up to support children and young people in unhealthy relationships, victims of child sexual exploitation and children missing from home.
- **Care Leaver's Partnership (Department for Education)**  
Catch22 and Southwark Council have gained funding from the Department of Education's Children's Social Care Innovation Fund to design and test a new model of support for Southwark's care leavers, effective in achieving positive outcomes for young people.
- **Inspiring Families (Serco)** The Inspiring Families Programme is a voluntary employment support programme. It has been designed to support local people, who are part of a family with complex barriers to gain employment, improving life for the whole family. Catch22 are delivering this contract in collaboration with Serco on behalf of the DWP.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **ENGAGED, CAPABLE AND SAFE PEOPLE**

Catch22 delivers many diverse services but what is common is the commitment and passion to supporting the people we work with.

A survey that we undertook in February 2017 found that:

- 86% of colleagues feel like they are making a difference in their jobs
- 35% of our colleagues volunteer outside of their work with Catch22
- 37% have a family member or close friend with lived experience of substance misuse
- 27% of colleagues have a family member or close friend with lived experience of the criminal justice system
- 7% of our colleagues have been apprentices
- 7% identify as a member of the LGBTQ community

In May 2017, we recognised colleagues from across the organisation at an event attended by our Patron, HRH Princess Anne. The colleagues that won awards included:

##### **The Justice Award - Lia Husarciuc, Case Worker**

As caseworker at our Victim First service in Leicestershire, Lia supports victims of crime at the most vulnerable time in their life through her caring and understanding personality.

##### **The Education Award – Peter Grinham, Teaching Assistant**

Peter always brings a positive attitude to work, supporting other colleagues and constantly offering advice. He always puts the young people he works with first.

##### **The Citizenship Award – Ryan Weaver, NCS Coordinator**

Ryan works hard to ensure that all young people are able to access social action opportunities.

##### **The Young People and Families Award – Louise Harmer, Reparation Coordinator**

Louise Harmer leads the YOT Reparation Service in Bristol, showing on-going enthusiasm and dedication to helping young people make reparation to their community.

##### **The Corporate Award – Cat Crowther, Business Development**

Cat Crowther works in our corporate bids team in London, making sure that we win the contracts needed to deliver the services, which help young people and their families right across the UK.

##### **The Employment Award - Sanaa Chikhaoui, Employment Advisor**

An Employment Advisor for the Inspiring Families contract, Sanaa is a shining example of teamwork and works hard to get young people from more challenging backgrounds into work.

##### **Justice Leadership Award – Lisa Smitherman, Assistant Director**

Lisa Smitherman stays calm under pressure and manages stakeholders expertly, which was been vital to her successful launch of the largest restorative justice service in the UK, Restore:London.

##### **Education Leadership Award – Marie Gavin, Programme Manager**

Marie is a Programme Manager for Supported Internships. She works hard to support the young people on our Study Programme and help them progress.

##### **Citizenship Leadership Award – Paul Wright, National Citizens Service**

Paul spends a lot of time travelling, heading up performance and contracts right across our NCS programme. He always has a very positive attitude, shows ongoing commitment to keeping us on track and ensures that we open up the opportunities of social action to young people from all backgrounds.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **Young People and Families Leadership Award – Steve Bird, Service Manager**

Steve leads our Surrey Substance Misuse team as a Service Manager. He won the award for being always open to change, progressing the service and trying something new. He delivers outstanding results for young people facing substance misuse issues.

#### **Corporate Leadership Award – Liz Cole, Head of Health and Safety**

Liz Cole has a passion for making sure everyone at Catch22 is safe. She empowers others to keep safety top-of-mind, which is integral in such a big organisation, delivering so many important services.

#### **Employment Leadership Award – Mandy Kadungala, Business Manager.**

Mandy works as part of the Work Ready London, Employability programme. She won the award for always exuding positivity and being keen to support her colleagues.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **THE CATCH22 GROUP**

Catch22 believes that larger organisations have a responsibility to open up their assets, scale and networks to act as a platform for other organisations to thrive. Local charities should be enabled to keep their identity and autonomy but to operate at scale through this kind of relationship, for the greater social good

Our network of wholly or part-owned organisations is growing: Only Connect, Capacity (the Public Services Lab), Community Links, Launch22.

In February 2017, we announced a new partnership with social action charity Community Links, which has joined the Catch22 group.

The partnership sees Community Links continuing to operate with its own identity, a board of trustees, premises and charity number. This partnership gives Community Links added stability, enabling it to build on its strong history of pioneering new approaches for the East London community.

Community Links is a social action charity, rooted in East London, providing support and opportunities for over 5,000 people a year. In addition, it reaches out to over 36,000 people a year for its early screening on cancer, and uses the local learning from its work and shares it nationally. Although known primarily for its work across the London Borough of Newham, its reach is far greater, delivering services across London as well as influencing national policy through its Early Action Task Force.

Community Links will benefit from the support services infrastructure of Catch22. Catch22's national reach will provide additional opportunities for the policy work of the Early Action Task Force, which will also positively influence Catch22's delivery. To ensure effective partnership working, Catch22's Chief Executive, Chris Wright, has taken a seat on the board of Community Links.

During this period, Catch22's incubated organisations included Unlocked Graduates, a two-year leadership development programme aimed at training graduates to become inspirational and supportive leaders, serving as prison officers.

Our ambition is to have a rolling pipeline of 3-5 lived-experienced entrepreneurs at any one time whom are being incubated by Catch22. Beyond their formal incubation, they will maintain support from Catch22 as part of the Catch22 family and networks, and this may include some core infrastructure support as well.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **2017/2018: CATCH22 PLANS FOR DEVELOPMENT**

Catch22 has undergone almost a decade of growth that has put us in the strong position to be able to deliver our endgame. We operate with the scale and breadth to be a credible voice for public service reform.

This growth was delivered by a market-focused approach. We must be an agent for change; both a strong and resilient organisation, and a force for bringing around a reformed public system that abandons the siloed approach.

All aspects of what we do in our business (finance, delivery quality, impact and people), needs to be excellent. Over the next year couple of years we will put in place steps that will mean that by August 2019, Catch22 is:

- Able to evidence extremely high levels of stakeholder (service user, commissioner, customer and partner) satisfaction and backing.
- Driven by engaged and empowered staff, with low levels of staff turnover, and high levels of internal mobility.
- Geographically and thematically aligned, with operational services co-locating and co-delivering where possible.
- Recognised for its coherent reform vision and track record, internally and externally.
- Sustainably funded to deliver its goals, with a diversified income mix built around relationship-based partnerships.
- Recognised for consistently high levels of operational delivery, with all services identified as 'good' or outstanding.
- Powered by easy to use, cost effective systems that work seamlessly.
- Compliant and safe, regardless of the type of service delivery involved.
- Able to clearly demonstrate its collective impact, and able to use this to evidence more effective ways of designing and delivering services.
- Financially strong: cash generative and profitable, allowing it to reinvest into its people and drive its endgame.

In operational terms, this means:

- Implementing feedback surveys in all services on service user completion.
- Regular commissioner feedback surveys.
- Identifying geographical alignment opportunities and driving co-location, co-delivery and interoperability.
- Benchmarking current service performance and take actions to improve performance.
- Implementing peer review of services using a performance scorecard framework

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

- Improving reporting and lessons learnt in Health and Safety, Safeguarding and Complaints procedures
- Driving better behaviours and use of systems (Click Travel, FocalPoint and online expenses system) to manage spend

In financial and governance terms this means:

- Continued focus on our overheads. Ever closer cost control will enable us to become both cash generative and increase the margin available to invest in our people and in reform activity.
- Establishment of an operational mid-office
- Developing a coherent digital strategy and system architecture.
- Securing the best possible payment terms from commissioners and key suppliers. We will focus on proactive cash management and improving contract margins (effective bidding)

In employee engagement terms, this means:

- Talent: cultivating a talent programme that develops, promotes and attracts the right people
- Community: creating a common identity for everyone within Catch22 that is inclusive and caring
- Leadership: developing effective leaders that promote accountability and autonomy at all levels
- 100% Safe: ensuring we are safe, legal and compliant at all times

In development terms this means:

- Moving forward, development activity will build on the strength of relationships that Catch22 holds; mapping them, building them and converting them where possible into active partnerships. This approach will enable us to move away from some of the more challenging, badly designed and transactional contracts. By investing time in proactive opportunities and relationships, we can secure projects that will help us drive greater impact and influence.

In reform terms this means:

- Developing a statement of intent for 'Generous Leadership'
- Designing and test new approaches: focus on local projects to better support children in need, from early intervention to assisting care leavers
- Consolidating the early signs of success in Crewe by both continuing our delivery locally but also by replicating success in Coventry, Southwark and beyond.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

## **OUR FINANCIAL OVERVIEW**

### **Financial highlights**

2016/17 has been an improved year financially for the group, with an overall growth in unrestricted reserves. During the year, we reorganised our structures and management, resulting in both clearer accountabilities across the organisation and sustainable cost savings of over £1m.

The Catch22 Group goes into 2017/18 with a strong consolidated balance sheet and a sound base on which to build future success and growth and to deal with the challenges presented by the current economic environment.

As we set out last year, in order to ensure we remain a financially strong organisation, we place great focus on:

- ensuring that our services fully recover all their costs and do not run at a deficit, except where Trustees have chosen to invest
- ensuring support services and management structures are efficient and cost effective
- ensuring that our organisational strategy is aligned to areas where funding is available to maximise the impact we can have on people's lives and joining up funding where possible
- managing our reserves in line with our policy

Catch22 continues to be cautiously optimistic about the future. Whilst the availability of public funding is continuing to decline and service user need is increasing, we are confident that our solid foundation - the free reserves of the group have increased during the year - and natural financial prudence will enable us to meet those challenges. We believe that through innovation and doing things differently, we will be able to unlock the funding and capacity needed from society to achieve the social impact we seek.

Working capital remains a challenge, public sector payment terms are increasingly based on quarterly in arrears. This puts pressure on even financially strong organisations like Catch22 and we will continue to highlight with commissioners the strain this can cause organisations and how it can exclude some very effective smaller organisations from being able to deliver services. Moving forward we will seek to secure a greater proportion of our income from alternative sources; grant funding, venture philanthropy and corporate support both to improve cash flow and to allow us to innovate in the delivery of public services.

### **Income**

Total income for the year to 31 August 2017 was £57.3m, compared with £46.8m for the previous year.

Voluntary income in the period included £3.9m of long leasehold land and buildings transferred from the local authority on the conversion of Burton and Brunel academies, partially offset by negative income relating to the pension deficits of those academies of £0.6m. There was no similar income in the previous financial year.

Voluntary income also includes £1.9m relating to the fair value of assets acquired on the acquisition of Community Links Trust, again there was no similar income in the previous year.

After adjusting for these 'one-off' income amounts income for the year is £52.1m, an 11% increase over the previous year. The main drivers for this increase in income are the activities of Community Links since acquisition (£2.2m) and the opening of three new academies during the financial year (£1.1m). There was also increased income from new contracts in Employability and Justice and more young people in our schools and on our NCS programmes. The only area to see a reduction in income was Young People and Families, reflecting the continuing pressure on local authority funding with services being taken back in house or being withdrawn.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

Grant funding remained, as in the previous year, at less than 10% of total income (after excluding 'one-offs'). This is down from over 25% in 2013. The introduction of Community Links will mean that in future a greater proportion of the group's income will come from voluntary sources, but increased grant funding will also be actively sought moving forward to improve cash-flow (as grant income tends to be paid in advance) and allow investment in systems and innovation.

### **Expenditure**

Total expenditure for the year the year to 31 August 2017 was £52.3m compared with £49.45m for the previous financial year. Included within the cost of charitable activities is a further £0.12m (2016: £0.26m) of bad debts relating to a subcontractor that, as we reported last year, despite our efforts to support it in order to protect the young people benefitting from its services went into liquidation. The additional loss in this financial year arose because we were not able to secure as much income from the completion of their learners' apprenticeships as we had anticipated. In addition there are exceptional costs, consultancy fees and redundancy costs, of £0.4m (2016: £nil) relating to the organisational restructure that took place during the year. The restructure delivered £1.2m of sustainable annual cost savings.

### **Surpluses on investment assets**

At 31 August 2017 the portfolio was valued at £11.0m (31 August 2016: £10.5m), a pleasing growth of 4.7%, even after withdrawing £259k from the portfolio during the year. In addition, income earned from the portfolio was £327k (2016: £271k).

HSBC Private Bank, the investment managers, offer a working capital facility (currently with an agreed limit of £3.75m) 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. Currently £2.75m of the facility has been drawn (2016: £1.5m)

### **Support costs**

We monitor the effectiveness and cost of our overheads on an ongoing basis. During 2016/17 we continued to reduce costs through the restructure and consolidation of support services across the group. We will continue to drive down costs where possible through process and system improvement.

### **Reserves**

The Finance and Business Administration Committee, on behalf of the Board of Trustees, conducts an annual review of the level of unrestricted reserves in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items.

Much of Catch22's activities, particularly those that are unrestricted, relate to the provision of services that would likely be transferred to a new provider if Catch22 were unable to continue to deliver those services and the associated staff would TUPE transfer. Therefore, Catch22's exposure in a wind down scenario would primarily be in relation to overhead costs and ongoing lease commitments.

Having considered the organisation's financial health, strategic plan and the associated ongoing working capital requirements and also assessed the risks faced by the charity the trustees have adopted an approach to reserves, which requires the charity to have a minimum target holding of free reserves which is deemed by the Trustees as sufficient:

- to allow time for re-organisation in the event of a downturn in income or asset values
- to protect ongoing work programmes and the interests of vulnerable beneficiaries



## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

- to allow the Charity to meet its working capital requirements
- to allow the Charity to meet its objectives

In considering the target for reserves the Trustees exclude the value of the restricted funds, which are not available for general expenditure, and those that are tied up in fixed assets used in the delivery of the charity's objectives. The charity's target level of reserves is £5.1m (2016: £4.6m) which is calculated as six months of overhead costs, redundancy costs in relation to overhead roles plus ongoing property lease commitments.

At 31 August 2017 the group's total reserves amounted to £22.5m (2016: £16.7m) of which £11.0m was restricted (2016: £6.6m) and £11.5m was unrestricted (2016: £10.0m), including £0.4m (2016: £nil) of Designated Reserves. Of the unrestricted amount £8.3m (2016: £7.8m) is deemed to be free reserves, providing headroom of £3.2m (2016: £3.2m) against the target level. Given the continuing changes to the group's funding streams and commissioner payment terms, future growth opportunities and the resultant pressure on working capital, the trustees believe that this level of headroom is prudent given current conditions.

### **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.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **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.

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Formation and structure of the Charity**

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

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

We have 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, having acquired 32.5% of the share capital from Bridges Social Entrepreneurs Fund LLP (Bridges) in May 2017

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, which is dormant.

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, which was acquired, by Catch22 becoming the sole member, on 3 February 2017. Community Links Trust Limited owns 100% of Community Links Trading Limited.

Catch22 also owns 100% of Launch22 Limited, a company limited by guarantee. Catch22 became the sole member on 23 May 2017.

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

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

## **GOVERNANCE**

### **Safeguarding**

Catch22 is a diverse and dispersed organisation. 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 was recruited to in October 2017 and Gemma Roberson took up her post as Safeguarding Manager in January 2018.

Over this financial year, there were 873 safeguarding incidents, primarily made up of disclosures made by the vulnerable young people and adults that we work with. 18 of these were automatically escalated to the Local Authority Designated Officer (LADO).

In 2018, we intend to identify and adopt an IT system for incident reporting and management 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. A new system will also reduce the risk of unnecessary information being recorded ensuring compliance with the principle of data minimisation under GDPR.

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

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

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

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

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

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.

### **Trustees responsibilities (continued)**

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

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.
- observe the methods and principles in the Charities SORP;

In so far as the trustees are aware:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **BOARD OF TRUSTEES' REPORT**

### **STRATEGIC REPORT**

#### **Valuing our Trustees – recruitment, induction and ongoing training**

The Governance and Remuneration Committee oversees the recruitment of Trustees and undertakes a periodic skills audit of the Board. Applications for Trusteeship are sought through open advertisement, use of a specialist agency and personal 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.

This year, a Trustee Skills audit has led to us strengthening the board through appointment of three new trustees:

#### **Honor Wilson-Fletcher**

Honor Wilson-Fletcher MBE is Chief Executive of The British Exploring Society, a UK-based youth development charity that aims to provide young people with an intense and lasting experience of self-discovery in wilderness environments. She was awarded an MBE for services to education, following her role as Director of the 2008 National Year of Reading. Honor was previously Chief Executive of the Aldridge Foundation, a national Academy sponsor supporting a family of 12 schools and colleges. Prior to joining the Foundation Honor was Strategic Development Director at the National Literacy Trust, and held senior roles at Waterstones, the British Museum and the Southbank Centre.

#### **Mike Adamson**

Mike Adamson is Chief Executive of the British Red Cross, the humanitarian charity. He manages more than 20,500 volunteers and 4,000 staff to support those facing crisis both in the UK and overseas. From October 2010 he was the organisation's Managing Director of Operations, responsible for leading the Red Cross's UK and international programmes, its advocacy work and ensuring a unified approach across all operations. Between 1992 and 2003 he held a range of positions within the organisation including Head of International Programme Development, Director of the London and South East region and Director of Strategy, Planning and Information Systems. In his years away from the organisation, Mike worked for the National Health Service as Director of Commissioning and Primary Care at a primary care trust in Gloucestershire for three years. He spent five years as Managing Director for Services at the Royal National Institute for Deaf People (RNID – now Action on Hearing Loss).

#### **Ben Cooper**

Ben Cooper is Controller, BBC Radio 1, BBC Radio 1Xtra and BBC Asian Network and a member of the BBC's Radio board. He is in charge of the leadership, controllable spend, editorial content and overall management of the stations, reaching a combined weekly audience of over 12 million. Ben's passion for tackling key relevant issues such as abusive relationships, mental illness and body image has been at the forefront of his vision to help young audiences to kick-start conversations and make informed decisions. Ben was named in the 2014 Sunday Times – Debretts list of the 500 most influential people in the UK, and he was included in the Media Guardian's 100 list of 2013, the annual guide to the most powerful people in the media business including television, radio and digital media.

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.

## BOARD OF TRUSTEES' REPORT

### STRATEGIC REPORT

#### Risk management

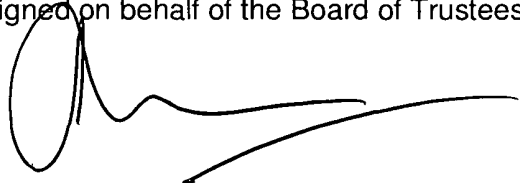
The Trustees have in place a risk management process. The process identifies the types of risks the Charity faces, prioritises them in terms of likelihood of occurrence and potential impact, identifies the means of managing these risks and monitors how they are managed. Development and review of the risk management arrangements are the responsibility of the Audit Committee. The key risks identified by Catch22 at the end of 2016/17, together with the actions taken or intended to be taken in response to these risks are as follows: ..

- Loss of income due to public sector spending cuts and increased competition. Catch22's response is to focus more resource on our business development team, keep our quality high and our costs competitive to ensure that our cost basis is sustainable over the longer-term. We will also focus on securing an increased proportion of grant income.
- Increasingly stringent delivery conditions imposed by commissioners – particularly in relation to 'payment by results' contracts. Catch22's response is to ensure a strong focus on quality and performance as well as careful consideration and control on the contract terms we accept and ensuring we have access to the necessary working capital.
- Commissioner payment terms are increasing significantly 'in arrears' and this combined with more contracts being on a 'payment by results' basis can mean in some areas 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 supported by staff briefings and compulsory training. During 2017/18 we will be moving our IT cloud system to a new server farm with increased information security protocols and additional software protections applied. We are working to achieve compliance with the General Data Protection Regulation (GDPR) by 25 May 2018.
- 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. Independent review of safeguarding arrangements completed leading to the appointment of a Safeguarding Manager. Safeguarding arrangements overseen by a Safeguarding Board. Compliance with recruitment policies monitored to ensure relevant employment checks are carried out.
- Failure to ensure the wellbeing and safety of staff, particularly those working with vulnerable beneficiaries. People team developing an enhanced wellbeing offer and our policy on staff supervision meetings includes the requirement to discuss staff welfare. Professional health and safety manager 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 Catch22, including our Social Business Review can be found at:  
<http://www.catch-22.org.uk>

Signed on behalf of the Board of Trustees on

17 May 2018



Jim McKenna  
Chair, Catch22 Charity Ltd

## AUDITORS 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 2017 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 2017 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.

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.

#### 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.



## **Auditors report (continued)**

### **Other information (continued)**

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.

### **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.

## Auditors report (continued)

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

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

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

*Neil Finlayson*

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

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

*22/5/2018*

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE  
PERIOD ENDED 31 AUGUST 2017**

	Note	Restricted Pension Funds £'000	Restricted Fixed Assets Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
<b>Income from</b>							
Donations and legacies		-	-	208	354	562	74
Grants	2	-	200	3,192	1,109	4,501	4,471
Donation - transfer from local authority on conversion	2	(587)	3,882	204	-	3,499	-
Other income	2	-	-	787	1,145	1,932	-
<b>Income from charitable activities</b>	5	-	-	8,554	37,467	46,021	41,992
<b>Income from trading activities</b>		-	-	-	487	487	-
<b>Income from investments</b>	3	-	-	-	331	331	281
<b>Total income</b>		<b>(587)</b>	<b>4,082</b>	<b>12,945</b>	<b>40,893</b>	<b>57,333</b>	<b>46,818</b>
<b>Expenditure on</b>							
<b>Raising funds</b>		-	-	14	471	485	159
<b>Charitable activities</b>	5						
Ordinary activities		170	30	11,876	39,033	51,109	49,178
Exceptional		-	-	-	494	494	193
<b>Trading activities</b>				-	232	232	-
<b>Total expenditure</b>		<b>170</b>	<b>30</b>	<b>11,890</b>	<b>40,230</b>	<b>52,320</b>	<b>49,530</b>
Net gains on investments	9	-	-	-	709	709	997
<b>Net income/(expenditure) for the period</b>		<b>(757)</b>	<b>4,052</b>	<b>1,055</b>	<b>1,372</b>	<b>5,722</b>	<b>(1,715)</b>
<b>Transfers between funds</b>	15,16	81	-	(166)	85	-	-
<b>Net income/(expenditure) before other recognised gains/(losses)</b>		<b>(676)</b>	<b>4,052</b>	<b>889</b>	<b>1,457</b>	<b>5,722</b>	<b>(1,715)</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gain/(loss) on defined benefit pension scheme	19	91	-	-	-	91	(183)
Acquisition of non-controlling interest					(270)	(270)	
<b>Net movement in funds before non-controlling interest</b>		<b>(585)</b>	<b>4,052</b>	<b>889</b>	<b>1,187</b>	<b>5,543</b>	<b>(1,898)</b>
Non-controlling interest		-	-	-	-	-	1
<b>Net movement in funds after non- controlling interest</b>		<b>(585)</b>	<b>4,052</b>	<b>889</b>	<b>1,187</b>	<b>5,543</b>	<b>(1,897)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		(286)	4,797	2,110	10,342	16,963	18,860
<b>Total funds carried forward</b>		<b>(871)</b>	<b>8,849</b>	<b>2,999</b>	<b>11,529</b>	<b>22,506</b>	<b>16,963</b>

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

**CONSOLIDATED BALANCE SHEET - 31 AUGUST 2017**  
**Company number: 06577534**

	notes	31 August 2017 £'000	31 August 2016 £'000
<b>Fixed assets</b>			
Intangible assets	7	399	655
Tangible fixed assets	8	12,938	7,605
Investments	9	11,081	10,515
		<b>24,418</b>	<b>18,775</b>
<b>Current assets</b>			
Stock		15	18
Debtors	11	7,576	5,666
Cash at bank and in hand		2,224	647
		<b>9,815</b>	<b>6,331</b>
<b>Current liabilities</b>			
Creditors: amounts due within one year	12	(10,343)	(7,504)
<b>Net current assets/(liabilities)</b>		<b>(528)</b>	<b>(1,173)</b>
		<b>23,890</b>	<b>17,602</b>
Creditors: amounts falling due after more than one year	13	(513)	(623)
Provisions	14	(871)	(286)
<b>Net assets</b>	17	<b>22,506</b>	<b>16,693</b>
<b>Funds</b>			
Restricted pension funds	15	(871)	(286)
Restricted fixed asset funds	15	8,849	4,797
Restricted funds	15	2,999	2,110
General fund	16	11,529	10,342
		<b>22,506</b>	<b>16,963</b>
Non-controlling interest		-	(270)
		<b>22,506</b>	<b>16,693</b>

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

17 May 2018.



Jim McKenna  
Chairman



Carl Cramer  
Director

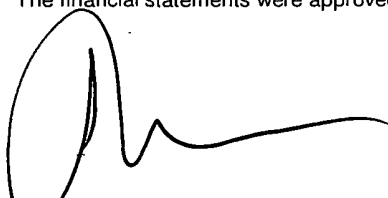
The notes on pages 44 to 71 form part of these financial statements.

**CHARITY BALANCE SHEET - 31 AUGUST 2017**  
**Company number: 06577534**

	notes	31 August 2017 £'000	£'000	31 August 2016 £'000	£'000
<b>Fixed assets</b>					
Intangible assets	7		275		425
Tangible fixed assets	8		2,715		2,766
Investment in subsidiary	8		253		475
Investments	9		<u>10,965</u>		<u>10,515</u>
			<b>14,208</b>		<b>14,181</b>
<b>Current assets</b>					
Stock		15		18	
Debtors	11	6,966		5,274	
Cash at bank and in hand		<u>1,190</u>		<u>122</u>	
		<b>8,171</b>		<b>5,414</b>	
<b>Current liabilities</b>					
Creditors: amounts due within one year	12	<u>(10,459)</u>		<u>(6,575)</u>	
<b>Net current assets/(liabilities)</b>			<b>(2,288)</b>		<b>(1,161)</b>
			<u><b>11,920</b></u>		<u><b>13,020</b></u>
Creditors: amounts falling due after more than one year	13		<u>(513)</u>		<u>(623)</u>
<b>Net assets</b>			<u><b>11,407</b></u>		<u><b>12,397</b></u>
<b>Funds</b>					
Restricted funds	15		1,786		1,973
General fund	16		9,621		10,424
			<u><b>11,407</b></u>		<u><b>12,397</b></u>

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

17 May 2018.

  
Jim McKenna  
Chairman

  
Carl Cramer  
Director

Company Registration No. 06577534

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2017**

	notes	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
<b>Net income/(expenditure) for the reporting period</b>		<b>5,722</b>	<b>(1,715)</b>
Adjusted for:			
Fair value of land and buildings transferred on academy conversion		(3,855)	-
Defined benefit pension scheme obligation inherited		587	-
Fair value of net assets acquired on acquisition of subsidiary		(1,932)	-
Net gains on investments		(709)	(997)
Loan from related party written back		-	(374)
Depreciation charges		154	151
Impairment of tangible fixed assets		-	113
Amortisation charges		282	279
Defined benefit pension scheme cost less contributions payable		76	10
Defined benefit pension scheme finance cost		13	3
Interest receivable		(2)	(10)
Investment income receivable		(329)	(271)
Interest payable		51	23
Capital grants received		(200)	(4)
(Increase)/Decrease in stock		3	3
(Increase)/Decrease in debtors		(1,491)	1,152
Increase/(Decrease) in liabilities		569	(1,888)
<b>Net cash provided by/(used in) operating activities</b>		<b>(1,061)</b>	<b>(3,525)</b>
<b>Investing activities</b>			
Purchase of goodwill		-	(112)
Net cash acquired with acquisition of subsidiary	1,049	-	-
Purchase of intangible fixed assets	(25)	(88)	-
Purchase of tangible fixed assets	(160)	(2)	-
Tangible fixed assets acquired on acquisition of subsidiary	-	(29)	-
Capital grants received	200	4	-
Investment in associated company	(105)	-	-
Proceeds from sale of investments	300	926	-
Interest received	2	10	-
Investment income received	288	139	-
<b>Net cash generated from investing activities</b>		<b>1,549</b>	<b>848</b>
<b>Financing Activities</b>			
Repayment of borrowings	(110)	(110)	-
Interest paid	(51)	(23)	-
<b>Net cash used in financing activities</b>		<b>(161)</b>	<b>(133)</b>
<b>Net decrease in cash and cash equivalents in the reporting period</b>		<b>327</b>	<b>(2,810)</b>
Cash and cash equivalents at beginning of year		(853)	1,957
<b>Cash and cash equivalents at end of year</b>		<b>(526)</b>	<b>(853)</b>
<b>Relating to:</b>			
Bank balances and short term deposits		2,224	647
Bank overdrafts		(2,750)	(1,500)
<b>Cash and cash equivalents</b>		<b>(526)</b>	<b>(853)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 AUGUST 2017

### 1. Accounting policies

Catch22 Charity Limited is a charitable company, limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. The registered office is 27 Pear Tree Street, London EC1V 3AG.

#### Basis of preparation

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

#### 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. The charity has an investment portfolio held in relatively liquid funds valued at £11.0m as at 31 August 2017 with an available working capital facility secured against this of up to £3.75m (£2.75m drawn as at 31 August 2017). This equates to £8.25m of available cash should it be required and in addition there is a £1m unsecured overdraft facility available. 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 2017 are set out here: total income of £41,650k (2016: £36,241k) total expenditure of £43,349k (2016: £39,171k) and net gains on investments £709k (2016: £997k), resulting in net movement in funds of £(990k) (2016: £(1,933k)). This is after charging exceptional items of £828k (2016: £920k). The exceptional items this year related to bad debts £200k (including an amount of £76k owed by Catch22 Social Enterprise Limited); impairment of investment in Include £222k and restructuring costs £406k.

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.

#### Basis of consolidation (continued)

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 2017

### 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.

##### 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 academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 18, 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 academy 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 2017

### 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 £50,000 (2016: 113,800). 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. 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 18, 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 2017. 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 is use of the cash generating units to which goodwill and software has been allocated.

#### 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 academy 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 2017**

**Comparative Consolidated Statement of Financial Activities for the Period Ended 31 August 2016**

	Note	Restricted Pension Funds £'000	Restricted Fixed Assets Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2016 £'000
<b>Income from</b>						
Donations and legacies		-	-	5	69	74
Grants	2	-	-	3,687	784	4,471
Donation - transfer from local authority on conversion	2	-	-	-	-	-
<b>Income from charitable activities</b>	5	-	4	7,980	34,008	41,992
<b>Income from investments</b>	3	-	-	-	281	281
<b>Total income</b>		-	4	11,672	35,142	46,818
<b>Expenditure on</b>						
<b>Raising funds</b>		-	-	33	126	159
<b>Charitable activities</b>	5					
Continuing		44	27	13,420	35,687	49,178
Exceptional		-	-	-	193	193
<b>Total expenditure</b>		44	27	13,453	36,006	49,530
<b>Net gains on investments</b>	9	-	-	-	997	997
<b>Net income/(expenditure) for the period</b>		(44)	(23)	(1,781)	133	(1,715)
<b>Transfers between funds</b>	14	31	-	(107)	76	-
<b>Net income/(expenditure) before other recognised gains/(losses)</b>		(13)	(23)	(1,888)	209	(1,715)
<b>Other recognised gains/(losses)</b>						
Actuarial gain/(loss) on defined benefit pension scheme	18	(183)	-	-	-	(183)
<b>Net movement in funds before minority interest</b>		(196)	(23)	(1,888)	209	(1,898)
<b>Minority Interest</b>		-	-	-	1	1
<b>Net movement in funds after minority interest</b>		(196)	(23)	(1,888)	210	(1,897)
<b>Reconciliation of funds</b>						
<b>Total funds brought forward</b>		(90)	4,820	3,998	10,132	18,860
<b>Total funds carried forward</b>		(286)	4,797	2,110	10,342	16,963

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 2017

### 2. Grants, Transfers from Local Authority and Other Income

Grants	Year to 31 August 2017				Year to 31 August 2016			
	Fixed Asset Restricted £'000	Restricted £'000	Unrestricted £'000	Total funds £'000	Fixed Asset Restricted £'000	Restricted £'000	Unrestricted £'000	Total funds £'000
The Big Lottery – Realising Ambition	-	1,210	-	1,210	-	3,010	-	3,010
Barclays Bank – Employability Initiative	-	527	-	527	-	400	-	400
Impetus PEF	-	-	700	700	-	-	120	120
Garfield Weston Foundation	-	435	-	435	-	-	-	-
Department for Education – Children's Social Care Innovation Programme (Southwark)	-	250	-	250	-	-	-	-
The Dawes Trust	-	350	-	350	-	-	-	-
The Big Lottery – CIN SIB Development – Children In Need	-	-	-	-	-	-	75	75
The Big Lottery – Youth Violence SIB	-	-	5	5	-	-	74	74
The Big Lottery – Support Wellingborough	-	-	95	95	-	-	42	42
The Big Lottery – Southampton Family Sports Programme	-	23	-	23	-	41	-	41
Dame Kelly Homes Trust	-	-	-	-	-	-	26	26
Big Potential	-	31	-	31	-	-	-	-
Department for Education – Capital Grant	200	-	-	200	-	-	-	-
Other Small Grants	-	366	309	675	-	236	447	683
	<b>200</b>	<b>3,192</b>	<b>1,109</b>	<b>4,501</b>	<b>-</b>	<b>3,687</b>	<b>784</b>	<b>4,471</b>

Transfer from local authority relates to the following:

On 1 April 2017 the Torbay School 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 Torbay Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities were valued at 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.

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 Pension Fund £000	Restricted £000	Restricted Fixed Asset £000	Total Funds £000
Tangible fixed assets				
Long leasehold land and buildings	-	-	3,855	3,855
Other identified assets and liabilities	-	204	27	231
LGPS pension (deficit)	(587)	-	-	(587)
<b>Net Assets</b>	<b>(587)</b>	<b>204</b>	<b>3,882</b>	<b>3,499</b>

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 2. Grants, Transfers from Local Authority and Other Income (continued)

Other income relates to the following:

On 3 February 2017 Catch22 became the sole member of Community Links Trust for £nil consideration. The acquisition has been accounted for as a combination that is in substance a gift. The assets and liabilities were valued at 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 – Other income.

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	Restricted Pension Fund £000	Restricted £000	Unrestricted £000	Total Funds £000
Tangible fixed assets					
Leasehold land and buildings	-	-	583	825	1,408
Computer equipment, fixtures & fittings	-	-	-	47	47
Motor vehicles	-	-	-	17	17
Investments	-	-	-	11	11
Debtors	-	-	-	283	283
Cash at bank in hand	-	-	204	845	1,049
Creditors due in less than 1 year	-	-	-	(883)	(883)
<b>Net Assets</b>	-	-	<b>787</b>	<b>1,145</b>	<b>1,932</b>

### 3. Investment and other income

	Restricted funds £'000	Unrestricted funds £'000	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
Investment income	-	-	327	271
Interest and other income	-	-	4	10
	-	-	<b>331</b>	<b>281</b>

All prior year investment income was also unrestricted

### 4. Net income/(expenditure) for the year

	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	154	151
Impairment of tangible fixed assets	-	113
Amortisation of goodwill and intangible fixed assets	282	279
Property rental	1,329	1,549
Auditor's remuneration		
Audit fees for Charity's annual accounts	34	33
Audit fees for other services:		
- the audit of the Charity's subsidiaries, pursuant to legislation	57	24
- other fees and taxation advice	2	11

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 AUGUST 2017

### 5. Charitable activities

#### Analysis of income from charitable activities for the year ended 31 August 2017

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2017
	£'000	£'000	£'000	£'000	£'000
Apprenticeships & employability	-	-	-	4,581	4,581
Education	-	-	3,017	16,460	19,477
Justice	-	-	1,656	5,784	7,440
Young people & families	-	-	2,969	9,407	12,376
Place based delivery and early action	-	-	912	290	1,202
Social Enterprise - discontinued	-	-	-	94	94
Other	-	-	-	851	851
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,554</b>	<b>37,467</b>	<b>46,021</b>

Unrestricted other income includes £655k (2016: £nil) received from various funders in connection with the transition of Community Links Trust into the Catch22 group, to help fund the associated costs and the restructure of Community Links Trust.

#### Analysis of income from charitable activities for the period ended 31 August 2016

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2016
	£'000	£'000	£'000	£'000	£'000
Apprenticeships & employability	-	-	344	3,421	3,765
Education	-	4	1,990	15,443	17,437
Justice	-	-	324	5,446	5,770
Young people & families	-	-	5,267	9,258	14,525
Place based delivery and early action	-	-	-	-	-
Social Enterprise – discontinued	-	-	-	438	438
Other	-	-	55	2	57
<b>Total</b>	<b>-</b>	<b>4</b>	<b>7,980</b>	<b>34,008</b>	<b>41,992</b>

#### Analysis of expenditure on charitable activities for the year ended 31 August 2017

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2017
	£'000	£'000	£'000	£'000	£'000
Apprenticeships & employability	-	-	661	4,936	5,597
Education	30	170	2,982	17,743	20,925
Justice	-	-	2,007	5,350	7,357
Young people & families	-	-	5,090	9,681	14,771
Place based delivery and early action	-	-	1,105	718	1,823
Social Enterprise - discontinued	-	-	-	209	209
Other	-	-	31	396	427
Exceptional items	-	-	-	494	494
<b>Total</b>	<b>30</b>	<b>170</b>	<b>11,876</b>	<b>39,527</b>	<b>51,603</b>

Included within place based delivery and early action expenditure is £349k (2016: £nil) related to the transition of Community Links Trust into the Catch22 group and the related Community Links Trust restructuring costs.

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 5. Charitable activities (continued)

### Analysis of expenditure on charitable activities for the period ended 31 August 2016

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2016
	£'000	£'000	£'000	£'000	£'000
Apprenticeships & employability	-	-	1,752	3,077	4,829
Education -	44	27	2,489	16,736	19,296
Justice	-	-	414	5,229	5,643
Young people & families	-	-	8,640	10,051	18,691
Place based delivery and early action	-	-	-	-	-
Social Enterprise - discontinued	-	-	-	550	550
Other	-	-	125	44	169
Exceptional items	-	-	-	193	193
<b>Total</b>	<b>44</b>	<b>27</b>	<b>13,420</b>	<b>35,880</b>	<b>49,371</b>

### 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 2017	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
<b>Raising Funds</b>	<b>5</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>34</b>
<b>Charitable activities:</b>							
Apprenticeships & employability	63	70	125	72	40	32	402
Education	236	260	468	269	150	119	1,502
Justice	83	92	165	94	53	42	529
Young people & families	167	184	330	189	106	84	1,060
Place based delivery and early action	21	23	41	23	13	10	131
Social Enterprise - discontinued	2	3	5	3	2	1	16
Other	5	5	10	5	3	2	30
	<b>577</b>	<b>637</b>	<b>1,144</b>	<b>655</b>	<b>367</b>	<b>290</b>	<b>3,670</b>
<b>Trading activities</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>17</b>
	<b>585</b>	<b>646</b>	<b>1,160</b>	<b>664</b>	<b>372</b>	<b>294</b>	<b>3,721</b>

Governance costs included in the above support costs amount to £104k

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 AUGUST 2017

### 5. Charitable activities (continued)

#### Support Costs (continued)

Year Ended 31 August 2016	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
<b>Raising Funds</b>	2	2	4	2	1	1	12
<b>Charitable activities:</b>							
Apprenticeships & employability	64	56	106	69	37	30	362
Education	255	225	425	275	146	121	1,447
Justice	75	66	124	81	43	35	424
Young people & families	247	218	412	267	142	116	1,402
Place based delivery and early action	-	-	-	-	-	-	-
Social Enterprise - discontinued	7	6	12	8	4	4	41
Other	2	2	4	3	1	1	13
	<b>650</b>	<b>573</b>	<b>1,083</b>	<b>703</b>	<b>373</b>	<b>307</b>	<b>3,689</b>
<b>Trading activities</b>	-	-	-	-	-	-	-
	<b>652</b>	<b>575</b>	<b>1,087</b>	<b>705</b>	<b>374</b>	<b>308</b>	<b>3,701</b>

Governance costs included in the above support costs amount to £79k

#### Exceptional Items

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

	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
Provision for non-recoverability of training funding as the consequence of the administration of a training provider	124	256
Closure of Catch22 Social Enterprise Limited	(36)	(188)
Write-off of Launch22 Loan	-	125
Organisational restructuring	406	-
<b>Total</b>	<b>494</b>	<b>193</b>

Catch22 Social Enterprise Limited made a loss for the year ended 31 August 2017 of £94k before exceptional items (2016: £55k) and had net liabilities at 31 August 2017 of £649k (2016: £591k) and ceased trading in December 2016. The directors of Catch22 Social Enterprise Limited and the trustees of Catch22 Charity do not therefore consider it to be a going concern and therefore made the following provisions to reflect that position as follows:

	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
Impairment of tangible fixed assets	-	113
Write down of stock and prepayments	-	3
Provision for onerous lease	-	21
Staff redundancies	-	17
Other closure costs	(36)	35
Discharge of minority shareholder loan repayment obligations	-	(377)
<b>Total</b>	<b>(36)</b>	<b>(188)</b>

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 6. Staff costs

	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
Salaries	25,239	23,863
Redundancies	271	239
National Insurance contributions	2,210	2,045
Pension contributions	646	529
	<b>28,366</b>	<b>26,676</b>
The average number of employees during the period split as follows:		
Operations		
- Education	984	693
- Young People & Families	323	366
- Justice	235	151
- Apprenticeships & Employability	57	34
- Place based delivery and early action	31	-
Trading	3	-
Support	63	96
Total	<b>1,696</b>	<b>1,340</b>

During the period payments to agencies for temporary staff amounted to £1,740,053 (2016: £1,984,490)  
Agency staff are used to cover temporary vacancies and to meet short-term needs.

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

	Year to 31 August 2017 £'000	Year to 31 August 2016 £'000
£60,001 - £70,000	11	10
£70,001 - £80,000	3	3
£80,001 - £90,000	3	1
£90,001 - £100,000	1	1
£100,001-£110,000	-	1
£110,001-£120,000	2	1
£140,001-£150,000	1	1

Employer's pension contributions of £71,024 (31 August 2016 £73,370) were paid on behalf of the above staff.

No trustees received any remuneration during the period. Three (2016: two) trustees were reimbursed £4,612 (2016: £2,294) during the year for travelling expenses incurred during the year.

#### Key Management Personnel

The total employee benefits of the Key Management Personnel were £1,176,355 (2016: £878,848).

#### Volunteers

The average number of volunteers for the year to 31 August 2017 totalled 322. 10 volunteers worked in the Apprenticeships & Employability Directorate, 4 volunteers worked in the Education Directorate, 208 worked in the Young People & Families Directorate on various projects, 84 volunteers worked in the Justice Directorate and 16 worked on Corporate Projects and in Corporate Services.



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 7. Intangible fixed assets – Consolidated

	Computer Software £'000	Goodwill £'000	Total £'000
<b>Costs</b>			
1 September 2016	1,486	457	1,943
Additions	26	-	26
<b>31 August 2017</b>	<b>1,512</b>	<b>457</b>	<b>1,969</b>
<b>Depreciation</b>			
1 September 2016	1,061	227	1,288
Charge for the period	176	106	282
<b>31 August 2017</b>	<b>1,237</b>	<b>333</b>	<b>1,570</b>
<b>Net book value</b>			
<b>At 31 August 2017</b>	<b>275</b>	<b>124</b>	<b>399</b>
At 31 August 2016	425	230	655

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2017**

**7. Intangible fixed assets – Charity only**

	<b>Computer Software £'000</b>	<b>Total £'000</b>
<b>Costs</b>		
1 September 2016	1,486	1,486
Additions	26	26
<b>31 August 2017</b>	<b>1,512</b>	<b>1,512</b>
<b>Depreciation</b>		
1 September 2016	1,061	1,061
Charge for the period	176	176
<b>31 August 2017</b>	<b>1,237</b>	<b>1,237</b>
<b>Net book value</b>		
<b>At 31 August 2017</b>	<b>275</b>	<b>275</b>
<b>At 31 August 2016</b>	<b>425</b>	<b>425</b>

**8. Tangible fixed assets – Consolidated**

	<b>Long leasehold land and buildings £'000</b>	<b>Freehold land &amp; buildings £'000</b>	<b>Furniture &amp; equipment £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Costs</b>					
1 September 2016	7,158	737	346	83	8,324
Transfers on acquisition of subsidiary	1,708	-	799	94	2,601
Additions	3,855	-	160	-	4,015
Disposals	(114)	-	(148)	(5)	(267)
<b>31 August 2017</b>	<b>12,607</b>	<b>737</b>	<b>1,157</b>	<b>172</b>	<b>14,673</b>
<b>Depreciation</b>					
1 September 2016	290	47	299	83	719
Transfers on acquisition of subsidiary	300	-	752	77	1,129
Charge for the year	81	13	53	7	154
Disposals	(114)	-	(148)	(5)	(267)
<b>31 August 2017</b>	<b>557</b>	<b>60</b>	<b>956</b>	<b>162</b>	<b>1,735</b>
<b>Net book value</b>					
<b>At 31 August 2017</b>	<b>12,050</b>	<b>677</b>	<b>201</b>	<b>10</b>	<b>12,938</b>
<b>At 31 August 2016</b>	<b>6,868</b>	<b>690</b>	<b>47</b>	<b>-</b>	<b>7,605</b>

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2017

#### 8. Tangible fixed assets – Consolidated (continued)

Long leasehold land and building includes land and buildings transferred to Catch22 Multi Academies Trust on conversion of the Ashwood Academy under a 125 year long leasehold from Hampshire County Council. These land and buildings were valued as at 31 March 2015 by Melanie Brown MRICS, of Mouchel Consulting in accordance, where relevant and appropriate, with the RICS Valuation - Professional Standards 2014, amended April 2015 (The Red Book) published by the Royal Institution of Chartered Surveyors, and supplementary advice issued from time to time by the RICS and CIPFA. The Depreciated Replacement Cost method was used.

The long leasehold land and buildings addition in year is land and buildings occupied by The Brunel Academy and The Burton Academy, which was assigned to Catch22 Multi Academies Trust on their conversion under 125 year leases. Land and buildings totalling £3,855,000 were recognised in accordance with the latest valuations as provided by Torquay Council, being the last estimate of fair value transferred on conversion.

Community Links trust hold the leasehold on 105 Barking Road and it is held at a market value of £900,000. The last valuation was conducted by Aitchison Rafferty on 21 May 2015.

#### 8. Tangible fixed assets – Charity only

	Long leasehold land and buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Motor Vehicles £'000	Total £'000
<b>Costs</b>					
1 September 2016	2,196	737	49	78	3,060
Transfer from subsidiary	-	-	84	-	84
<b>31 August 2017</b>	<b>2,196</b>	<b>737</b>	<b>133</b>	<b>-</b>	<b>3,144</b>
<b>Depreciation</b>					
1 September 2016	125	47	44	78	294
Transfer from subsidiary	-	-	80	-	80
Charge for the year	34	13	8	-	55
<b>31 August 2017</b>	<b>159</b>	<b>60</b>	<b>132</b>	<b>-</b>	<b>429</b>
<b>Net book value</b>					
<b>At 31 August 2017</b>	<b>2,037</b>	<b>677</b>	<b>1</b>	<b>-</b>	<b>2,715</b>
At 31 August 2016	2,071	690	5	-	2,766

#### 9. Investment in subsidiary – Charity only

	Investment in subsidiary £'000	Total £'000
<b>Cost</b>		
31 August 2016 and 31 August 2017	475	475
<b>Impairment</b>		
1 September 2016	-	-
Charge for the year	222	222
<b>31 August 2017</b>	<b>222</b>	<b>222</b>
<b>Net book value</b>		
At 31 August 2017	253	253
At 31 August 2016	475	475

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 9. Investment – Consolidated

	31 August 2017 £'000	31 August 2016 £'000
Investment in associated LLP	105	-
Other investments at market value	10,976	10,515
<b>Investments at market value</b>	<b>11,081</b>	<b>10,515</b>
Quoted investments	10,690	10,260
Cash held by investment managers	281	255
Unlisted investments	110	-
	<b>11,081</b>	<b>10,515</b>
1 September 2016	10,515	10,312
Income re-invested	5,901	9,265
Share acquired in associated LLP *	105	-
Acquired with subsidiary	11	-
Disposal	(6,160)	(10,059)
Change in market value	709	997
<b>Market value at 31 August 2017</b>	<b>11,081</b>	<b>10,515</b>
Historic cost at 31 August 2017	9,763	9,300

	31 August 2017			31 August 2016		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC - equity	7,803	70	6,652	7,022	67	6,090
HSBC - funds	-	-	-	711	7	628
HSBC – fixed income	1,918	17	1,792	1,503	14	1,361
HSBC - alternatives	963	9	921	1,024	10	966
HSBC - cash	281	3	281	255	2	255
Other - listed	6	-	6	-	-	-
Other - unlisted	110	1	111	-	-	-
	<b>11,081</b>	<b>100</b>	<b>9,763</b>	<b>10,515</b>	<b>100</b>	<b>9,300</b>

\* During the year Catch22 Social Enterprise Solutions Limited, a 100% owned subsidiary of Catch22 Charity Limited, acquired 35% of Public Services Lab LLP for £105,000. The company has joint control of the limited liability partnership with three other members. The Charity's share of the profit for the period was £nil.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 9. Investment – Charity only

	31 August 2017 £'000	31 August 2016 £'000
Investments at market value	10,965	10,515
Quoted investments	10,684	10,260
Cash held by investment managers	281	255
	10,965	10,515
1 September 2016	10,515	10,312
Income re-invested	5,901	9,265
Disposal	(5,160)	(10,059)
Change in market value	709	997
<b>Market value at 31 August 2017</b>	<b>10,965</b>	<b>10,515</b>
Historic cost at 31 August 2017	9,646	9,300

	31 August 2017			31 August 2016		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC - equity	7,803	71	6,652	7,022	67	6,090
HSBC - funds	-	-	-	711	7	628
HSBC – fixed income	1,918	17	1,792	1,503	14	1,361
HSBC - alternatives	963	9	921	1,024	10	966
HSBC - cash	281	3	281	255	2	255
	10,965	100	9,646	10,515	100	9,300

### 10. 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	England and Wales	N/A	Helping young people (dormant)	100%	-	-	-	-
Charity Number 229132								
Crime Concern Trust Limited	England and Wales	(1)	Helping young people (dormant)	100%	-	-	-	-
Company Number: 02259016 Charity Number 800735								

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2017**

**10. 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
Catch22 Social Enterprise Limited  <i>Company Number: 06166785</i>	England and Wales	(1)	Automobile maintenance and repairs and supporting young people	100%	(649)	100	158	(58)
Catch22 Social Enterprise Solutions Limited  <i>Company Number: 07971380</i>	England and Wales	(1)	Providing training and employment opportunities for the unemployed	100%	(5)	2	-	2
Pupil Parent Partnership Limited  <i>Company Number: 04872659</i>	England and Wales	(2)	Providing multi-disciplinary support and educational services to young people and their families	100%	1	-	1	(1)
Include  <i>Company Number: 02429781</i> <i>Charity Number 0803333</i>	England and Wales	(2)	Providing alternative education to troubled and challenged young people	100%	253	3,287	2,901	386
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%	8,629	6,716	2,973	3,743
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%	(84)	957	890	67
Citizen22  <i>Company Number: 09754657</i>	England and Wales	(2)	Dormant	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%	2,472	2,150	1,660	490

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 10. 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
Community Links Trading Limited	England and Wales	(4)	Helping young people (dormant)	100%	1	624	* 624	-

Company Number:  
05737749

\* including Gift Aid to Community Links Trust £51k

### Not consolidated:

Year to 30 November 2016

<b>Launch22 Limited</b>	England and Wales	(2)	Mentoring, advice and training, access to facilities and workspace to enable persons to become self-supporting	100%	(120)	169	186	(17)
Company Number: 08789117 Charity Number 1156715								

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 405 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

## 11. Debtors: amounts due within one year

	31 August 2017 £'000	31 August 2016 £'000
<b>Consolidated</b>		
Grant and Trade debtors	3,946	2,821
Other debtors	366	242
Prepayments and accrued income	3,264	2,603
	<b>7,576</b>	<b>5,666</b>
Financial instruments included in the above debtor balances are £6,839k (2016: £5,150k)		
<b>Charity only</b>		
Grant and Trade debtors	3,493	2,145
Other debtors	74	96
Prepayments and accrued income	3,065	2,329
Amounts owed from other group companies	334	704
	<b>6,966</b>	<b>5,274</b>

Financial instruments included in the above debtor balances are £6,478k (2016: £4,256k).

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 12. Creditors: amounts falling due within one year

	31 August 2017 £'000	31 August 2016 £'000
<b>Consolidated</b>		
Bank overdraft	2,750	1,500
Bank loan	110	110
Trade creditors	1,302	1,321
Accrued expenditure and income in advance	4,303	3,247
Other taxes and social security	1,033	768
Other creditors	845	558
	<b>10,343</b>	<b>7,504</b>

Financial instruments included in the above creditor balances are £7,776k (2016: £4,981k). Included in other creditors are outstanding pension contributions amounting to £154k (2016: £61k). The bank overdraft is secured by a fixed charge over the investments of the charity. It is repayable on demand and interest is charged at 1.25% above the base rate. The total HSBC Private Bank facility available is £3.75m and in addition the charity has a £1m unsecured overdraft available from Barclays Bank.

<b>Charity only</b>		
Bank overdraft	2,750	1,500
Bank loan	110	110
Trade creditors	1,047	1,151
Accrued expenditure and income in advance	3,872	2,746
Other taxes and social security	878	648
Accrued pension contributions	-	42
Amounts owing to other group companies	1,267	-
Other creditors	535	378
	<b>10,459</b>	<b>6,575</b>

Financial instruments included in the above creditor balances are £8,147k (2016: £4,312k). Included in other creditors are outstanding pension contributions amounting to £44k (2016: £42k). The bank overdraft is secured by a fixed charge over the investments of the charity. It is repayable on demand and interest is charged at 1.25% above the base rate. The total HSBC Private Bank facility available is £3.75m and in addition the charity has a £1m unsecured overdraft available from Barclays Bank.

<b>Consolidated – deferred income movement</b>	<b>£'000</b>
Balance at 1 September 2016	2,011
Amount released in the period	(1,962)
Amount deferred in the period	1,487
<b>Balance at 31 August 2017 – all due within one year</b>	<b>1,536</b>

<b>Charity only – deferred income movement</b>	<b>£'000</b>
Balance at 1 September 2016	1,233
Amount released in the period	(1,233)
Amount deferred in the period	1,434
<b>Balance at 31 August 2017 – all due within one year</b>	<b>1,434</b>



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 13. Creditors: amounts falling after more than one year

	31 August 2017 £'000	31 August 2016 £'000
<b>Consolidated</b>		
Bank loan	513	623
	<b>513</b>	<b>623</b>
<b>Charity only</b>		
Bank loan	513	623
	<b>513</b>	<b>623</b>

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 2017 is £623k – shown as £513k due in more than one year and £110k due in less than one year - (2016: £733k). 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% above base rate.

### 14. Provisions

	31 August 2017 £'000	31 August 2016 £'000
<b>Consolidated</b>		
Pension fund deficit (note 18)	871	286
	<b>871</b>	<b>286</b>
<b>Charity only</b>	-	-
	-	-

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 15. Restricted funds

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000
<b>Consolidated</b>				
<b>Balance at 1 September 2016</b>	(286)	4,797	2,110	6,621
Income	(587)	4,082	12,945	16,440
Expenditure	(170)	(30)	(11,890)	(12,090)
Transfers between funds	81	-	(166)	(85)
Actuarial gain/(loss) on defined benefit pension scheme	91	-	-	91
<b>Balance at 31 August 2017</b>	<b>(871)</b>	<b>8,849</b>	<b>2,999</b>	<b>10,977</b>
<b>Charity only</b>				
<b>Balance at 1 September 2016</b>	-	-	1,973	1,973
Income	-	-	7,565	7,565
Expenditure	-	-	(7,752)	(7,752)
<b>Balance at 31 August 2017</b>	<b>-</b>	<b>-</b>	<b>1,786</b>	<b>1,786</b>

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 companies, Pupil Parent Partnership Limited and Catch 22 Multi Academies Trust Limited.

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

### Transfers between funds

**Restricted pension funds £81k** – this represents the actual employer contributions in year to the LGPS scheme, transferred from restricted funds in the Catch22 Multi Academies Trust

**Restricted funds (£166k)** – (£81k) as described above, the remaining (£85k) represents charges for support services by the Charity to Catch22 Multi Academies Trust, transferred to general funds

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 14. Restricted funds (continued)

Prior period (as restated)	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000
<b>Consolidated</b>				
Balance at 1 September 2015	(90)	4,820	3,998	8,728
Income	-	4	11,672	11,676
Expenditure	(44)	(27)	(13,453)	(13,524)
Transfers between funds	31	-	(107)	(76)
Actuarial gain/(loss) on defined benefit pension scheme	(183)	-	-	(183)
<b>Balance at 31 August 2016</b>	<b>(286)</b>	<b>4,797</b>	<b>2,110</b>	<b>6,621</b>
<b>Charity only</b>				
Balance at 1 September 2015	-	-	3,695	3,695
Income	-	-	9,822	9,822
Expenditure	-	-	(11,544)	(11,544)
<b>Balance at 31 August 2016</b>	<b>-</b>	<b>-</b>	<b>1,973</b>	<b>1,973</b>

	Balance 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2017 £'000
<b>Consolidated by charitable activity</b>					
Apprenticeships and employability	467	527	(661)	-	333
Education	292	3,723	(2,982)	(166)	867
Justice	85	2,113	(2,021)	-	177
Young people and families	1,246	4,644	(5,090)	-	800
Place based delivery and early action	-	1,410	(1,077)	-	333
Place based delivery and early action – fixed assets	-	497	(28)	-	469
Other	20	31	(31)	-	20
<b>Total restricted funds</b>	<b>2,110</b>	<b>12,945</b>	<b>(11,890)</b>	<b>(166)</b>	<b>2,999</b>

	Balance 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2017 £'000
<b>Charity Only by charitable activity</b>					
Apprenticeships and employability	467	527	(661)	-	333
Education	45	435	(135)	-	345
Justice	195	1,928	(1,836)	-	287
Young people and families	1,246	4,644	(5,089)	-	801
Other	20	31	(31)	-	20
<b>Total restricted funds</b>	<b>1,973</b>	<b>7,565</b>	<b>(7,752)</b>	<b>-</b>	<b>1,786</b>

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 14. Restricted funds (continued)

	Balance 1 September 2015 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2016 £'000
<b>Consolidated by charitable activity (as restated)</b>					
Apprenticeships and employability	1,475	744	(1,752)	-	467
Education	832	2,056	(2,489)	(107)	292
Justice	36	496	(447)	-	85
Young people and families	1,565	8,321	(8,640)	-	1,246
Place based delivery and early action	-	-	-	-	-
Place based delivery and early action – fixed assets	-	-	-	-	-
Other	90	55	(125)	-	20
<b>Total restricted funds</b>	<b>3,998</b>	<b>11,672</b>	<b>(13,453)</b>	<b>(107)</b>	<b>2,110</b>

	Balance 1 September 2015 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2016 £'000
<b>Charity Only by charitable activity (as restated)</b>					
Apprenticeships and employability	1,475	744	(1,752)	-	467
Education	529	378	(862)	-	45
Justice	36	324	(165)	-	195
Young people and families	1,565	8,321	(8,640)	-	1,246
Other	90	55	(125)	-	20
<b>Total restricted funds</b>	<b>3,695</b>	<b>9,822</b>	<b>(11,544)</b>	<b>-</b>	<b>1,973</b>

## 16. Unrestricted funds

	Balance 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Net gains on investments £'000	*Minority interest £'000	Balance 31 August 2017 £'000
<b>Consolidated</b>							
Revaluation reserve	212	900	(1)	-	-	-	1,111
Designated transition funding	-	655	(349)	-	-	-	306
Designated fixed assets	-	67	(12)	-	-	-	55
General fund	10,130	39,271	(39,868)	85	709	(270)	10,057
<b>Total</b>	<b>10,342</b>	<b>40,893</b>	<b>(40,230)</b>	<b>85</b>	<b>709</b>	<b>(270)</b>	<b>11,529</b>
<b>Charity</b>							
Revaluation reserve	212	-	(1)	-	-	-	211
General fund	10,212	34,085	(35,596)	-	709	-	9,410
<b>Total</b>	<b>10,424</b>	<b>34,085</b>	<b>(35,597)</b>	<b>-</b>	<b>709</b>	<b>-</b>	<b>9,621</b>

### 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. These funds will be spent in the coming year.

### 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.

\* 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 2017

## 16. Unrestricted funds (continued)

Prior period	Balance 1 September 2015 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Net gains on investments £'000	Minority interest £'000	Balance 31 August 2016 £'000
<b>Consolidated</b>							
Revaluation reserve	213	-	(1)	-	-	-	212
Designated transition funding	-	-	-	-	-	-	-
Designated fixed assets	-	-	-	-	-	-	-
General fund	9,919	35,142	(36,005)	76	997	1	10,130
<b>Total</b>	<b>10,132</b>	<b>35,142</b>	<b>(35,006)</b>	<b>76</b>	<b>997</b>	<b>1</b>	<b>10,342</b>
<b>Charity</b>							
Revaluation reserve	213	-	(1)	-	-	-	212
General fund	10,422	26,419	(27,626)	-	997	-	10,212
<b>Total</b>	<b>10,635</b>	<b>26,419</b>	<b>(27,627)</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>10,424</b>

## 17. Analysis of net assets between funds

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2017 Total £'000
<b>Consolidation</b>					
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	-	8,849	469	3,620	12,938
Intangible fixed assets	-	-	-	399	399
Investments	-	-	-	11,081	11,081
Current assets/(liabilities)	-	-	2,530	(3,058)	(528)
Long term liabilities	-	-	-	(513)	(513)
Provisions	(871)	-	-	-	(871)
<b>Total net assets</b>	<b>(871)</b>	<b>8,849</b>	<b>2,999</b>	<b>11,529</b>	<b>22,506</b>
<b>Charity Only</b>					
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	-	-	-	2,715	2,715
Intangible fixed assets	-	-	-	275	275
Investments	-	-	-	11,218	11,218
Current assets/(liabilities)	-	-	1,786	(4,074)	(2,288)
Long term liabilities	-	-	-	(513)	(513)
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>1,786</b>	<b>9,621</b>	<b>11,407</b>

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 17. Analysis of net assets between funds (continued)

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2016 Total £'000
<b>Consolidation</b>					
Fund balances at 31 August 2016 are represented by:					
Tangible fixed assets	-	4,797	-	2,808	7,605
Intangible fixed assets	-	-	-	655	655
Investments	-	-	-	10,515	10,515
Current assets/(liabilities)	-	-	2,110	(3,283)	(1,173)
Long term liabilities	-	-	-	(623)	(623)
Provisions	(286)	-	-	-	(286)
<b>Total net assets</b>	<b>(286)</b>	<b>4,797</b>	<b>2,110</b>	<b>10,072</b>	<b>16,693</b>

### Charity Only

Fund balances at 31 August 2016 are represented by:

Tangible fixed assets	-	-	-	2,766	2,766
Intangible fixed assets	-	-	-	425	900
Investments	-	-	-	10,990	10,515
Current assets/(liabilities)	-	-	1,973	(3,134)	(1,161)
Long term liabilities	-	-	-	(623)	(623)
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>1,973</b>	<b>10,424</b>	<b>12,397</b>

## 18. Commitments under operating leases

### Consolidation

At 31 August 2017 the group had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2017 £'000	31 August 2016 £'000
<b>Land and buildings:</b>		
expiring in the first year	848	892
expiring in the second to fifth year	529	324
expiring after five years	6	-
	<b>1,383</b>	<b>1,216</b>

### Charity only

At 31 August 2017 the charity had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2017 £'000	31 August 2016 £'000
<b>Land and buildings:</b>		
expiring in the first year	783	537
expiring in the second to fifth year	502	196
expiring after five years	6	-
	<b>1,291</b>	<b>733</b>

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

### 19. Pension and Similar Obligations

The Catch22 Multi Academies Trust employees belong to four 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, the Northamptonshire Pension Fund which is managed by Northamptonshire County Council and the Devon County Council Pension Fund which is managed by Devon County Council.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions of £105,000 (2016: £3,131) were payable to the scheme at 31 August 2017 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 was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

##### Valuation of the Teachers' Pension Scheme (continued)

- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Total pension cost paid to TPS in the year amounted to £162,000 (2016: £111,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>)

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The academy 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 2017 was £50,000 (2016: £39,000), of which employer's contributions totalled £40,000 (2016: £28,000) and employees' contributions totalled £10,000 (2016: £11,000). The agreed contribution rates for future years are 15.1 per cent plus £14,000 for employers and is between 5.5 and 12.5 per cent for employees for the Hampshire Pension Fund.

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.

# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 19. Pension and Similar Obligations (continued)

### Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2017 Hampshire	At 31 August 2017 Devon	At 31 August 2017 Northamptonshire	At 31 August 2016 Hampshire
Rate of increase in salaries	3.50%	4.20%	2.70%	3.50%
Rate of increase for pensions in payment/inflation	2.00%	2.70%	2.40%	2.00%
Discount rate for scheme liabilities	2.50%	2.60%	2.50%	2.00%
Inflation assumption (CPI)	2.00%	2.70%	2.40%	2.00%
RPI Inflation	3.10%	3.60%	3.40%	3.10%

#### Sensitivity Analysis

Approximate monetary increase to the obligation as a result of the following changes in assumptions at 31 August 2017

	At 31 August 2017 £000	At 31 August 2016 £000
<i>Hampshire</i>		
0.1% increase in the salary increase rate	3	5
0.1% increase in the pension increase rate	10	9
0.1% decrease in real discount rate	13	15
<i>Devon</i>		
0.1% increase in the salary increase rate	3	N/A
0.1% increase in the pension increase rate	33	N/A
0.1% decrease in real discount rate	36	N/A
<i>Northamptonshire</i>		
0.5% increase in the salary increase rate	0	N/A
0.5% increase in the pension increase rate	3	N/A
0.5% decrease in real discount rate	3	N/A

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 2017 Hampshire	At 31 August 2017 Devon	At 31 August 2017 Northamptonshire	At 31 August 2016 Hampshire
<i>Retiring today</i>				
Males	24.0 years	23.4 years	22.1 years	24.6 years
Females	27.0 years	25.5 years	23.9 years	26.4 years
<i>Retiring in 20 years</i>				
Males	26.0 years	25.7 years	24.2 years	26.7 years
Females	29.3 years	27.9 years	26.1 years	28.7 years



# NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2017

## 19. Pension and Similar Obligations (continued)

### Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	476	248
Government Bonds	109	115
Property	61	32
Corporate Bonds	14	8
Cash	21	23
Others	108	11
<b>Total market value of assets</b>	<b>789</b>	<b>437</b>

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Transferred on academy conversion	(587)	-
Current service cost	(157)	(41)
Net interest cost	(13)	(3)
<b>Total operating charge</b>	<b>(757)</b>	<b>(44)</b>

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

<b>At 1 September</b>	<b>723</b>	<b>420</b>
Transferred on conversion	935	-
Current service cost	157	41
Interest cost	26	16
Employee contributions	23	8
Actuarial (gain)/loss	(180)	240
Net benefits paid out	(24)	(2)
<b>At 31 August</b>	<b>1,660</b>	<b>723</b>

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

<b>At 1 September</b>	<b>437</b>	<b>330</b>
Transferred on conversion	348	-
Interest income	13	13
Contributions by members	23	8
Contributions by the employer	81	31
Actuarial (loss)/gain	(89)	57
Benefits paid	(24)	(2)
<b>At 31 August</b>	<b>789</b>	<b>437</b>

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2017

#### 20. Related party transactions

- a) During the year Catch22 provided services and made payments on behalf of The Catch22 Multi Academies Trust Ltd (MAT) amounting to £208k (2016: £166k). The MAT recharged costs of £21k (2016: £nil). At the balance sheet date Catch22 was owed £23k (2016: £54k) by the MAT.
- b) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Solutions Ltd (Solutions) amounting to £53k (2016: £4k). At the balance sheet date Catch22 was owed £57k (2016: £15k) by Solutions.
- c) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Limited (Auto22) amounting, to £22k (2016: £56k). Auto22 made payments of £30k (2016: £36k) on Catch22's behalf which have been reimbursed. In addition, Catch22 made loans to Auto22. The amount that was due to Catch22 from Auto22 at 31 August 2017 amounting to £615k (2016: £539k) has been written off as irrecoverable and therefore the balance due at 31 August 2017 was £nil (2016: £nil).
- d) During the year the Pupil Parent Partnership made payments to Catch22 the amount owed by Catch22 to PPP at the balance sheet date was £51k (2016: amount owed by PPP to Catch22 £169k).
- e) During the year Include's activities were all transferred to Catch22 and during this transition various payments were made on behalf of each company by the other. The amount owed by Catch22 to Include at the balance sheet date was £273k (2016: amount owed by Include to Catch22 was £364k).
- f) During the year Catch22 made payments net of amounts repaid on behalf of Only Connect amounting to £59k (2016: £nil). At the balance sheet date Catch22 was owed £179k (2016: £10k) by Only Connect.
- g) During the year Catch22 received cash from Community Links Trust of £943k (2016: £nil) net of services provided to Community Links and payments made on behalf of that company. At the balance sheet date Catch22 owed £943k (2016: £nil) to Community Links.
- h) 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 2017 (2016: £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 previous financial year. Catch22 became the sole member of Launch22 on 23 May 2017 and paid amounts totalling £76k on behalf of Launch22 during the financial year (2016: £nil), which remained due to Catch22 at the balance sheet date (2016: £nil). Launch22 has not been consolidated into the results of the group for the year ended 31 August 2017 as it is not material.
- i) 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. During the year Catch22 paid amounts totalling £167k (2016: £24k) on behalf of PSL, which was repaid during the year. The amount due to Catch22 at 31 August 2017 was £nil (2016: £24k).

#### 21. Post balance sheet events

The trustees are actively considering transferring all of the activities of Launch22 into Catch22, whilst no formal decision has yet been made it is likely that will happen during the financial year ending 31 August 2018.

## **CATCH22 PEOPLE**

### **Patron**

HRH The Princess Royal

### **Board of Trustees**

Jim McKenna, Chairman  
Carl Cramer, Treasurer  
Mike Adamson (appointed 29 September 2017)  
Elaine Bailey  
Kieron Boyle  
Nikki Brauer (resigned 16 January 2017)  
Pauline Campbell  
Ben Cooper (appointed 29 September 2017)  
Honor Wilson-Fletcher (appointed 20 December 2017)  
Daniel Kruger  
John Marlor  
Bruce Noble (resigned 9 January 2017)  
Tove Okunniwa  
Paul Williams  
Sean Williams

### **Chief Executive**

Chris Wright

### **Company Secretary**

Nigel Richards

### **Registered Office**

27 Pear Tree Street  
London  
EC1V 3AG

### **Bankers**

Barclays  
Level 27, 1 Churchill Place  
London  
E14 5HP

### **Solicitors**

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10 Queen Street Place  
London  
EC4R 1BE

### **Investment Managers**

HSBC Private Bank (UK) Limited  
78 St James's Street  
London SW1A 1JB

### **Auditors**

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

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Registered charity no. 1124127

Company limited by guarantee  
Company no. 6577534