

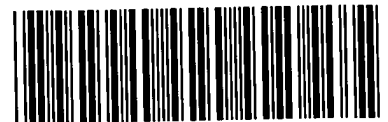
**catch
22**

Catch 22 Charity Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2018
Company number: 06577534
Registered charity number: 1124127

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COMPANIES HOUSE

2018

WE ARE... Teachers **Youth Workers** Restorative Justice practitioners **Prison Officers** Advocates **Reformers** **Substance misuse workers** **Apprenticeship trainers** Relationship managers **Mediators** **Offender Managers** **Governance experts** Administrators Data Analysts **Community workers** **Entrepreneurs** Business Developers **Social workers** Participation leads **Vocational trainers** Designers **Gangs workers** **Family practitioners** **Community Social Capital Managers** Mentors **Tutors** Recruiters **Impact and evaluation managers** **Digital managers** Project Managers **Educators** **Child Sexual Exploitation workers** **Health and Safety experts** Information Technology workers **Victim support workers** **NCS Wave leaders** **Finance managers** Missing from Home workers **Communicators** Resettlement workers **Case managers** **Accountants** Partnership Managers **Account managers** **Talent resourcers** Mental health workers **Psychologists** **Talent managers** **Volunteer coordinators** Reformers **Contract Managers** Employment advisors **Service Managers** Payroll managers

WE ARE CATCH22



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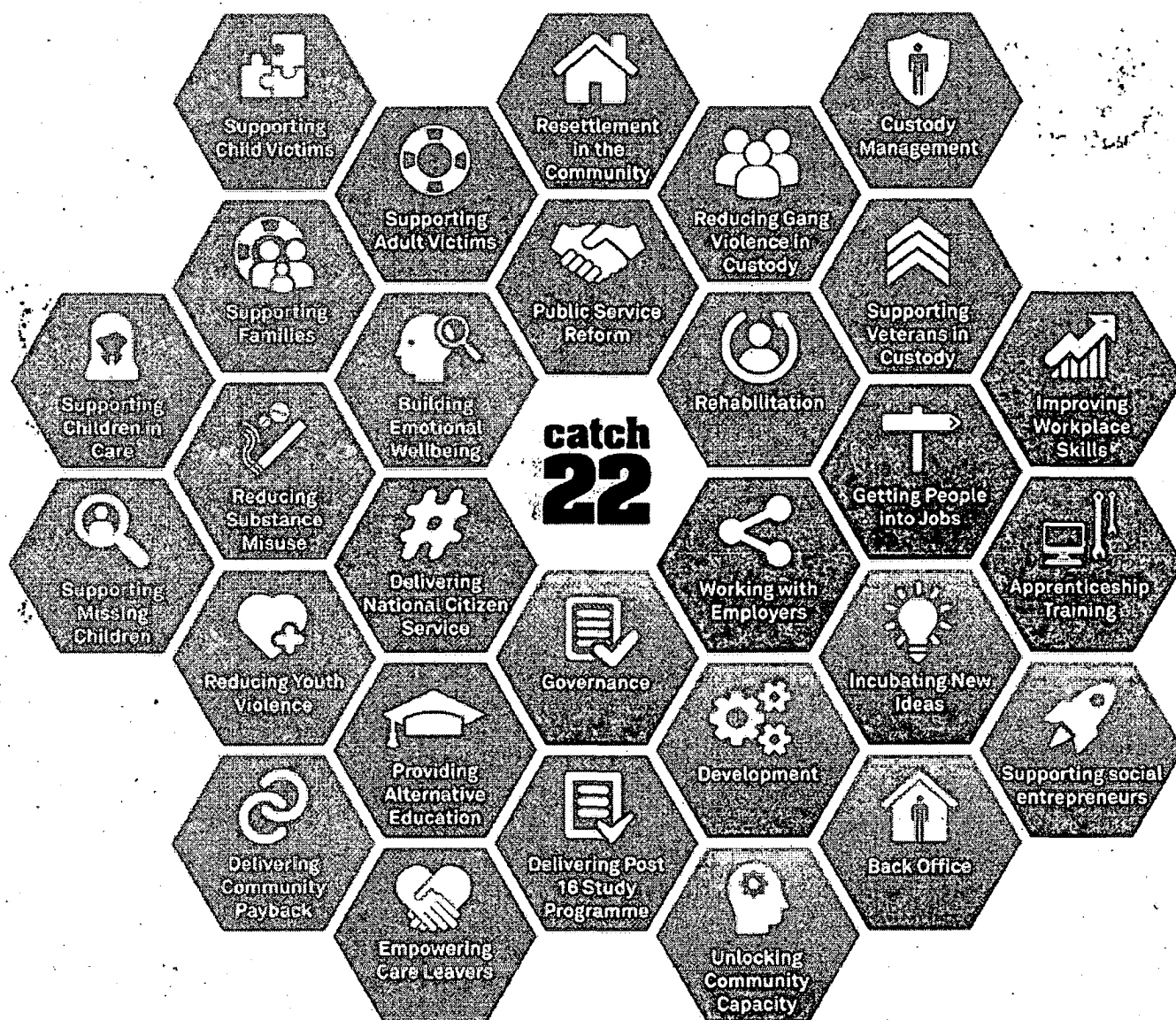
TRUSTEES' REPORT

Peer mentors at HMCT Thameside



A pupil at the Spire Academy

WHAT WE DO

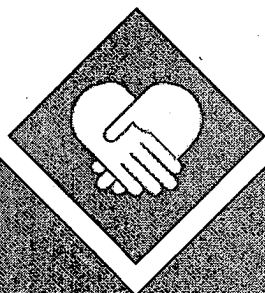
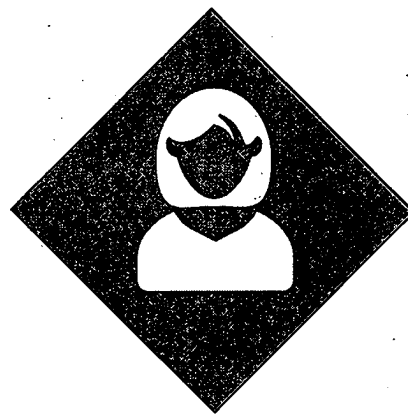


WHAT WE BELIEVE: **THE 3 PS**

PEOPLE PURPOSE PLACE

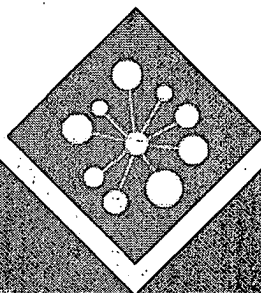
Everyone needs the same three things to thrive. Our vision is a society where everyone has good people around them, a purpose and a good place to live, no matter what.

We believe it's quite simple: access to these three basic things is fundamental to transforming lives and communities. All Catch22 services deliver at least one (and often all three) of these outcomes. We call these our '3Ps'.



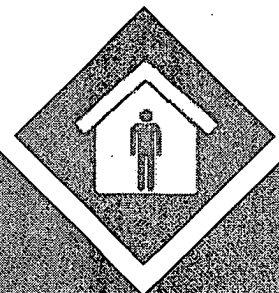
Good people around them

This is about putting the human connections and relationships back into public services. Our experience teaches us time and time again that what makes a difference in people's lives are strong and meaningful relationships with good people who care. Whatever their needs, we surround our service users with a positive network of good people.



A purpose

Having something meaningful to do is essential for people trying to build better lives for themselves and their families. That could be a job, an apprenticeship, education, training or even a social action project that contributes positively to their communities. The sense of achievement and value that comes with purposeful activity helps people understand their own potential and opens the door to real opportunity.

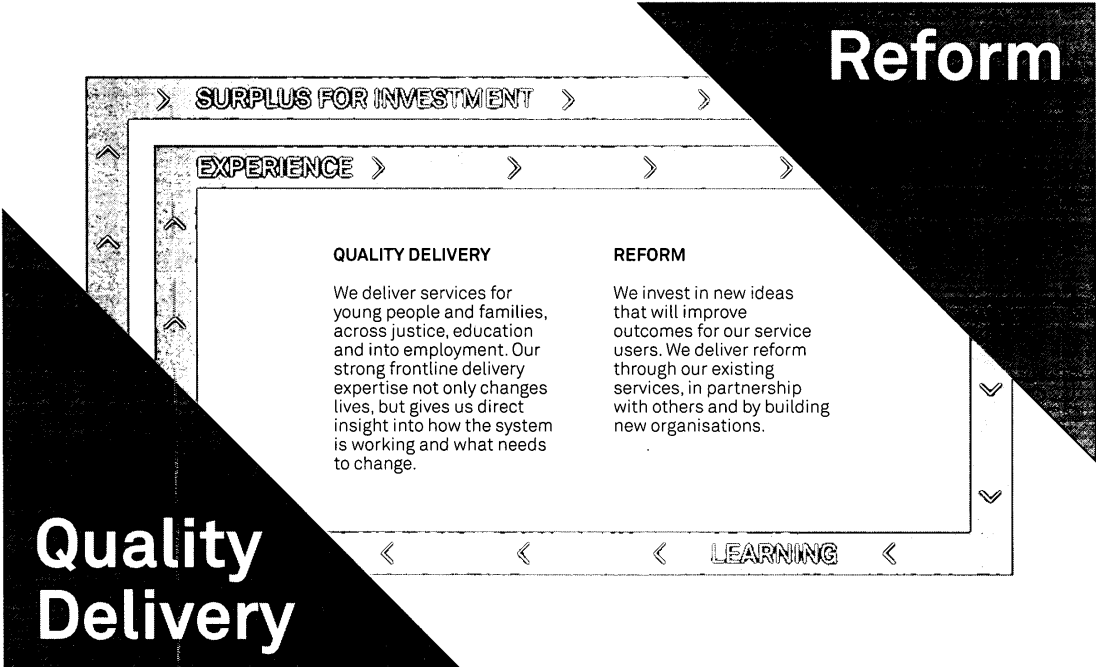


A good place to live

If a person has a good place to live, a community where they feel safe and at home, they can properly focus on making changes in the rest of their lives. This is also about encouraging and enabling communities to be more active and engaged, a vital first step in creating a thriving and prosperous society.

THE CATCH22 MODEL

CHANGING LIVES ON THE FRONTLINE, CHANGING THE SYSTEM



THE CATCH22 GROUP

WE BELIEVE 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 ABLE TO KEEP THEIR IDENTITY AND AUTONOMY BUT OPERATE AT SCALE THROUGH THIS KIND OF RELATIONSHIP, FOR THE GREATER SOCIAL GOOD.

Generating change and improving lives in east London.

Community Links supports people in coming together, overcoming barriers, building purpose and making the most of the place they live in. From its base in east London it applies the learning from its local work to influence and achieve positive national change.

London's creative criminal justice charity, rooted in community.

Only Connect's vision is a more connected, human and just society, where we all choose a crime free life. The focus of its work is innovation to reduce re-offending and their unique membership model offers one single, seamless relationship from custody to community and into future prospects.

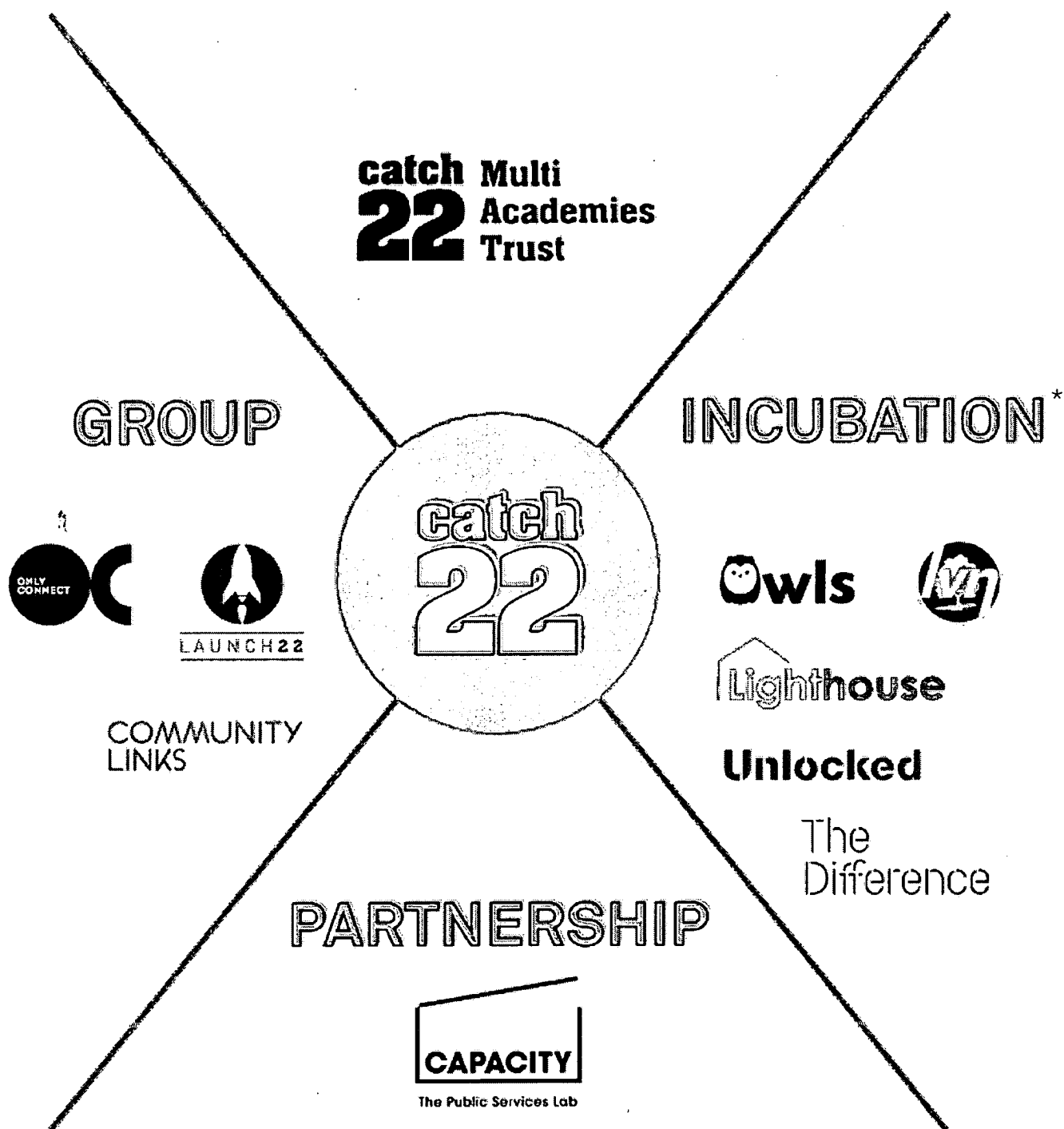
Creating new governance structures to build the capacity of smaller organisations.

From its base in Liverpool, Capacity works in the public sector space, supported by public investment, to bring public, private and third sector organisations together through a common goal to rethink and reimagine how public services are delivered.

The Catch22 Multi Academies Trust is the vehicle for Catch22's sponsorship of academies which focus on learners who can benefit from small, supportive special education provision. See page 29.

A business incubator for entrepreneurs from all walks of life.

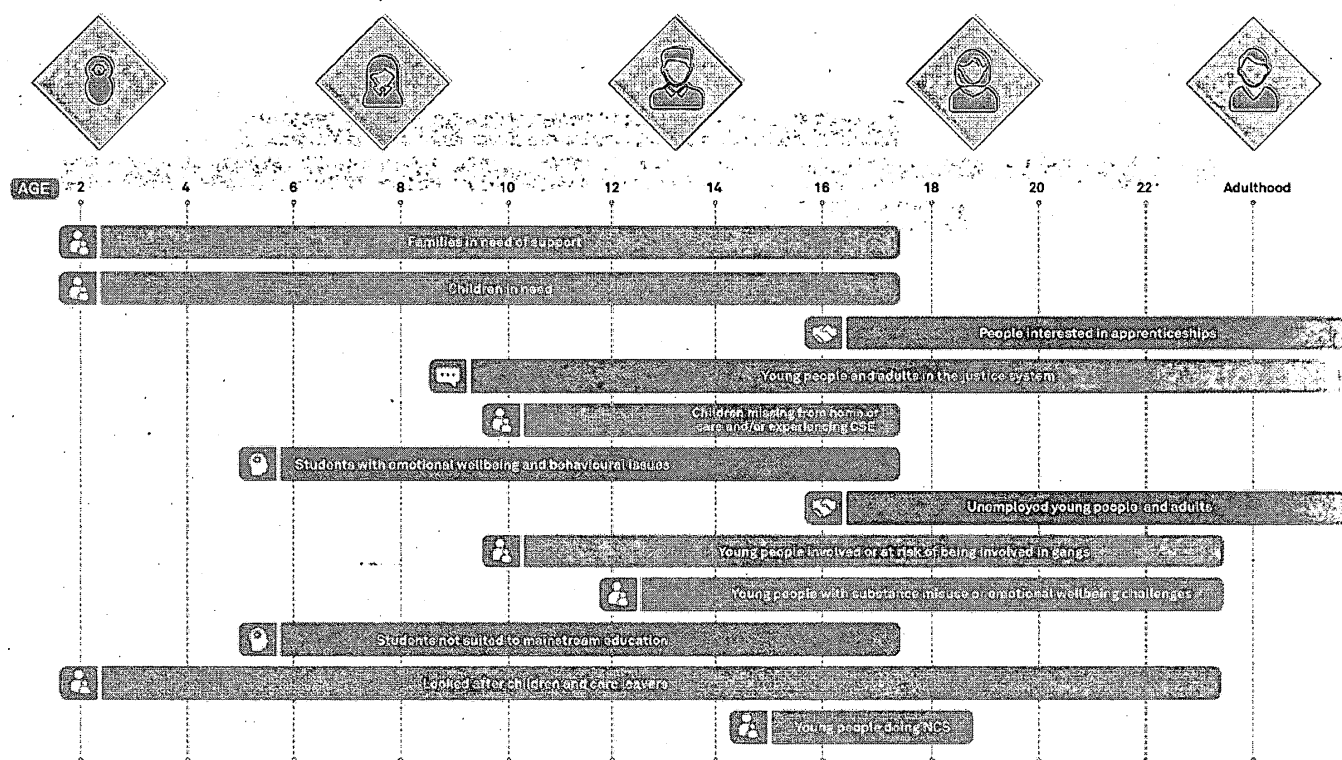
Launch22 is just over four years old, but already has an alumni of more than 620 businesses. It offers affordable co-working space, 8-10 free events a month (including networking, pitching and workshops), and mentoring from its roster of 32 mentors. It also runs a three-month programme supporting entrepreneurs facing barriers to work, such as asylum seekers and ex-offenders. All membership revenue goes back into running its programmes.



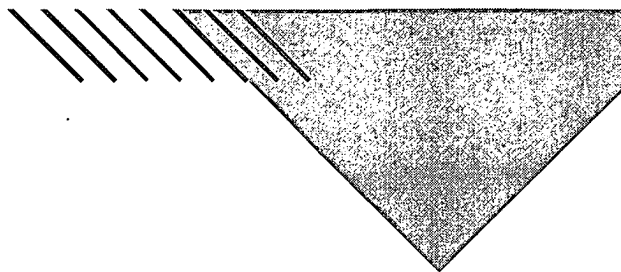
* Go to Incubate, Accelerate, Amplify to read more

CHANGING LIVES, CRADLE TO CAREER

...AND BEYOND. **WE WORK ACROSS THE BREADTH OF PUBLIC SERVICES.** WE BELIEVE THAT THIS GIVES US A UNIQUE INSIGHT INTO WHAT WORKS AND THE CONSEQUENCES OF WHAT HAPPENS WHEN THEY DON'T.

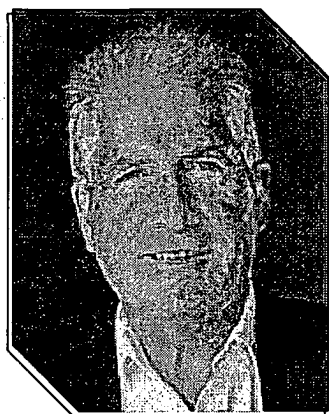


2017/2018
The difference
we made



A LETTER FROM OUR OUTGOING CHAIRMAN

JIM MCKENNA



To understand this year's Social Business Review I believe it's important to reflect on the past five years.

In 2013 Catch22 took the decision to become a "social business". We are very proud of being a charity, and of our 200 years of charitable heritage. But we think our approach marks us apart.

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 public service 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 to use the term social business, we have faced scrutiny. We have been challenged by those sceptical about charities delivering public services at scale. We have been challenged by those sceptical of charities being efficient. 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 in national systems, and I feel confident in the decision.

2018: FIVE YEARS ON

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

This reputation for delivery has this year opened up entirely new opportunities. Whether it's designing and delivering new support for adult victims of crime, or being approached by government to run highly specialised support for asylum seeking children, today Catch22 plays a meaningful role in reforming public services, from the outside in.

And working in partnership with our stakeholders is key to this success. We are grateful to all those we work with, big and small.

We are accountable to those who benefit from our work, to those who work in partnership with us and those who simply support our work, and we must continue to work together across sectors to transform delivery and improve peoples' life chances.

RESILIENT AND DIVERSE COLLEAGUES

While we have reshaped Catch22 to manage social challenge, the need remains.

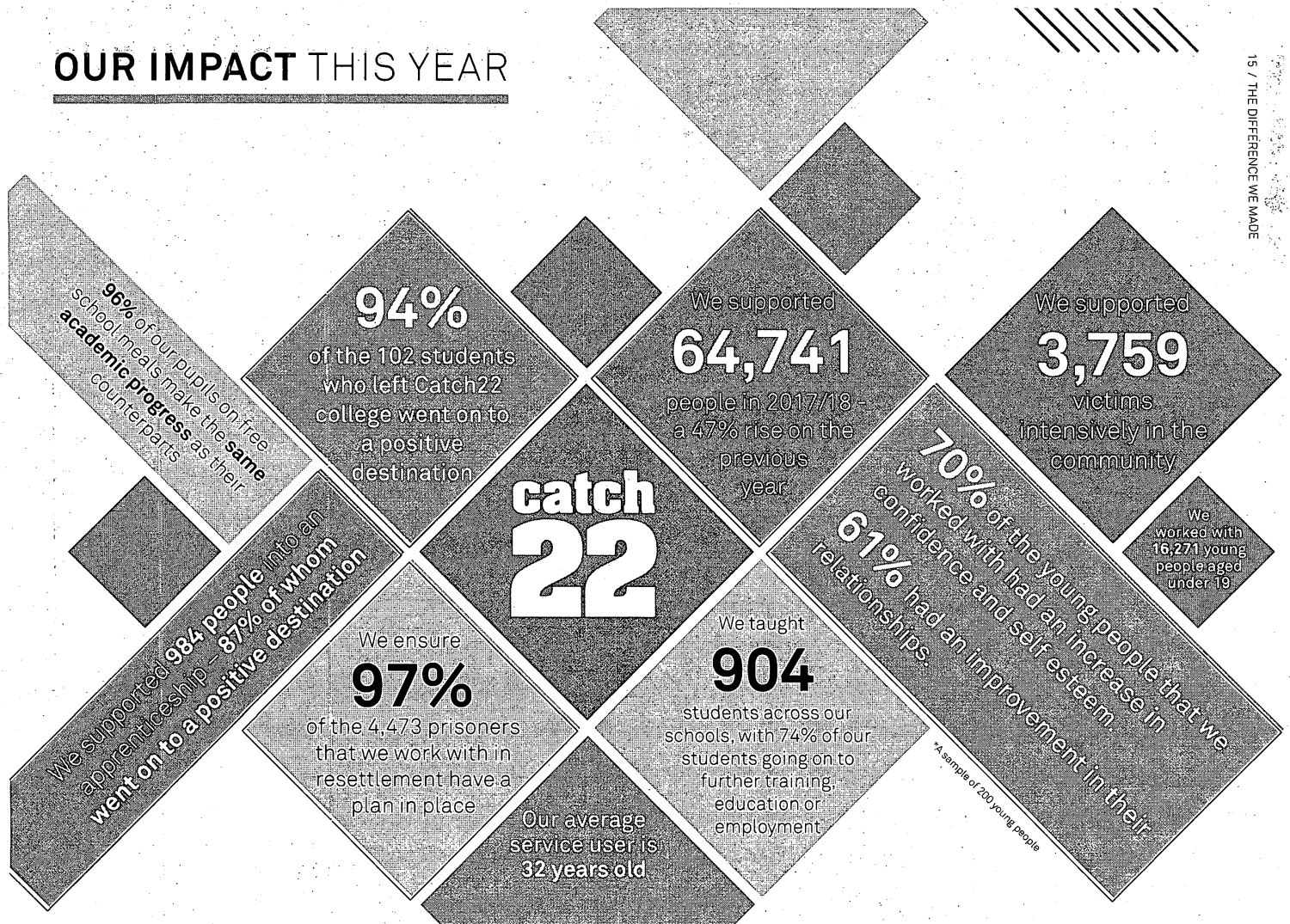
There is no doubt that this has been a tough year. Prisons are in crisis. Education faces huge resource issues. Social workers are facing enormous pressure and local authorities continue to try to do more, with less. It makes the work that we do, the work that we want to do, very difficult.

But adversity can foster innovation too and quality services. I have seen that when the going gets tough, Catch22 colleagues stay the course to get the job done.

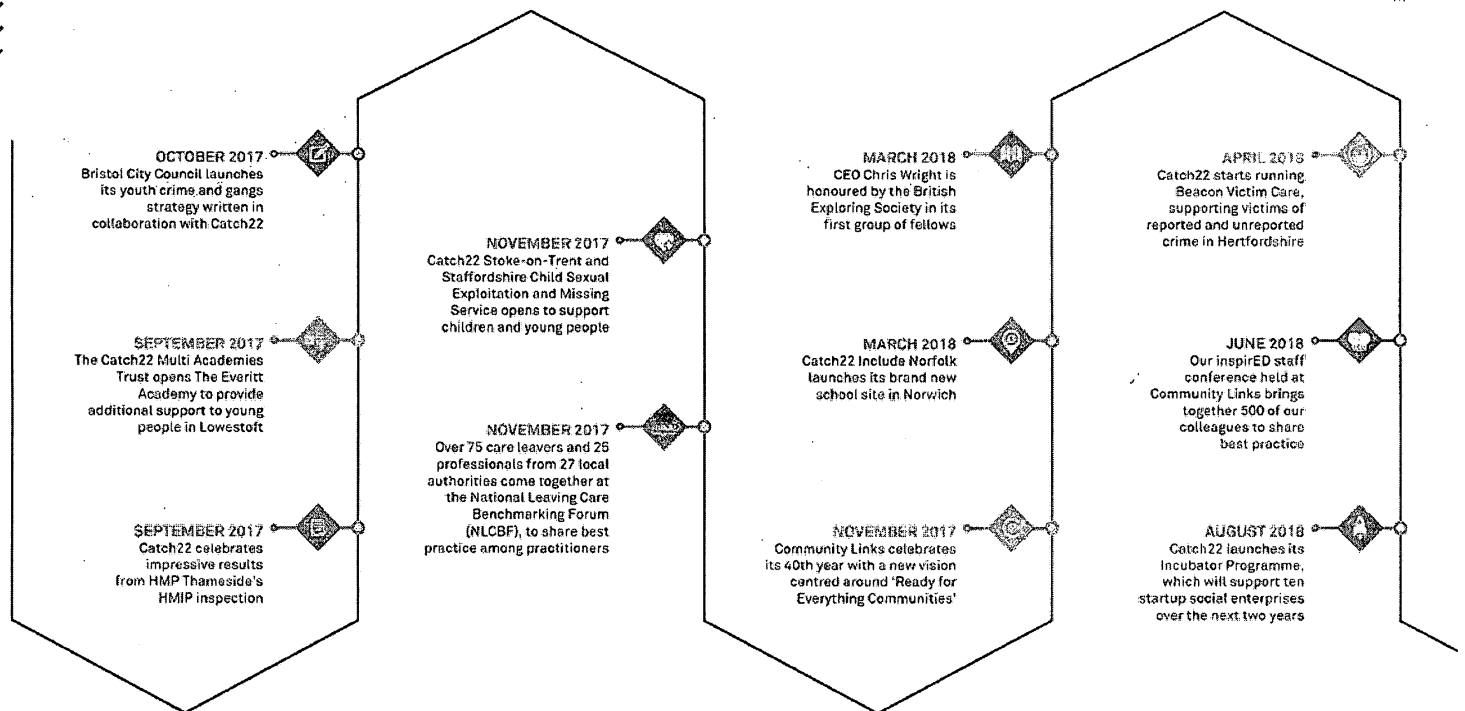
None of the impact we've delivered this year would have been possible without our people. Our staff are not an overhead - they are who and what we are.

I am very pleased that this year we have been able to celebrate their impact and I look forward to more so in the years ahead as I hand over to my successor.

OUR IMPACT THIS YEAR



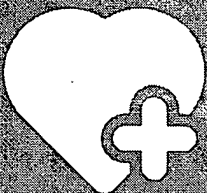
2017/18 TIMELINE



SUPPORTING **YOUNG PEOPLE AND FAMILIES**

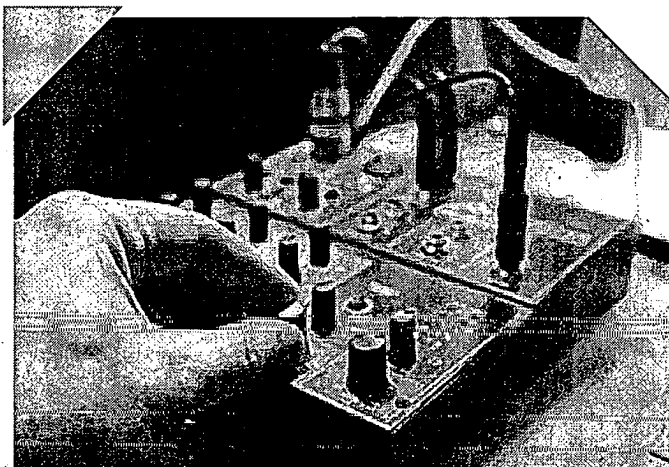
We support young people and their families to improve their personal outcomes, feel safe, cared for and find a purpose in life.

Catch22 delivers services for young people and their families. 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. We support families and carers to stay together and work in partnership with other local agencies to do this.

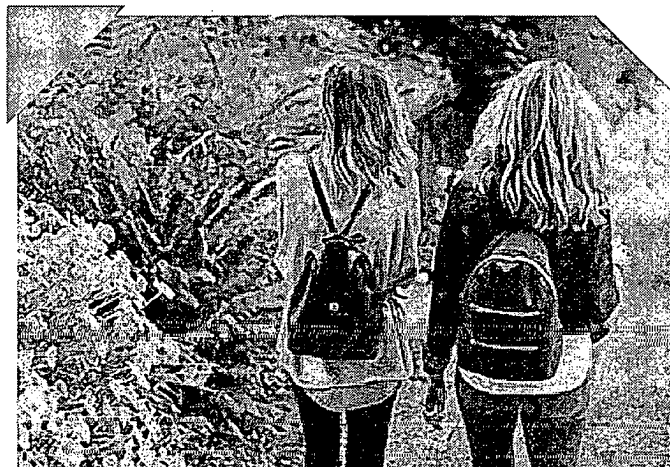


This year our young people and families teams worked with 7,296 service users

HIGHLIGHTS



Music to My Ears project, Surrey



SURREY YOUNG PEOPLE'S SUBSTANCE MISUSE SERVICE

Catch22 Surrey Young People's Substance Misuse Service is a county-wide specialist treatment service offering; one-to-one support to young people and their families, a 24 hour help line, counselling and pharmacological support. Last year the team worked with 325 young people and their families, with 88% of those completing treatment significantly reducing or becoming fully abstinent from drugs or alcohol. The team also provide additional support through the Music to My Ears project which supports young people to use music to develop mental resilience, explore their emotions, developing their passions and aspirations. 94% of participants reported improvements to their emotional health and wellbeing after the programme.

TACKLING CHILD EXPLOITATION ACROSS MERSEYSIDE

In early 2017, Catch22 pan Merseyside Child Sexual Exploitation Service (CSE) was commissioned to support victims of Child Criminal Exploitation (CCE). This made us the first integrated child exploitation service in the country.

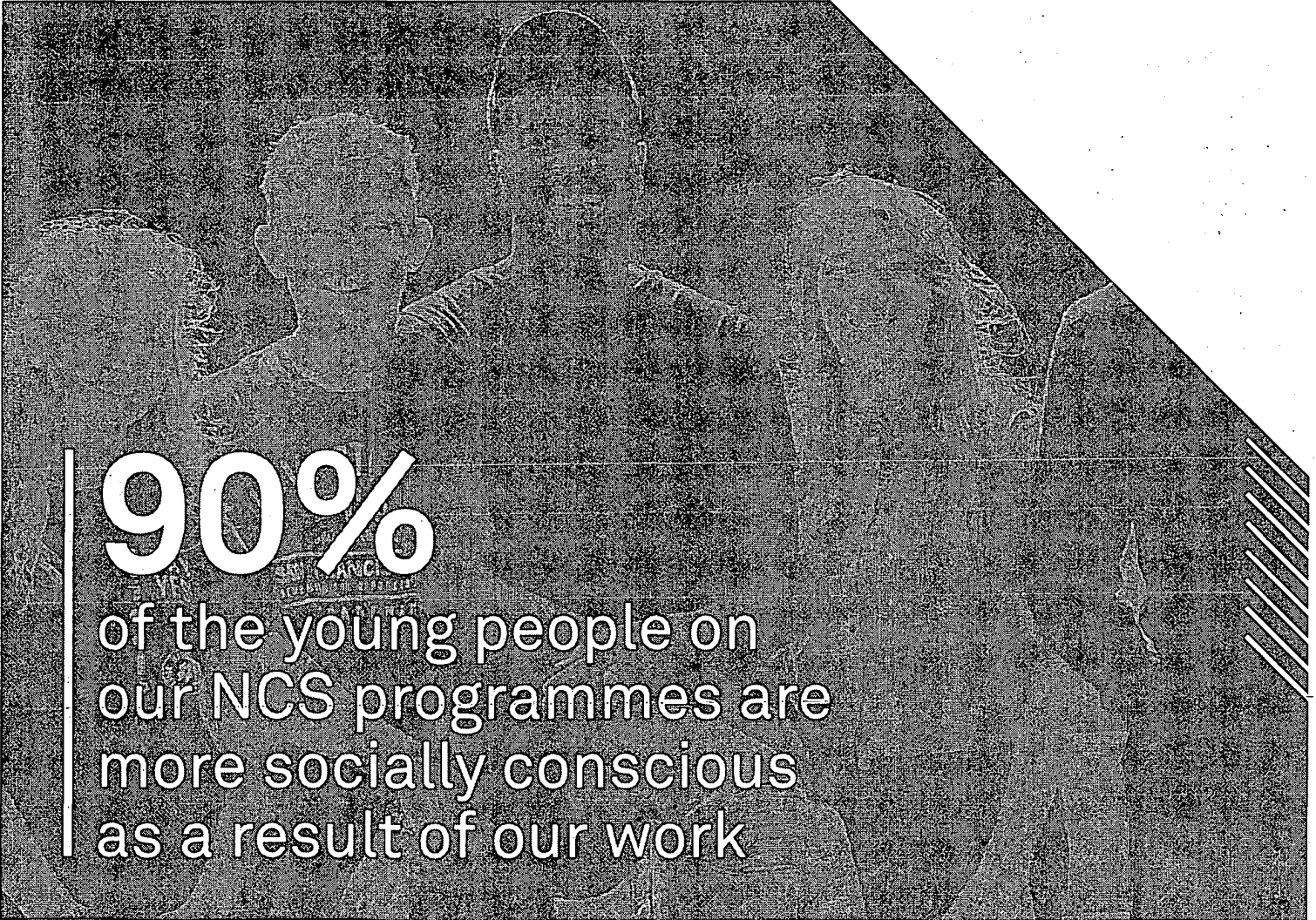
The structure of the service means that consistent support is available to children- whichever local authority in Merseyside they live in. Working across Local Authorities also means consistency across processes and procedures, and our team have worked hard with all five areas to implement new referral pathways. On top of providing 1:1 support to 78 victims, the service has reached over 8000 young people through group awareness raising sessions, and trained over 1600 professionals to help spot the signs of both CCE and CSE.

This year the service was shortlisted for a Children and Young People Now Partnership award.



DELIVERING **SOCIAL ACTION**

Catch22 has a long and proud history of delivering youth social action projects. We believe that everyone has an active role to play in their community, and we support young people and adults to do so through volunteering, engagement and reparation. We both deliver social action projects, instilling the next generation with a love for their community, and are supported by it. In 2017/2018 we were grateful for the support of 233 volunteers, all over the UK.



90%

of the young people on
our NCS programmes are
more socially conscious
as a result of our work

HIGHLIGHTS



NCS participants Merseyside



NCS social action

NATIONAL CITIZEN SERVICE

This year we delivered the National Citizen Service programme to 4737 young people, building skills and resilience for hundreds of children concurrently in communities through the North East, North West, West Midlands, East Midlands, South West and South East. The young people clocked in over 250,000 social action hours and raised over £150,000 for local charities. We supported them to meet with politicians and community leaders, and helped causes as diverse as community activity in nursing homes, homelessness shelters, children's cancer wards and food banks. 90% of the young people that went through our NCS programmes told us that they were more socially conscious as a result of them.

"It has awakened me to more issues in society. I am now training to be a young volunteer for a charity because of how the NCS course inspired me." NCS Newcastle participant

COMMUNITY REPARATION

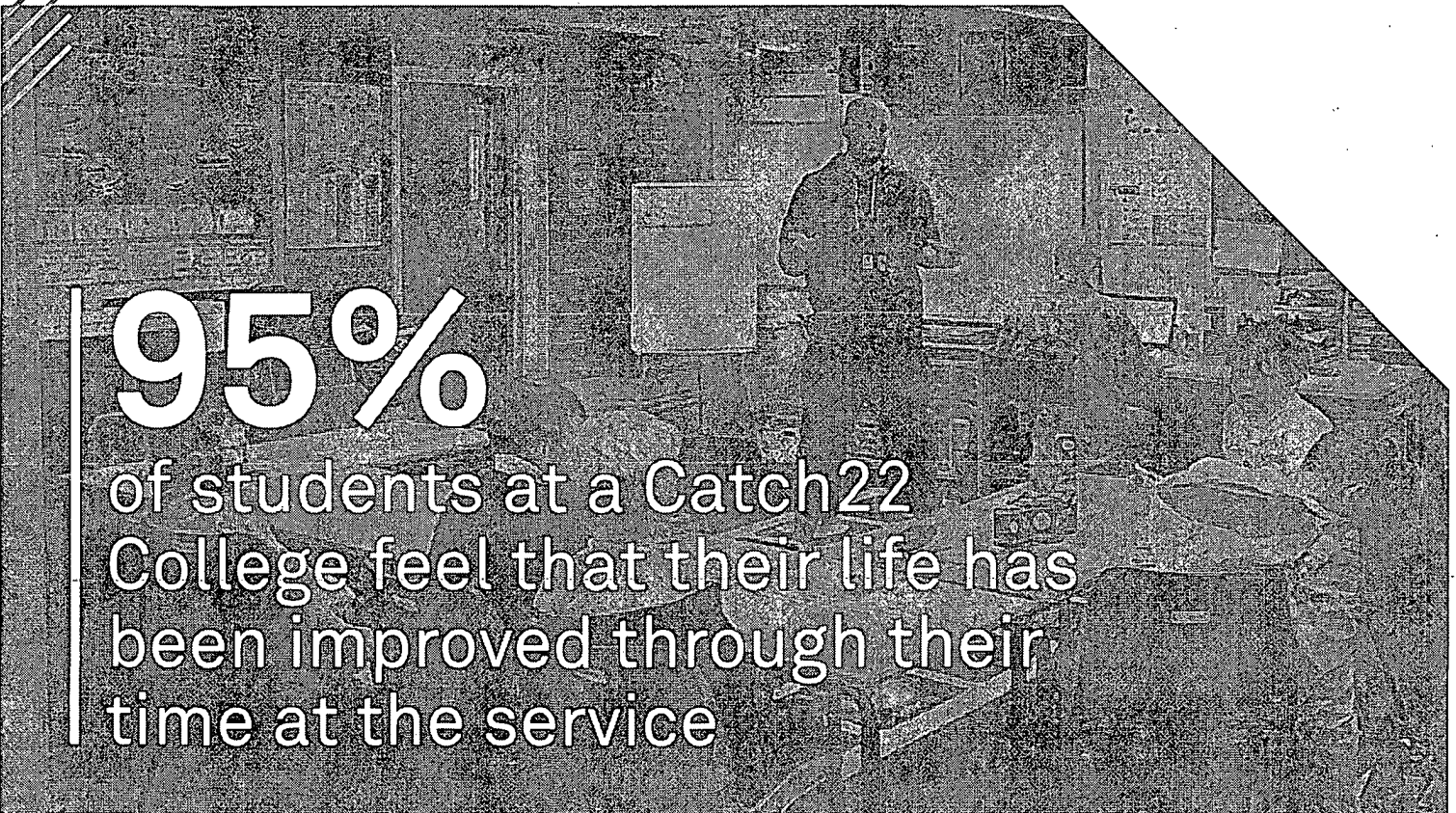
Catch22 works with young people who have been given a court order in Bristol and Suffolk. We support them to give reparation either indirectly in the community, or direct with the victim. These unpaid work hours often take the form of social action, whether it's clearing the gardens and houses of older or disabled people unable to do it for themselves, repainting civic buildings or supporting their community in other ways. In the process they learn about their community, understand the impact of their crime, and are supported into positive destinations.

"I have really enjoyed working at the church and giving back to the community" Participant, Suffolk Reparation

EDUCATING **YOUNG PEOPLE**

Mainstream schools aren't always right for all students, all of the time. Sometimes, high needs learners need more support than a traditional academic environment and sometimes, vocational qualifications are more appropriate for a young person.

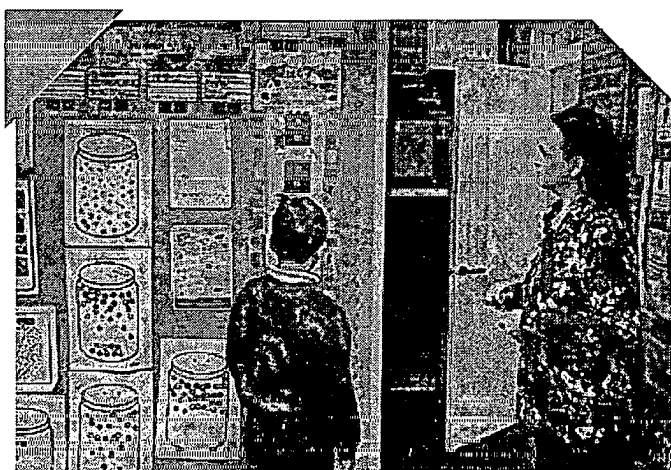
We help young people, regardless of their background, to achieve their full potential. We do this by putting a good network of people around them, high quality teaching and learning based on effective relationships, enabling the students to achieve skills and meaningful qualifications.



95%

of students at a Catch22
College feel that their life has
been improved through their
time at the service

HIGHLIGHTS



Include Suffolk



Pupils at Catch22 College Swindon

CATCH22 INCLUDE SCHOOLS

Catch22 runs independent schools across the UK, situated in Bristol, Norfolk, London, Suffolk, Oxford, Midlands and Wales. During the 2017/2018 academic year our Include schools supported 556 students, a slight rise on the previous year. Key findings from our impact data show that the majority of students are making Good or Outstanding academic progress. Learner behaviour is improving, however increased exclusions tells us there is still very challenging behaviour in schools and we are working hard to drive quality in a very challenging environment. Two thirds of Key Stage 4 leavers entered positive destinations, with 91 students entering Further Education.

CATCH22 COLLEGE

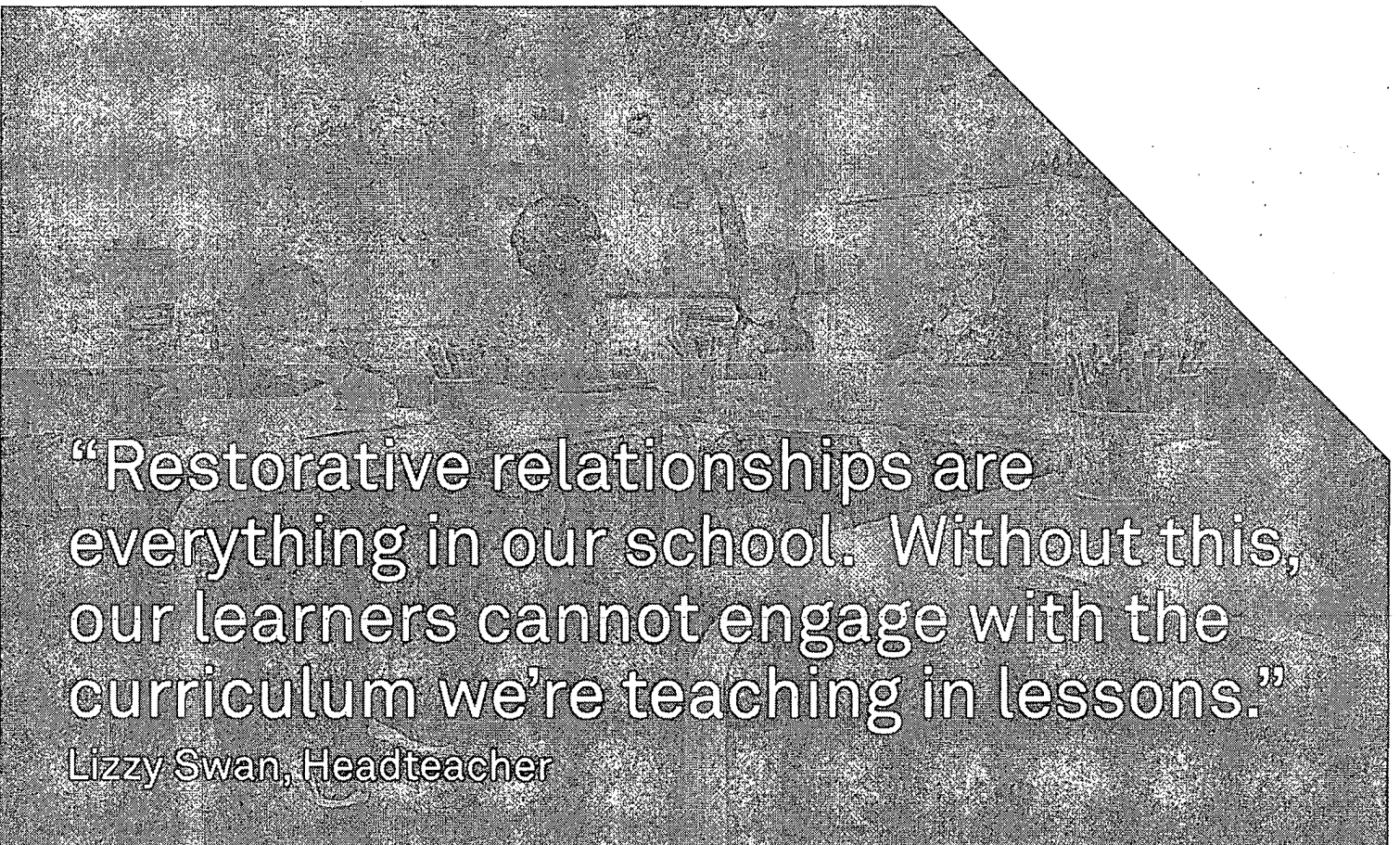
In 2017/18 Catch22 supported 475 students in our 14 Catch22 Colleges, nationally from Great Yarmouth to Peterlee. The Catch22 College offers a flexible learning programme for 16-19 year olds that includes Maths and English GCSE/ Function Skills, vocational or academic qualifications, work experience 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.

“Very proud of the Catch22 College Thetford learners who sat exams today. Many of our learners were too anxious to sit exams in school. Others have been told they’ve failed every exam over 11 years of mainstream education. Their courage and resilience is a real inspiration.” Richard Smith, Regional Manager



THE CATCH22 **MULTI ACADEMIES TRUST**

We launched the Catch22 Multi Academies Trust in 2014, an approved Academy Sponsor which focuses on students who can benefit from small, supportive alternative education provision. Today the MAT runs six schools in Hampshire, Devon, Northamptonshire, Norfolk and Suffolk, supporting 348 pupils. Its statistics show that 85% of its learners have Special Educational Needs (SEN). 75% of learners showed Good/Outstanding progress at the end of the 16/17 academic year across English, maths and science.

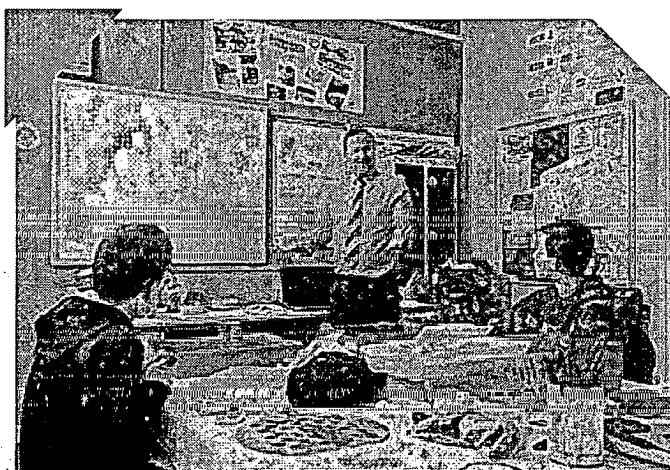


“Restorative relationships are everything in our school. Without this, our learners cannot engage with the curriculum we’re teaching in lessons.”

Lizzy Swan, Headteacher



HIGHLIGHTS



Headteacher Danid Moran, The Ashwood Academy

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 or emotional support. 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 Ofsted included: 'Pupils feel safe as they develop trusting relationships with each other and the adults who care for them.' 'Pupils' attendance is excellent. Behaviour between pupils is positive, as adults' expectations are high and fully understood and 'Extra-curricular activities such as tennis, philosophy and cookery develop pupils' social skills rapidly, fostering team spirit and communication.'



Headteacher Lizzy Swan with local MP Peter Aldous

THE EVERITT ACADEMY

The Catch22 Everitt Academy in Lowestoft supports 47 SEMH students aged 9-16, all of whom need additional support to thrive in education. Many of the children have experienced trauma in their lives. To address this, the school has developed a bespoke GCSE curriculum and celebrates academic, sporting, musical and other successes. As part of this, Everitt equips pupils with the skills many take for granted to feel part of society: riding bikes, playing board games, eating at the table with a knife and fork. By focusing on these simple fundamentals, children are calm, learning, and for the first time preparing for adulthood.

DRIVING **SOCIAL JUSTICE** AND **REHABILITATION**

Catch22 works across the criminal justice cycle, to help people steer away from crime, support rehabilitation and help people feel safer in their communities.

We work with 49,000 young people and adults in custody and in the community, providing a range of services including offender management and resettlement, veterans in custody, victim services, gangs work and youth justice. We work in 23 prisons across the country. This year we supported 9,602 people at their first reception into custody, and a further 14,701 service users in the time prior to release.

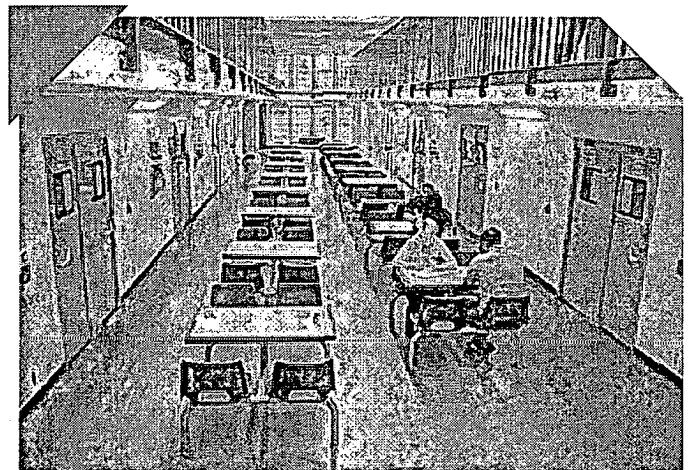
We believe that supporting victims of crime is integral to building a stronger society. This year we've delivered victims services and restorative justice work to 25,244 people in nine regions across England, through emotional and practical support in the home and community along with crime prevention advice.



HIGHLIGHTS



Victim First caseworkers



Peer mentors at HMP Thameside

VICTIM FIRST

Funded by the Police and Crime Commissioner, Victim First provides support to victims and witnesses of crime in Leicestershire and Rutland, working 14,824 cases a year and achieving a 90% satisfaction rate. The service works at every stage of the justice system, as well as providing access to restorative justice to help people recover from the impact of a crime. Since being recommissioned earlier this year, the team has broadened its scope and now also work with children and young people. It has also extended its opening hours to make the service more accessible to those who work or with caring responsibilities.

PENTONVILLE GANGS

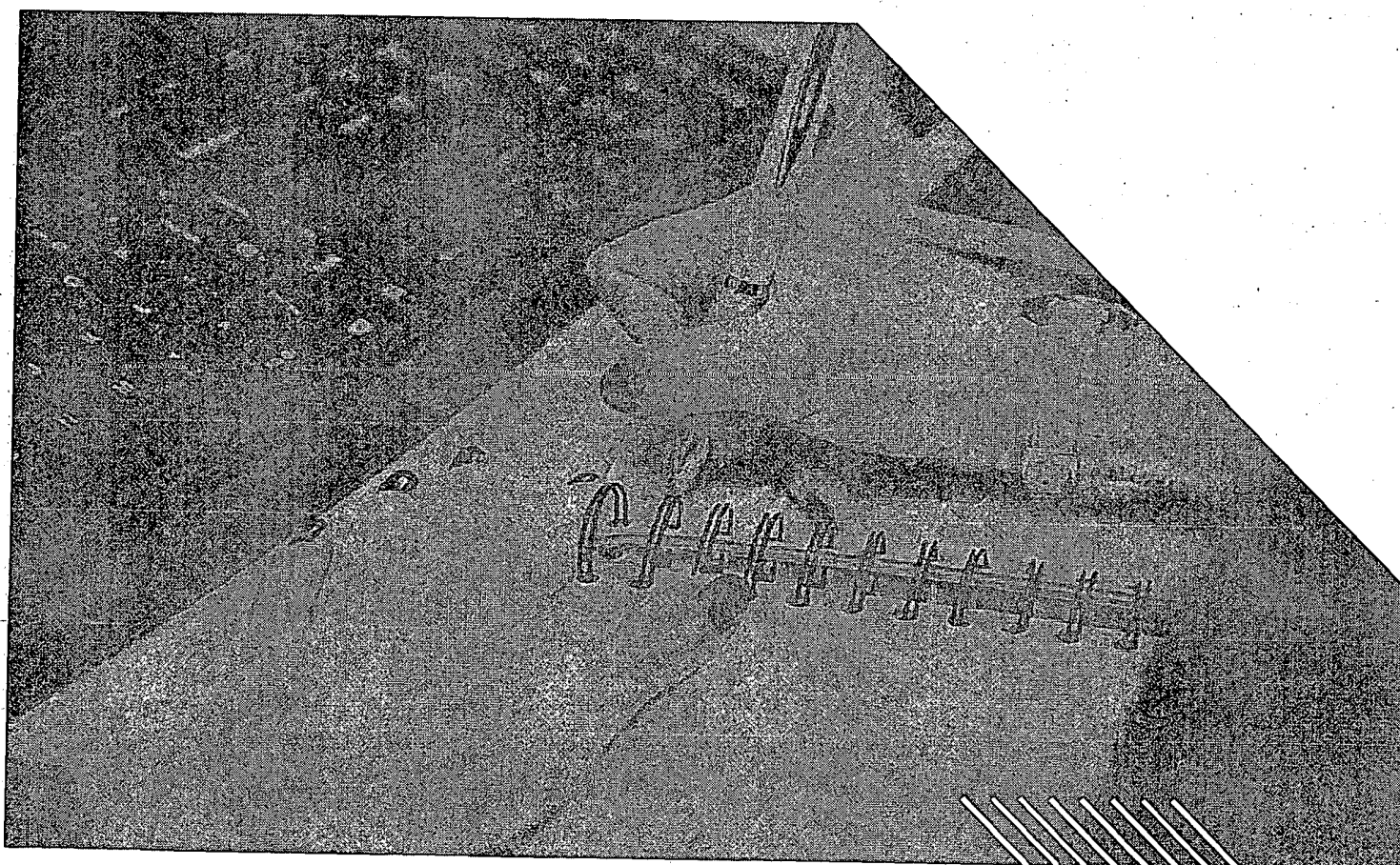
Catch22 now operates four Custodial Gang services, including our newest project in HMP Pentonville. Our approach to gangs focuses on rehabilitation and offering alternatives to the status and safety provided by gangs. The services are run by professionals with an extensive knowledge and understanding of gang culture, with practitioners exploring innovative ways to deliver pro-social messages to the service users. We work with prisoners from their first night inside, ensuring they're placed in a cell that minimises the risk of conflict, before delivering rehabilitative and restorative programmes using peer mentors, to support prisoners to move away from gang involvement. The service has been identified as a model of best practice by HMIP during a recent inspection. As a result of the service, HMP Pentonville has seen on average a 22% reduction in gang related violent incidents happening each month.



SUPPORTING PEOPLE INTO EMPLOYMENT

Everyone needs a purpose to live a good life, but many of our service users face barriers to work – whether confidence, education or connections. Catch22 delivers high quality and responsive apprenticeships and employability programmes built around the needs of learners and job seekers, helping organisations develop a future pipeline of strong, diverse talent. We work with employers nationally to champion recruitment and staff development processes that are not only good for the community, but good for their business and their people.

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



HIGHLIGHTS



Colleagues at Community Links, Canning Town



Apprenticeship and Employability Awards 2017, Barclays

EMPLOYABILITY

This year Catch22 supported 1,056 people to improve their job readiness through our employability work. We offer accredited training, basic skills, mindset and behaviour change, confidence building, CV building and interview preparation, and in-work support for up to six months. 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 across Enfield, Haringey, Newham, Islington and Tower Hamlets.

APPRENTICESHIPS

Catch22 is an Ofsted 'Good' rated apprenticeship provider for large and small employers across England. In the 2017/2018 financial period we supported 984 apprentices, working with levy and non-levy paying organisations like npower, Vodafone, Countrywide, Rendall and Rittner and Gtech. 87% of our apprentices go on to positive destinations after completing their programme with us.

We specialise in helping apprentices from all backgrounds to get into work in professional business settings: Sales, Customer Service, Business Administration, ICT, Retail, Leading, Leadership and Management, Housing and Property Management. This year, Catch22 became the first provider to design and deliver the Apprenticeship Standards 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.

What we
learnt we

ROAD Programme leaders, HMP Thameside



HOW WE'VE CHANGED...AND WHY

THIS YEAR CATCH22 CELEBRATED ITS 229TH BIRTHDAY. AS GOOD A YEAR AS ANY TO DO SOME SOUL SEARCHING – WHY DO WE EXIST?

We work in a sector where success is too often measured by income generated, rather than impact delivered, by cash coming in through the door, rather than lives changed.

This obsession with size – from the Board, from the media, from peers – can make it hard to focus on the jobs delivering our vision and mission.

We've been very inspired by a 2015 paper by the Stanford Social Innovation Review, 'What's your endgame?' In it, Alice Gugelev and Andrew Stern argue that:

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

The end needs to be the beginning – the purpose of a non-profit needs to derive from its conclusion. Scale is essential for development, but not the reason for being.

To achieve our endgame we will continue to deliver public services – across children's services, education, employment, social action and justice – to as high a quality as we can. We will maintain a national presence and an operational scale at a level necessary for us to gain

credibility, reputation and hopefully influence so that we can seek a platform from which we can make a case for change.

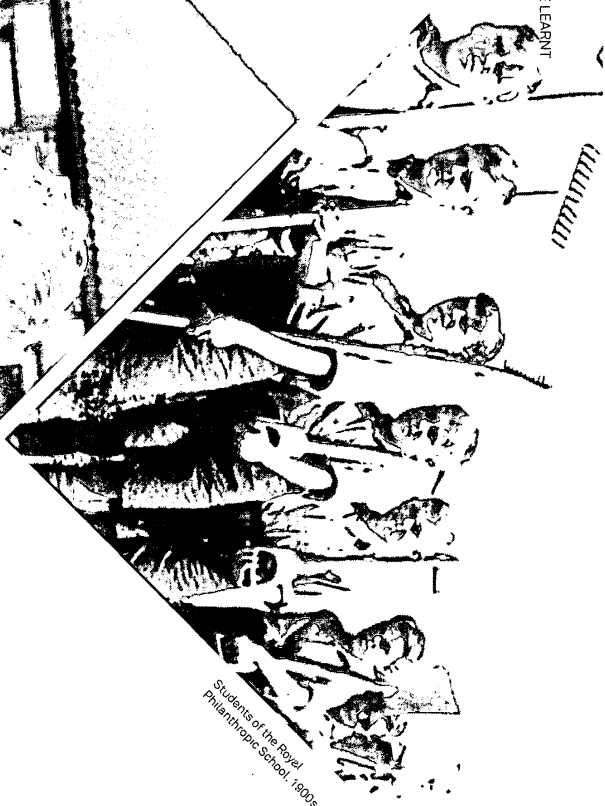
We are intent on delivering well – then capturing the experience and learning from our service delivery so that we argue from a position of strength how public services can be better designed and delivered, achieving better outcomes for those who use them.

This is not to suggest that Catch22 will not continue to grow and develop its service provision, but we are to be absolutely clear about our reason for doing this. We deliver well so that we can

in the longer term have more impact – not just at a micro level but hopefully at a system level, to influence the shape of future operating systems.

Catch22 is an optimistic organisation that fundamentally believes in the ability of those we work with to seek solutions to the challenges they are confronted with. We believe that it is critically important to put people in to the lead and use this approach to change how services are organised, delivered and owned.

Scale is essential
for development,
but not the
reason for being.



Students of the Royal
Philanthropic School, 1800s



Students of the Spens Academy



WHAT WE LEARNT

NAOMI HULSTON, CHIEF OPERATING OFFICER



“WE THINK IT’S AS IMPORTANT TO RECOGNISE WHAT WENT WRONG – AND WHAT WE LEARNT FROM IT – AS IT IS TO CELEBRATE OUR SUCCESS. WE ARE AN ORGANISATION CONSTANTLY STRIVING TO IMPROVE, AND INNOVATE.”

OUR STRUCTURE

We need to be more collaborative

We’d set up directorates to ensure deep sector knowledge, reflecting the way public policy and delivery is divided in Whitehall and Local Authorities. While this aids procurement processes, our structure too closely reflected the commissioning framework we are trying to reform because we know it doesn’t work for individuals, families, or communities. Since 2016 we’ve been embedding a new, more integrated, organisation with clear accountability and specialist expertise protected. We’re changing our culture and practice using collaboration tools, and we know we still have some way to go before we are truly integrated around the needs of people, not the needs of systems.

OUR INCUBATION

We need to get it right

It was important to us to use our breadth and voice as a platform to support small organisation and social entrepreneurs, and it was also important to us to ensure this was organic and bespoke, not a rigid or transactional set of contracts. This approach was successful in many ways but placed a burden on our own systems which at times led to confusion of expectations or a gap between what was promised and what was possible. With help from the Big Lottery Fund we have strengthened our own administrative functions and are designing an approach to incubation which gets the balance between consistency and flexibility right.

OUR EDUCATION

Being clear with our partners

In all our alternative provision, from SEMH schools to the Study Programme, our teams know that size matters: small classes, teams and schools are more supportive and tailored. It’s increasingly the case that sustainable funding relies on pupil roll, and without a minimum number we can’t provide everything we know is needed for children, young people and their families. Ever increasing regulation and knowledge about what works to keep children safe and learning means being firmer with commissioners – and the communities around our schools – about how they need to work with us.



OUR PRIORITIES

A focus on reform

We all work for Catch22 because we want to reform public services for greater effectiveness and efficiency. Ensuring everything we do is both intrinsically good, for the person we're supporting, but is at the same time instrumental in improving the wider system, is hard! For us reform is everyone's business and we have embedded this mindset into our recruitment and induction, our business and development, our strategic communications, and our staff rewards.



MESSAGE FROM **OUR CEO**

CHRIS WRIGHT

I've worked in public services for 30 years, cradle to career: in probation, children's services and education. While I'm a natural optimist, every day I see the impact of an underperforming system.

Our acute – very expensive – services are under pressure because the ways we support people with chronic problems, or prevent problems in the first place, aren't working as well as they could be. Some of our hospitals and schools are the best in the world, but many are among the most ineffective, or least good value for money.


Rather than working flexibly and according to needs, our public service silos are rigid and each silo struggles to pick up the failure of others. Prisons strain to provide mental health treatment, schools allocate precious funds to family welfare.

The whole social welfare system is less than the sum of its considerable parts: the compassionate and committed people working within it. At worst it is creaking from 'failure demand', with the wrong resources in the wrong places. As the people who need those services, and who work in and with them, we're being let down.

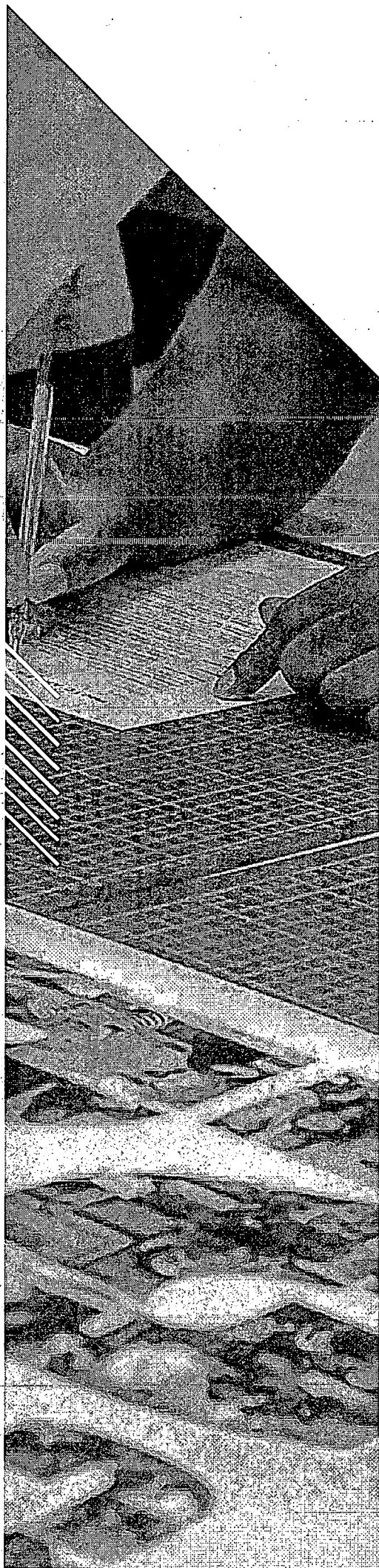
WE SHARE THE SAME ISSUES

At Catch22 we're in a unique position. We work 'cradle to career' across all of these sectors and see the whole picture. We see that Police and Crime Commissioners, Multi Academy Trust Heads, and Clinical Commissioning Groups struggle with exactly the same problems: recruitment and retention of effective frontline staff; measuring performance; budgets, legislation and changing demographics.

And we also see that 'failure demand' means that we're all working with the same person. A person who, if they were supported properly in the first place, would become self-sufficient. A child who didn't get the support they needed in school or in care, was kicked out of mainstream education, left with no qualifications, didn't feel part of society, got into crime and drugs, wasn't rehabilitated and began the cycle again with their children.



“Rather than working flexibly and according to needs, our public service silos are rigid and each silo struggles to pick up the failure of others.”



BUT WHAT'S THE ANSWER?

If I have learned anything in those 30 years it's that there is no magic bullet; no one person or organisation with the welfare vaccine. That means that there can be no one person or organisation responsible for the design and delivery of public policy affecting our schools, hospitals, and prisons.

For 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. And yet we struggle within these artificial siloes, delineating 'appropriate' responsibilities and accountabilities. Civil servants maintaining that charities can't manage statutory risk, or charities branding businesses as profiteers.

But in reality the state can't do it alone. The sheer scale, cost, and complexity of modern public services mean that their design and management cannot be the sole responsibility of Whitehall and City Hall. Its cumbersome machinery struggles to be responsive, agile or transparent.

Businesses can't do it alone. No shareholders should be getting rich from the state's duty to administer justice, security, health and education.

Charities can't do it alone. Vital public services must be resourced and mandated by democracy, not philanthropy.

Of course public services must be accountable to their users: voters and taxpayers. But we can move beyond the meaningless distinction between 'public',

'private' and 'charity'. We must focus on what works. The delivery of a public service can and should take any form suitable to make that service the best it can be.

THE ANSWER IS VARIETY.

The magic formula for a successful and resilient society is variety. A thriving high street has a mix of independent and national retailers. It's why I am proud that Catch22 colleagues are such a diverse bunch; we know variety is the secret to a healthy organisation: of background, of outlook, of experience and expertise.

This is equally the case for good public service reform.

To correct systemic failure we need systemic change.

1. We must diversify our models to unlock capacity.

Britain prides itself as a nation of small businesses, with SMEs making up 99% of all private sector businesses. Success in business is driven by innovation. Culinary trends cooked up in food carts today land on Tesco's aisles tomorrow. We need to harness this energy and agency to design and deliver our public services.

We need insurgents to take on the incumbents: small teams representing all sectors who behave like start-ups, liberated from bureaucratic mind-sets. Why shouldn't a Trust governed by a board of local people take on a Community Rehabilitation Company?

In many cases we don't need legislation or even new policies to



“To correct systemic failure we need systemic change.”

do this, we just need the courage and confidence to battle the constraints of an inflexible system and risk-aversion.

2. We must diversify our commissioning to drive local accountability

A system whereby the current providers are Big Business or Big Charity, in hock to Big Government, is neither innovative nor transparent.

If our starting point became “who will deliver the best social outcome”, rather than “who is the least risky partner, on paper”, we’d have less risk in a mixed economy of delivery partners, and partnerships.

The legislation to enable this already exists. The Social Value Act was passed in 2013, requiring commissioners to think about how they will secure greater social, economic and environmental benefit. Where it has been used it’s had a positive local effect, mandating quality and best value through innovation and a more responsive way to deliver public services.

But the Social Value Act hasn’t nudged new behaviour overall. Some procurement processes score against social value, some not, with no clear pattern of who and why.

Effective local commissioning holds the key to solving the current tension between localism and quality.

3. We must diversify our delivery, prizing people over process

It doesn’t really matter what the form or structure looks like: partnership, CIC, social enterprise, Mutual. What matters is whether the structure allows the human relationships to work in the right ways.

People are complicated. Some of the people that we work with at Catch22 have lived extremely complex lives. At the point when they’ve hit rock bottom – in need of a room over their head, a hug, a handshake – they are presented with a list of forms to fill in.

People need flexible services; services that adapt, grow and change to account for complexity and personalisation, and the conditions must be created to allow this.

But the commissioning that underpins vital public services is burdensome, clunky and complex. It prioritises form filling over what people actually need.

What kind of system awards a case worker for filling in a form, but has no flexibility to recognise the value of really listening and consoling? Our colleague Matt

Randle has a great saying; we’re “hitting the target, but missing the point.”

Start with what works

There are examples of exceptional results all over the country. We need to understand and to learn from them.

What is going well in the 25% of children’s services that aren’t rated inadequate? Which are the ‘outlier’ prisons that don’t have the same problems with violence or staff retention as others like them? How can GP practices, schools, and community groups be encouraged to pool budgets and achieve more?

Then we need to share this knowledge, creating transparent and accountable public services which equip people to be confident and entrepreneurial.

This is the moment

Given how much we know about what works, why can’t we design a self-improving system which supports existing and new provider ‘entrants’ to drive social outcomes?

We’re doing our best to support this at Catch22, with the launch of our incubation programme, small organisations changing the world of children’s social care, prisons, mental health. We are grateful to



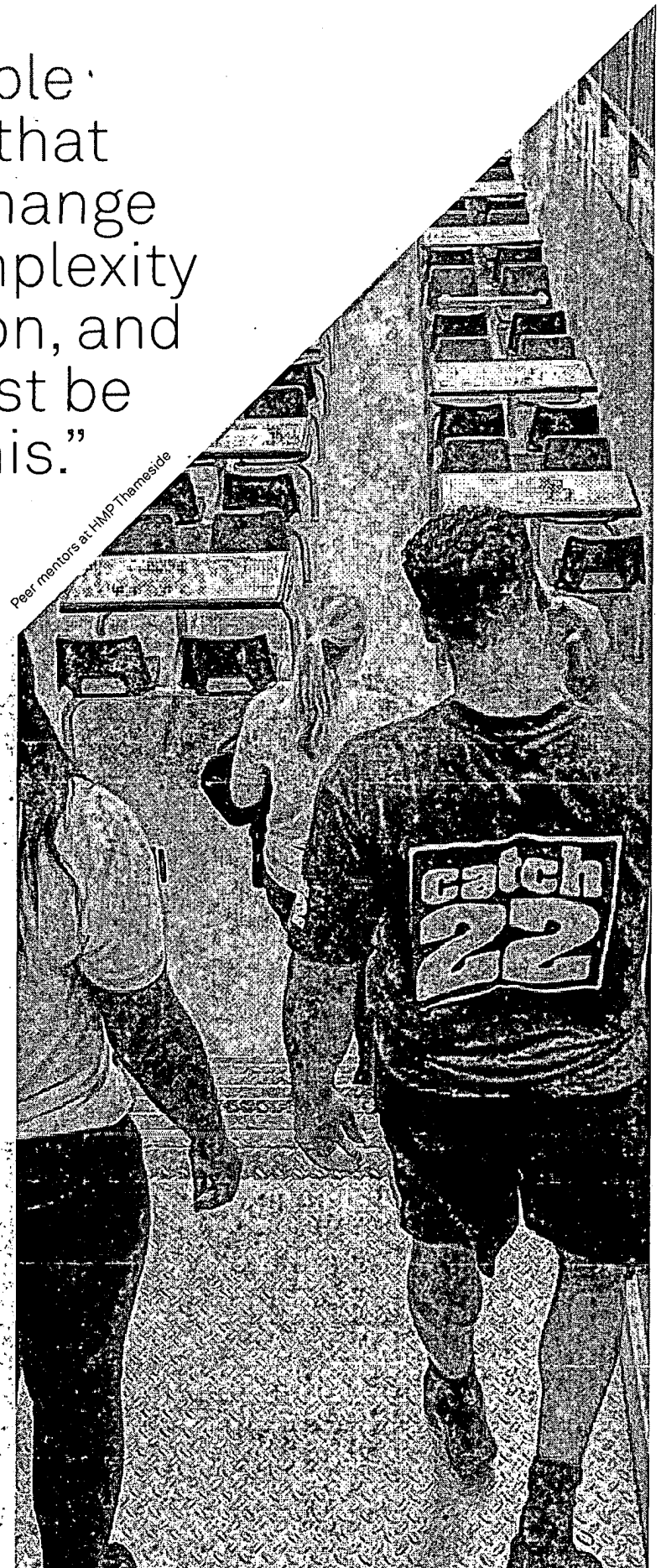
“People need flexible services; services that adapt, grow and change to account for complexity and personalisation, and the conditions must be created to allow this.”

the Big Lottery Fund for investing in our ambition, but need others to join our movement.

If the public policy response to Carillion – and indeed the Grenfell Tower tragedy – is to place even more contracts for maintenance or catering or specialist services in the hands of generalist civil servants, would our experience as carers, patients or passengers, improve? It's unlikely.

In the same way that the financial crash was the opportunity for entrepreneurs to take on rentier capitalists, this is the moment for social sector organisations to recapture their confidence and radicalism.

This is the moment for purpose led organisations to reassert their right to be a disruptive, not a reactionary, force in the world.





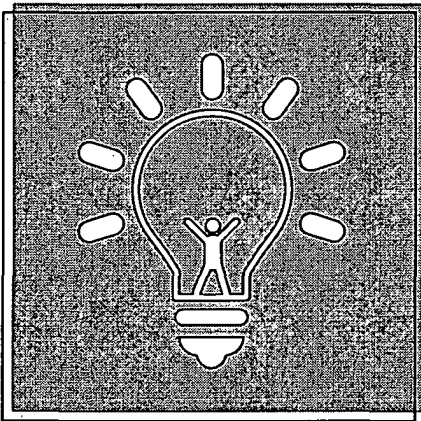
Danger, Next Generation Project Manager, Chloé Mouli

Catch22 colleague at staff conference, inspirED 2018

THE CATCH22 **PLAYBOOK**

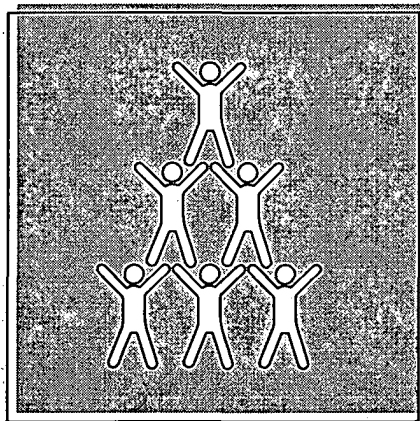
WE KNOW WHAT TO DO, THE QUESTION IS HOW

To read the full Catch22 playbook, visit:
www.catch-22.org.uk/playbook



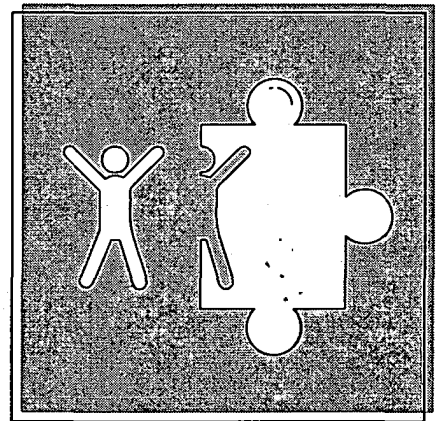
BRILLIANT BASICS, MAGIC MOMENTS

Giving people the space, time and licence to focus on doing the basics well means that we're liberated for the 'magic moments' that change lives. At Catch22 we aspire to have the very best support in place, and we value it - and the people who provide it - as highly as we do direct service delivery.



RELATIONSHIPS BEAT STRUCTURES

We all know what makes the biggest difference in people's lives: strong, meaningful, consistent, relationships with people who do what they promise. By focusing on quality relationships, we deliver the best outcomes.

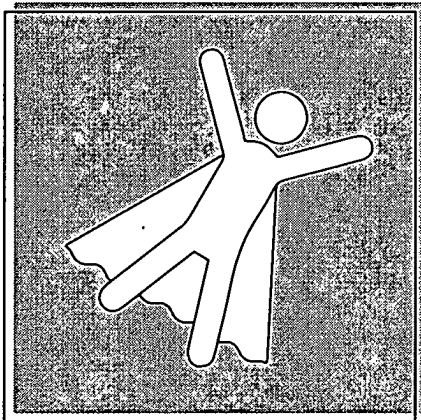


THINGS ABOUT YOU, BUILT WITH YOU, ARE FOR YOU

For people to feel involved, trusted and in control of their futures, they must help design the service they need or want to use. We don't replace expertise with experience, but combine them for optimum impact.

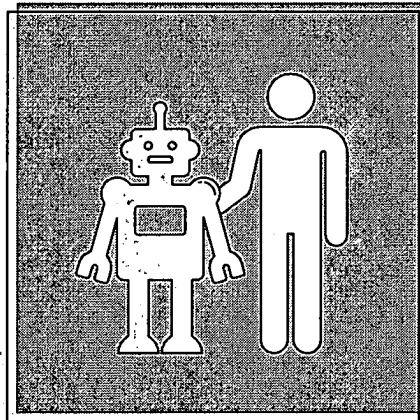


The Catch22 Playbook is our 'how to' handbook, a single approach to reform for all of our people to learn, refer to, pull from, engage with and repeat. It means that whether we're a teacher in Great Yarmouth supporting young people with additional needs, or a case worker in HMP Leeds, we are approaching issues in the same way - and building solutions that work.



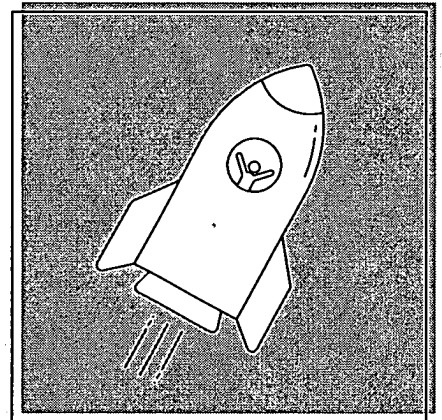
UNLEASH GREATNESS (DON'T MANDATE MEDIOCRITY)

Being OK at our jobs is not OK. To achieve the best outcomes we need to create a culture where everyone feels able to fulfil their potential and unleash their personal greatness, and that of those around them.



LET ROBOTS BE ROBOTS AND HUMANS BE HUMAN

When technology is used well it can liberate humans to do the things that we do best, and that robots will never be able to do: build trust, empathise, personalise, and respond sensitively to complex, dynamic situations.



INCUBATE, ACCELERATE AND AMPLIFY!

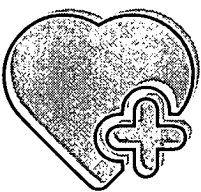
As a large charity we believe we have a responsibility to share what we have with others who are also trying to change the world. You can read more about how we do this on page 55.



OUR PEOPLE

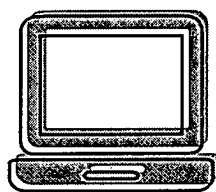
Catch22 is made up of 1,922 people from all over the country **brought together by common values.**

We reflect the communities we work in. We recruit people with lived and learnt experience and help their talents shine. One in five colleagues are from ethnic minority backgrounds. **All of us believe diversity makes us stronger.**



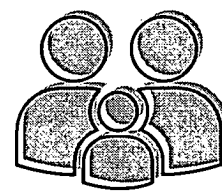
35%

of our colleagues
volunteer outside
of their work with
Catch22



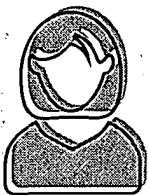
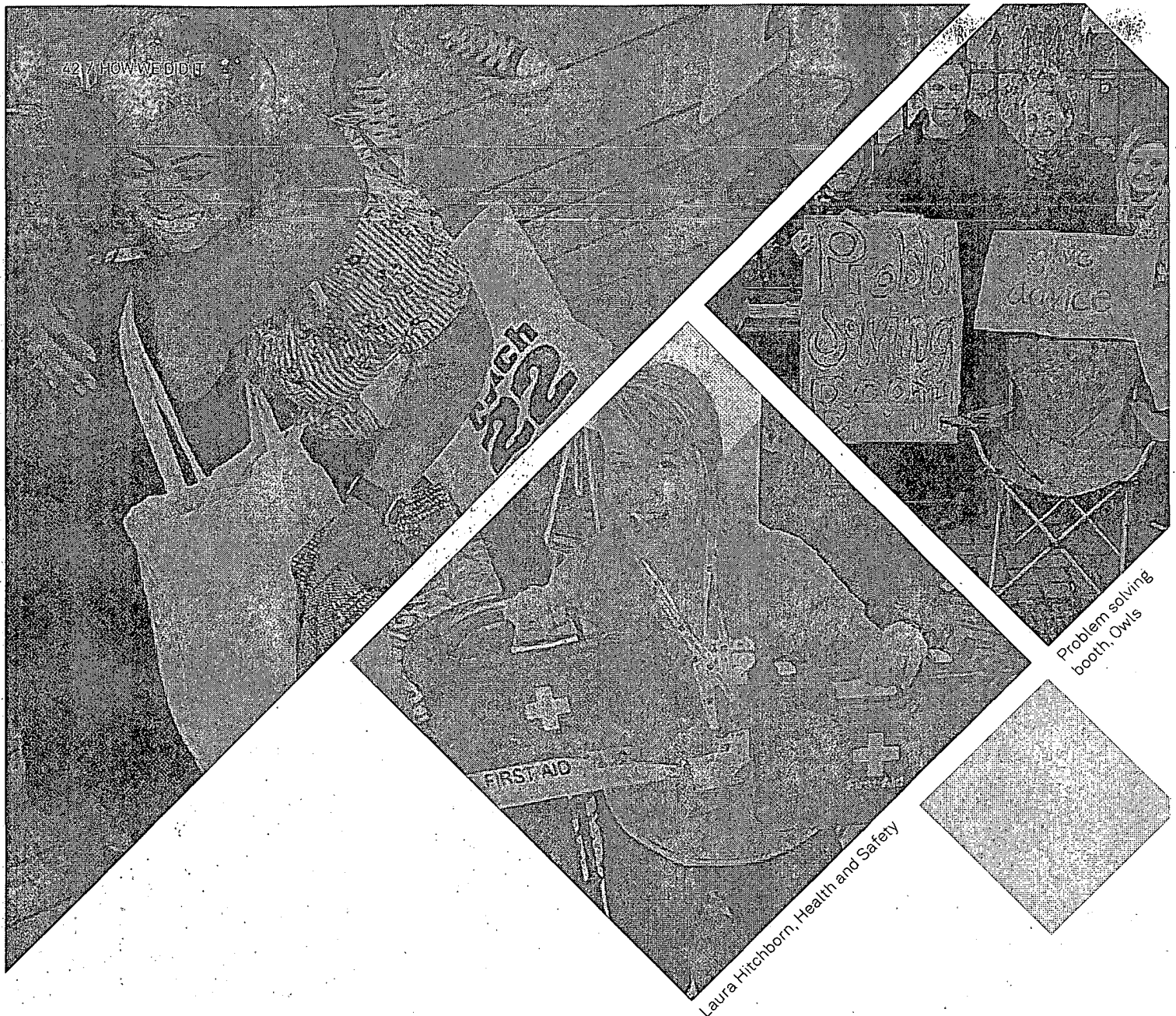
7%

of our colleagues have
been apprentices



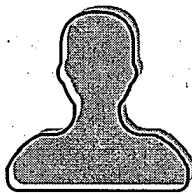
37%

have a family member
or close friend with
lived experience of
substance misuse



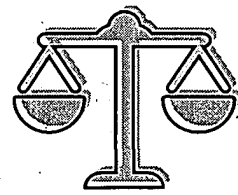
50%

over half of our colleagues are women, and 50% of our senior leaders are women



7%

identify as a member of the LGBTQ community

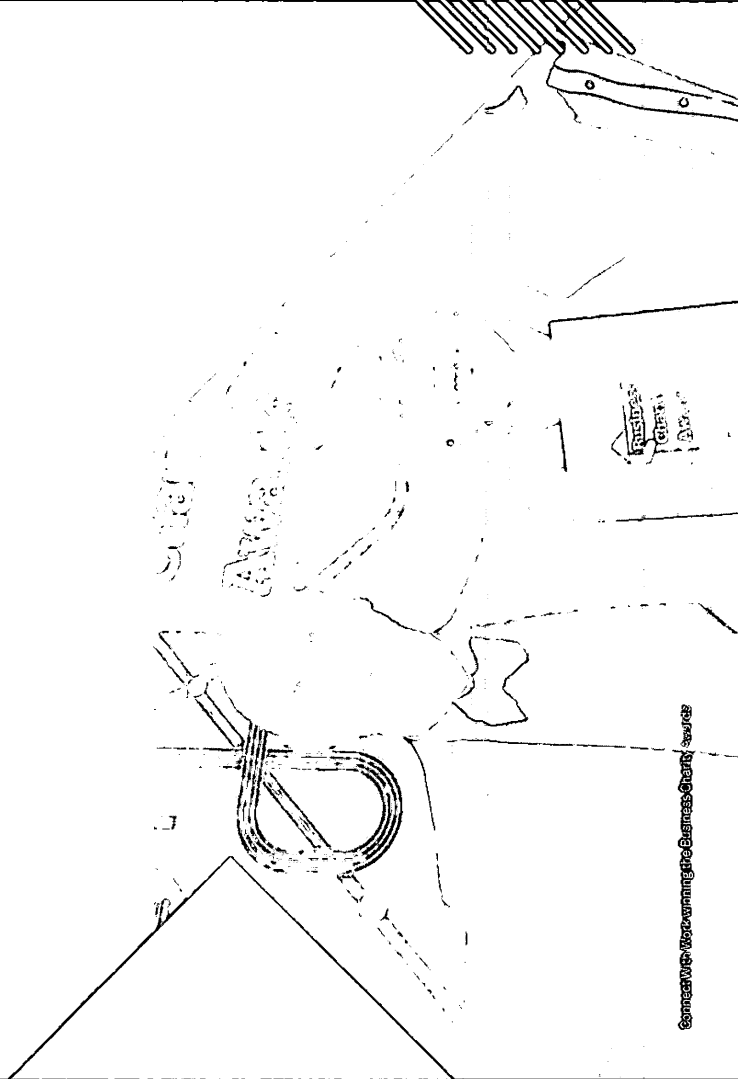


27%

of our colleagues have a family member or close friend with lived experience of the criminal justice system

UNLOCKING CAPACITY THROUGH STRONG PARTNERSHIPS

WE DON'T BELIEVE IN A ONE-SIZE-FITS-ALL APPROACH. IT DOESN'T WORK FOR BUSINESSES AND IT DOESN'T HELP US MAKE AN IMPACT. WE WORK WITH BRANDS TO GET TO KNOW WHAT MAKES THEIR BUSINESS AND PEOPLE TICK SO WE CAN HELP THEM DELIVER SOLUTIONS THAT BENEFIT THEIR COMPANY AND THEIR COMMUNITY.





USING YOUR PEOPLE TO CREATE TANGIBLE CHANGE IN SOCIETY

Richard Branson is passionate about supporting ex-offenders into meaningful work. We've helped the wider **Virgin Group** to understand the value of diverse recruitment, and partnered with Virgin Active to reform their recruitment process to make it actively inclusive.



PILOT INNOVATIVE IDEAS THAT SUPPORT ECONOMIC GROWTH

J.P. Morgan's research showed that although unemployment is high across the globe, employers are having trouble finding workers who are trained for the available jobs. Our work together piloted solutions that built up individuals in the communities around businesses to support economic growth.



MAKE THE APPRENTICESHIP LEVY WORK FOR YOU

Vodafone is committed to using its Apprenticeship Levy as a creative tool to develop future talent and engage current staff. We deliver Vodafone's apprenticeship programme from recruiting apprentices to training them across their retail stores and customer service contact centres.



DEVELOP YOUR TEAM'S PROBLEM SOLVING SKILLS

Our ongoing partnership with **Google** has seen us run team building days for them, including a day long Hackathon where teams of colleagues on both sides created new ways to tackle the complex public service procurement market.



LINK BUSINESS GOOD AND SOCIAL GOOD

We work with **Barclays** to develop and deliver Connect with Work; a programme that upskills individuals who have faced barriers to work and connects them with Barclays' high growth business banking clients.



PROVIDING DIVERSE TALENT

We helped Countrywide solve their talent challenge, developing a Housing and Property Management Apprenticeship Scheme, that attracted new talent as well as acted as a development pathway for existing staff.

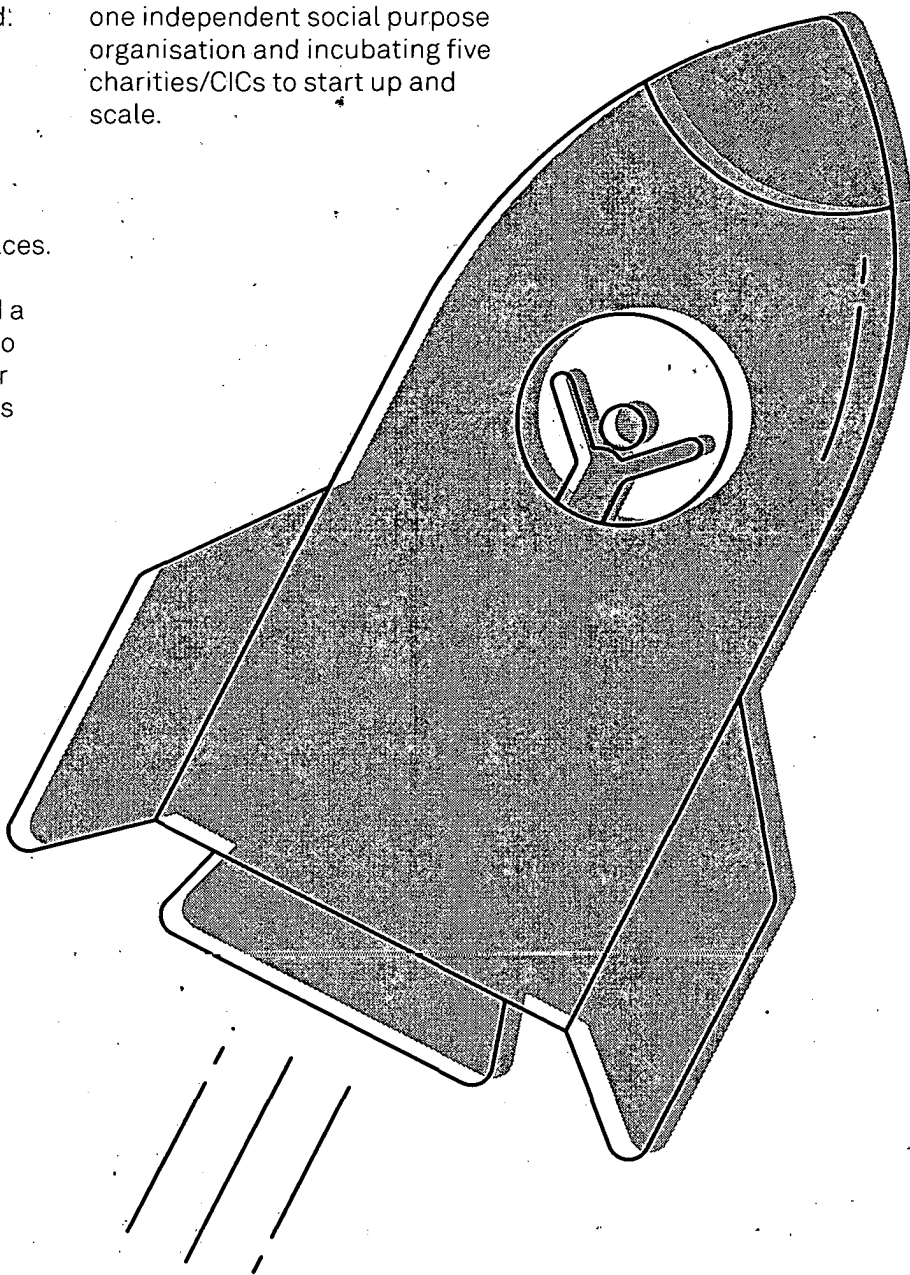


INCUBATE, ACCELERATE, AMPLIFY

As a large charity we believe we have a responsibility to share what we have with others who are also trying to change the world:

Social enterprises have great ideas and scalable models but lack the capacity to bid competitively, or lack the networks and resources to be seen and heard in the right places. They should not be left to sink or swim. Sometimes they need a 'legup' and the infrastructure to test and prove their ideas. Over the past two years Catch22 has

shared assets with eight different organisations; supporting two independent charities, launching one independent social purpose organisation and incubating five charities/CICs to start up and scale.





LONDON VILLAGE NETWORK:

LVN is a hyper-local community cohesion charity that brings communities together, and helps young people access the skills and expertise of their neighbours.

LIGHTHOUSE:

Lighthouse will radically improve outcomes for looked after children by offering a model of residential care based on a combination of social pedagogy, education and a family environment.

THE DIFFERENCE:

The Difference's mission is to bring the best in education to the children who need it most. It will train the next generation of school leaders to best support pupil mental health and reduce exclusion from school.

OWLS:

Owls look and listen to communities to solve social problems. Owls tests ideas from the street to see if local positive impacts can be replicated and scaled.

UNLOCKED GRADUATES:

Unlocked Graduates is a leadership development programme that aims to reduce reoffending by putting outstanding graduates on the frontline in prisons. The 2017 cohort worked across six prisons in London and the South East.



Lighthouse

The
Difference

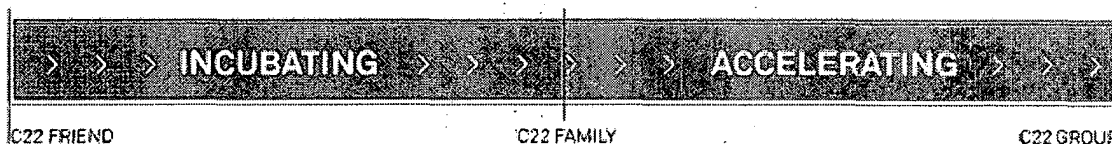


Unlocked



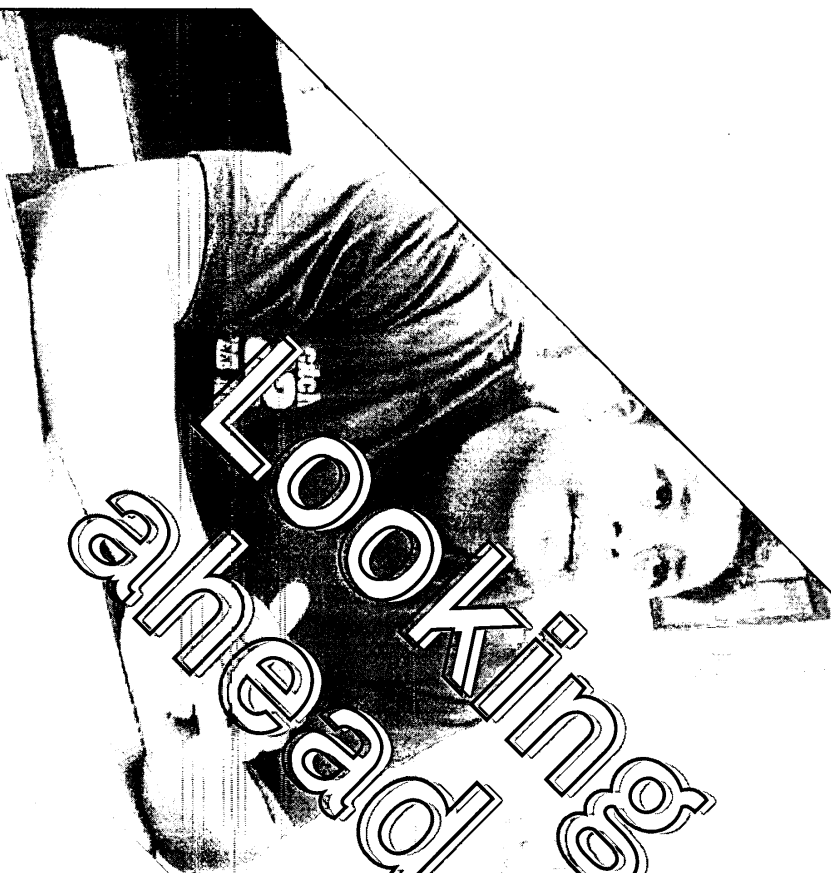
LAUNCH22

COMMUNITY
LINKS



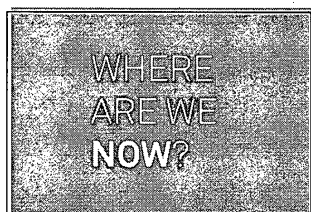


Looking Forward



Peer mentors at HMP Thameside

THE PROBLEMS WE FACE



RESILIENT FAMILIES AND YOUNG PEOPLE

More children in care, an increase of 3% on 2016.

38% of young people in Young Offender Institutions and 52% in Secure Training Centres have experience of the care system.

A sharp rise in youth violence.

AN INCLUSIVE EDUCATION SYSTEM

More pupils excluded year on year.

90% of under-18s in the youth justice system have been excluded from school.

Half of 15-17 year olds entering YOs have the literacy or numeracy levels expected of a 7-11 year old.

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.

EQUAL ACCESS TO EMPLOYMENT OPPORTUNITIES

Sharp rise in young people not in education, employment or training (NEET) for over a year.

Over 40% of care leavers NEET compared with 15% of all 19-year-olds.

Youth unemployment down overall but disproportionately spread, and lots of young people missing from data in some regions.

A FAIRER AND MORE REHABILITATIVE JUSTICE SYSTEM

Rising levels of prisoner self-harm and suicide, linked closely with high levels of drugs and violence on the wing.

More than a third of young offenders have a diagnosed mental health issue.

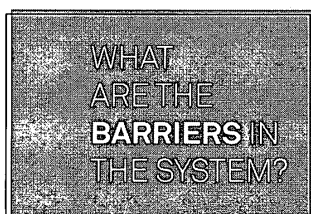
Victims lack confidence and trust in a fair and just system.

Over-representation of young people from BAME backgrounds.

ACTIVE CITIZENS

Young people feeling disenfranchised from their communities, reporting low emotional wellbeing – over a quarter of 16-17 year olds don't feel a sense of belonging in their community.

Young people from more affluent backgrounds are nearly twice as likely (48%) to volunteer as those from less affluent backgrounds (27%).



Low levels of innovation in children's Services; prescribed, rigid structures.

Highly professionalised and fragmented market with services commissioned in and by siloes.

75% of children's services departments branded inadequate or requiring improvement by Ofsted.

In some local authorities with the highest levels of exclusion the AP schools are all graded 'inadequate'.

A system structured against the needs of a young person and local authorities incentivised to exclude.

Inconsistency in quality of teaching in alternative provision schools.

More opportunities available for educated, resilient young people, few entry level or training positions.

The Apprenticeship Levy is failing to provide jobs for those who need them the most.

Low apprenticeship wages exclude those with less financially or personally stable backgrounds.

Employers not equipped to provide pastoral support in the workplace.

A prison officer recruitment gap.

Little progress in the prison reform programme.

A justice system not trusted by those it seeks to serve.

A system which reinforces low aspirations and standards for offenders and officers.

Youth organisations collaborating around contracts, rather than ideas.

Siloes between youth organisations, schools and statutory organisations.

OUR PLAN FOR 2019

NEXT YEAR WE WILL **MAINTAIN AND BUILD ON OUR REFORM STRATEGY TO INCREASE OUR OVERALL IMPACT**, NOT JUST OUR SIZE AND SCALE.

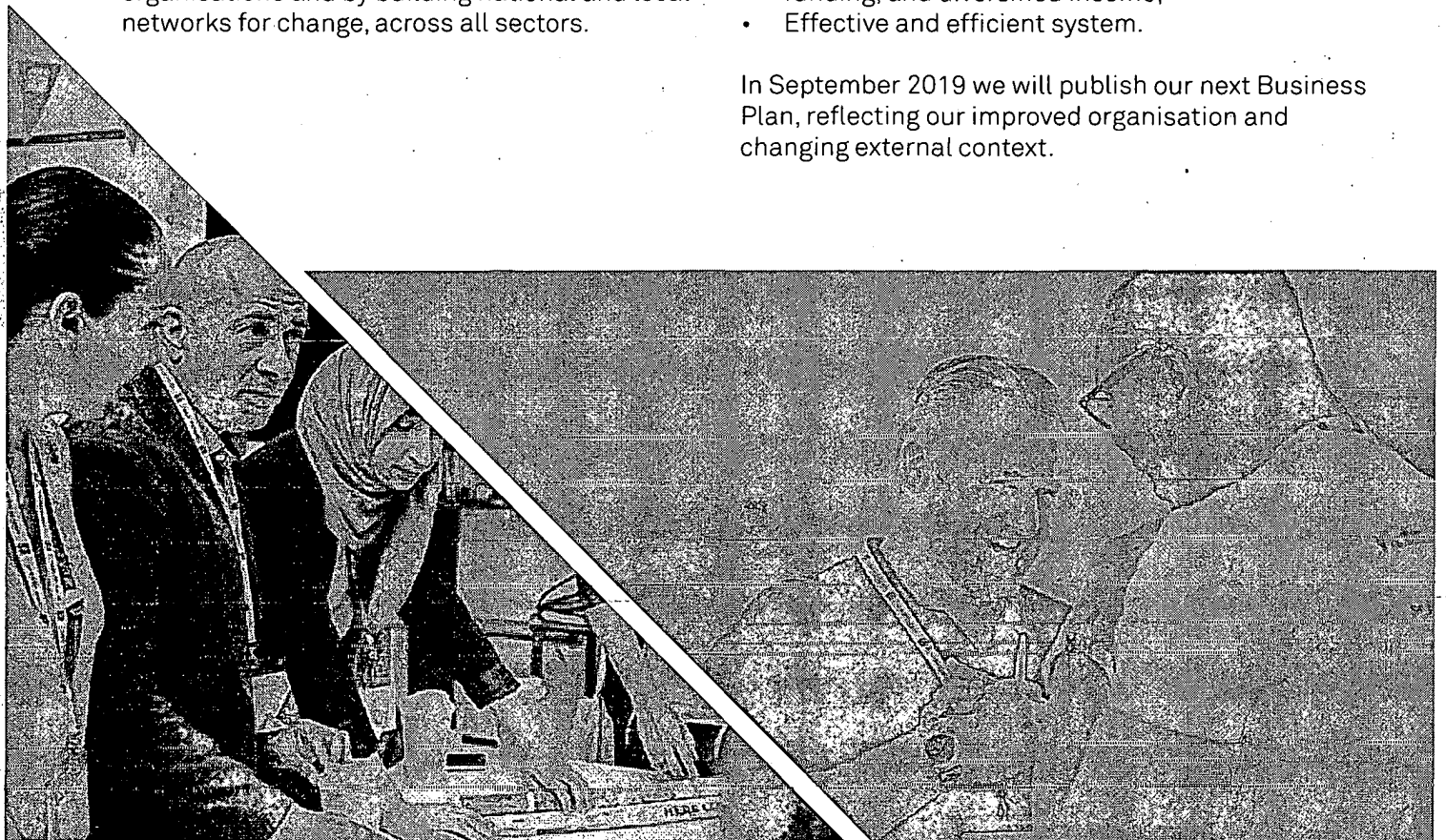
More than ever we believe that improving lives means doing things differently. We will continue to reform the system, and ourselves.

1. Through our Incubator Programme we will invest in new ideas that will improve outcomes and challenge the status quo.
2. We will improve our own impact by ensuring our Group structure is coherent, effective and efficient, and by investing in our frontline teams.
3. We will make better use of transparent evidence, insights and feedback to establish self-improving systems.
4. We will do this in partnership with other organisations and by building national and local networks for change, across all sectors.

In August next year our 2017-2019 Business Plan will conclude, we will have achieved our goals of:

- High quality service delivery, with measurable impact and increased satisfaction from those we work with and for;
- A coherent and influential public service reform vision;
- Improved employee engagement, comprising more internal progression and higher retention;
- Geographically and thematically aligned service delivery and growth;
- Improved stakeholder satisfaction;
- Financial strength including more sustainable funding, and diversified income;
- Effective and efficient system.

In September 2019 we will publish our next Business Plan, reflecting our improved organisation and changing external context.



THE NEXT 12 MONTHS

PRACTICAL SUGGESTIONS



Pamela Dow, Catch22's Chief Reform Officer, looks to the year ahead and sets out what needs to happen to make sure everyone has a good place to live, good people around them and a purpose in life.

PLACE

With Whitehall focused on the mechanics and implications of Brexit, the opportunity for local people to 'take back control' is huge.

From Police and Crime Commissioners to Headteachers, from GPs to Magistrates, local leaders have the knowledge and networks needed to do the right thing.

This makes sense financially: the costs, both direct and indirect, of rigid national bureaucracy is indefensible when public finances are constrained.

PLACE

- Devolve and empower (put local communities in the lead)
- Convene and lead (PCCs showing the way)
- Inspire and share best practice from all over the UK

PEOPLE

- How not what (prioritise relationships over structures)
- Train and retain (the right people in the right roles)

PURPOSE

- Reduce commissioning infrastructure (remove rigid barriers to collaboration)
- Move contracts out of Whitehall (Contract locally, not nationally)

It makes sense technologically: we should not fear areas being left behind in a postcode lottery now that it is so easy for people to scrutinise and publicise the service they receive. We can automate standard performance measures for easy comparison.

It also makes sense based on theory and evidence: the single most important factor in helping people overcome their circumstances or bad choices is the quality of the human relationships in their lives, and these are formed and sustained best with as minimal prescription from a faceless centre as possible.

Devolution deals (for example in Manchester and London) could hold the key to reforming criminal justice by handing over budget

responsibility to City Mayors. We're already seeing that much can be done using local convening power, and the courage of conviction. Durham PCC Ron Hogg is leading the way with a criminal justice strategy linking social work, health, education, CPS, police, prisons and probation. The expansion of his "Operation Checkpoint" has made sentences for some crimes both meaningful and effective, while reducing demand on straining prisons.

We want to see even greater devolution, from City Hall to individual school, court and even high street. Students in Catch22 schools can only flourish if their teachers and families can draw easily on other sources of support, for example clinical or mental health, sports or creative arts, work experience, or



additional tuition. The only way these partnerships are possible is by building them at local level.

We also urge policymakers, politicians and media commentators to get out of London. Calling for others to 'share best practice' or creating expensive online repositories of said good practice doesn't work.

What does work is understanding and talking about what is happening in Wisbech and Wigan, Norfolk, Hull and Crewe. This illustrates the art of the possible and specifics of change. Ministers should focus less on publishing new grand strategies and instead talk about what they have seen and how the people they meet are disrupting the status quo.

PEOPLE

We all agree that relationships matter most - between social workers and children in care, teachers and their students, police officers and the people on the streets they patrol, prison officers and the men or women on their wings

Given this consensus, our national policy emphasis on structures and systems is outdated.

Focusing all efforts on frontline staff training, recruitment, reward, retention, culture, management and leadership will make the biggest difference. 'WHAT' works is increasingly recognised as limited; 'HOW' something works is the challenge, and it is necessary to understand in the context of scaling successful services.

We would like national and local commissioners to recognise that staffing costs are not an overhead to be driven down but the quality "product" they are buying. High staff retention should be a measurable and rewarded aspect of any contract.

New graduate schemes, or professional development, like Frontline, Unlocked and The Difference, are to be celebrated, not least because they challenge practice which is as damaging in the public and charitable sectors as it is in private. All initiatives that encourage staff engagement, learning and reflection, and a culture of transparency and enquiry within frontline teams,

should be similarly celebrated.

The potential for using the Apprenticeship Levy to change organisational behaviour in the public and social sectors, not just private, has not yet been fully realised.

We would like to see all Local Authorities and public services invest in their entry level and training roles in pursuit of higher quality outcomes overall.

PURPOSE

We need public services that share the goal of helping everyone to be the authors of their own life stories, where necessary overcoming limiting circumstances or bad choices. While everyone's needs are different, the same principles of successful support apply in job centres, prisons, schools and social work.

Ultimately we would like political and policy leaders to remove as many barriers to common sense

"We also urge policymakers, politicians and media commentators to get out of London... understanding and talking about what is happening in Wisbech and Preston, Norfolk, Hull and Crewe illustrates the art of the possible."

“We need public services that share the goal of helping everyone to be the authors of their own life stories.”

collaboration between these professional silos as possible. **The arbitrary distinctions between remits and associated budgets have created perverse incentives to do the compliant thing, not the right thing.**

By 2020, could the verb 'commission' be restored to its simple definition in common speech? Its current overuse as a label for an overbearing, rigid, industry of paper and process is corrosive.

Public money needs to be spent on good public services. Sometimes that means procuring a service, sometimes forming a partnership, sometimes buying a product, sometimes devolving responsibility for delivering an outcome in the most efficient and effective way possible.

Very rarely is a national contract superior to a local one, and very rarely is the public service need of a magnitude requiring the most risk-averse interpretation of 'State Aid'.

There is an immediate opportunity to use the next 12 months to restore good sense, good judgement, and confidence to public service procurement.



CONTACT US

catch-22.org.uk

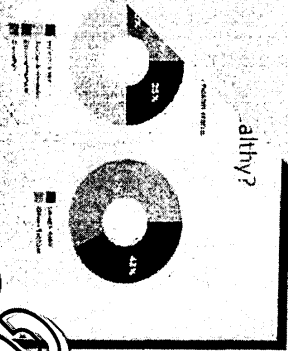
020 7336 4800

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Finance and Governance

A pupil at the Spire Academy



OUR FINANCIAL OVERVIEW

FINANCIAL HIGHLIGHTS

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

The underlying financial performance of the group is therefore better represented by the movements on Restricted Funds, increase of £0.3m (2017: £0.9m) and Unrestricted Funds, decrease of £0.7m (2017: increase of £1.2m). The results for the previous year included the fair value of assets acquired on entry of Community Links Trust into the group, which amounted to £0.8m of Restricted Funds and £1.1m of Unrestricted Funds.

Although there has been a reduction in Unrestricted Funds of £0.7m this included £0.4m of restructure costs and £0.3m of expenditure against designated funds.

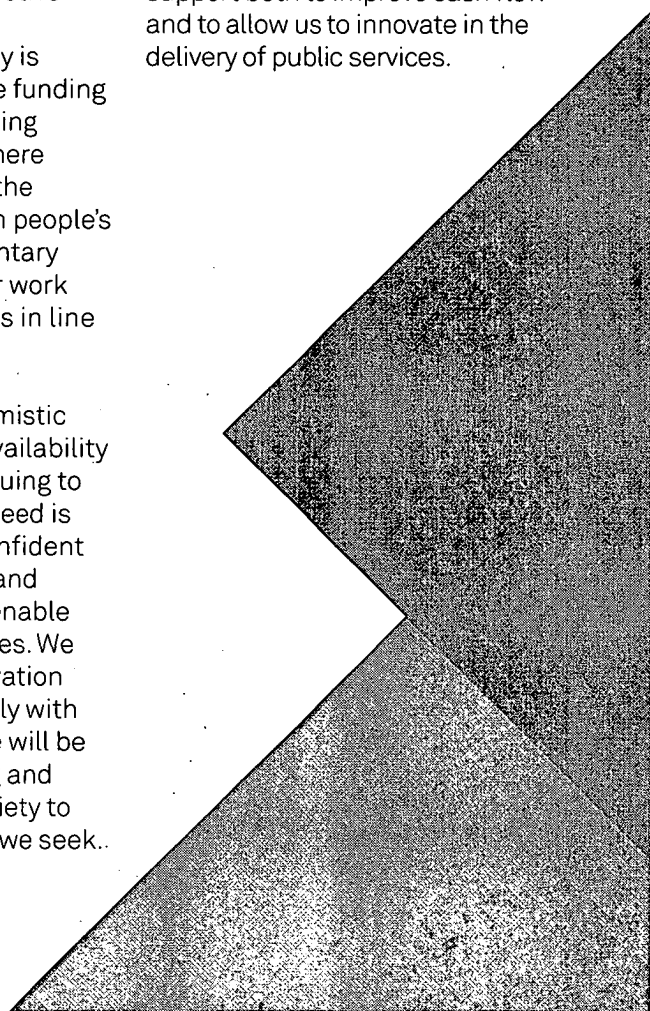
The group's consolidated balance sheet remains strong and provides a sound base for the future of the organisation, but we recognise the tough economic environment in which all providers of public services are operating.

Over the last few years in order to ensure we remain a financially strong organisation, we have set out the following areas of focus, which continue to remain relevant:

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

We continue to be an optimistic organisation, whilst the availability of public funding is continuing to decline and service user need is ever increasing, we are confident that our solid foundation and commercial acumen will enable us to meet those challenges. We believe that through innovation and doing things differently with support from partners, we will be able to unlock the funding and capacity needed from society to achieve the social impact we seek.

Working capital still remains a significant challenge, public sector payment terms are often quarterly in arrears. This puts pressure on even financially strong organisations like Catch22 and we 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. We are therefore continuing with our strategy to 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 2018 WAS £58.1M, COMPARED WITH £57.3M FOR THE PREVIOUS YEAR.

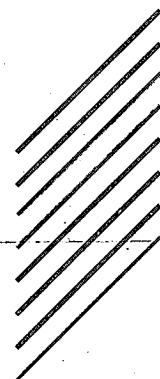
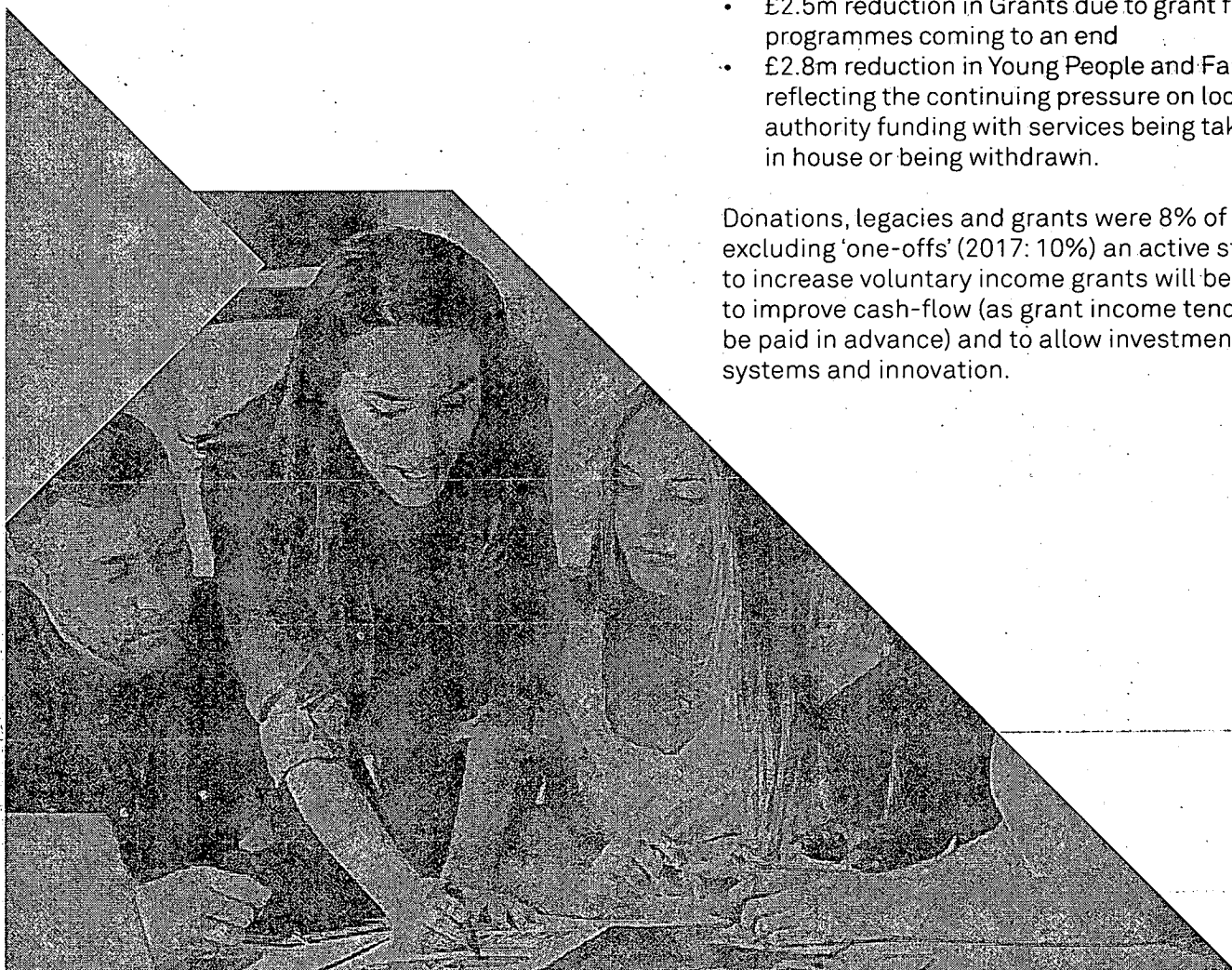
Voluntary income in the period included £5.6m (2017: £3.5m) of long leasehold land and buildings transferred from local authorities used by new academies in the Catch22 Multi Academies Trust. In 2017 only this was partially offset by negative income relating to the pension deficits of those academies of £0.6m.

Voluntary income in the previous year only also included £1.9m relating to the fair value of assets acquired on the acquisition of Community Links Trust.

After adjusting for these 'one-off' income amounts, income for the year is £52.5m, in line with the previous year (£52.1m). The main income changes were:

- £1.4m increase in Donations & Legacies, due to Community Links being part of the group for the whole financial year and some significant one-off donations received by Community Links (£0.7m).
- £2.8m increase in Education income due to new academies opening and additional pupils in existing academies
- £1.7m increase in Justice income due to new services (particularly support for victims) secured
- £2.5m reduction in Grants due to grant funded programmes coming to an end
- £2.8m reduction in Young People and Families, reflecting the continuing pressure on local authority funding with services being taken back in house or being withdrawn.

Donations, legacies and grants were 8% of income excluding 'one-offs' (2017: 10%) an active strategy to increase voluntary income grants will be pursued to improve cash-flow (as grant income tends to be paid in advance) and to allow investment in systems and innovation.





EXPENDITURE

Total expenditure for the year the year to 31 August 2018 was £53.2m, compared with £52.3m for the previous financial year. Included within the cost of charitable activities are exceptional items of £0.4m (2017: £0.5m), which in this financial year related to organisational restructure costs, including the closure of services that were not financially sustainable (2017: £0.4m). In the previous financial year exceptional items included a loss of funding of £0.1m relating to the administration of a subcontracted training provider.

In addition charitable activities expenditure included £0.3m (2017: £0.3m) relating to the use of Designated Funds in Community Links that related to the transition of Community Links into the Catch22 group.

SURPLUSES ON INVESTMENT ASSETS

The net gain on investments during the year was £0.1m (2017: £0.7m) and at 31 August 2018, after withdrawals, the portfolio was valued at £10.9m (31 August 2017: £11.0m). In addition, income earned from the portfolio was £0.3m (2017: £0.3m).

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. At 31 August 2018 £3.25m of the facility has been drawn (2017: £2.75m)

SUPPORT COSTS

We monitor the effectiveness and cost of our overheads on an ongoing basis. During 2017/18 we continued to reduce costs through consolidation of support services across the group. We will continue to drive down costs where possible through process and system improvement and simplification of structures.

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 group activities, particularly those that are not voluntarily funded, 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 for those properties that any new provider would not require.

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

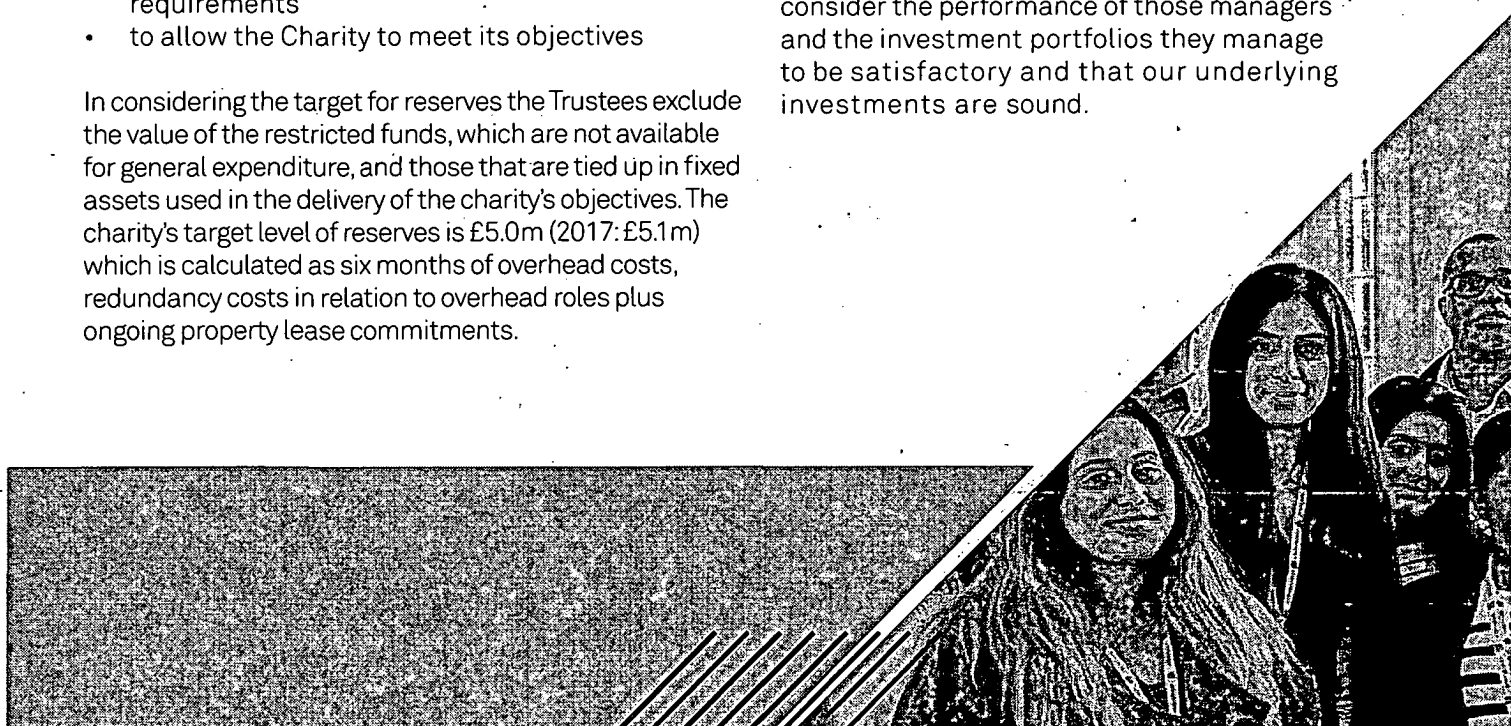
In considering the target for reserves the Trustees exclude the value of the restricted funds, which are not available for general expenditure, and those that are tied up in fixed assets used in the delivery of the charity's objectives. The charity's target level of reserves is £5.0m (2017: £5.1m) which is calculated as six months of overhead costs, redundancy costs in relation to overhead roles plus ongoing property lease commitments.

At 31 August 2018 the group's total reserves amounted to £27.7m (2017: £22.5m) of which £16.9m was restricted (2017: £11.0m) and £10.8m was unrestricted (2017: £11.5m), including £0.1m (2017: £0.4m) of Designated Reserves. Of the unrestricted amount £7.5m (2017: £8.3m) is deemed to be free reserves, providing headroom of £2.5m (2017: £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 still 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.



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

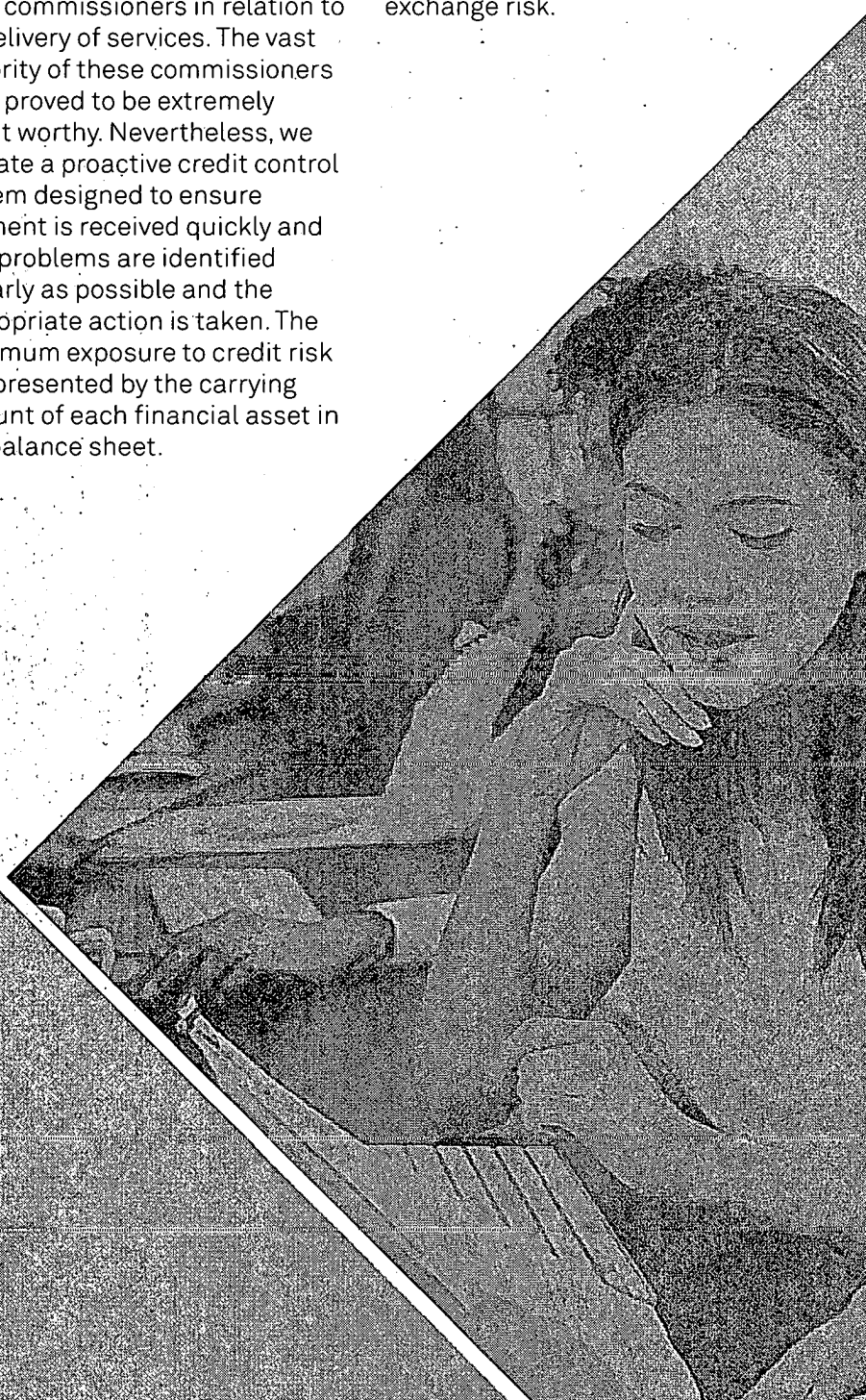
The Group's exposure to market risk arises primarily from the Group's fixed asset investments. The Group's policy is to utilise the services of professional investment managers to manage the fixed asset investments. Performance of these investments and therefore the investment managers is reviewed every 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.



STRUCTURE, GOVERNANCE AND

MANAGEMENT

FORMATION AND STRUCTURE OF THE CHARITY

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

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

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

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

Catch22 is the sole trustee of The Royal Philanthropic Society incorporating the Rainer Foundation and is the sole member of The Crime Concern Trust Limited. Both are charities. The Rainer Foundation has released its permanent endowment and is now dormant. Crime Concern is also now dormant.

CATCH22 HOLDS 100% OF THE SHARE CAPITAL OF CATCH22 SOCIAL ENTERPRISE LIMITED

CATCH22 OWNS 100% OF PUPIL PARENT PARTNERSHIP LIMITED, A COMPANY LIMITED BY GUARANTEE.

CATCH22 ALSO OWNS 100% OF CATCH22 SOCIAL ENTERPRISE SOLUTIONS LIMITED.

CATCH22 ALSO OWNS 100% OF INCLUDE, A COMPANY LIMITED BY GUARANTEE.

CATCH22 ALSO OWNS 100% OF CATCH22 MULTI ACADEMY 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. COMMUNITY LINKS TRUST LIMITED OWNS 100% OF COMMUNITY LINKS TRADING LIMITED.

CATCH22 ALSO OWNS 100% OF LAUNCH22 LIMITED, A COMPANY LIMITED BY GUARANTEE.

PLEASE SEE NOTE 12 FOR DISCLOSURE OF ACTIVITIES AND PERFORMANCE OF EACH SUBSIDIARY.

GOVERNANCE

SAFEGUARDING

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

Over this financial year, there were 999 safeguarding incidents, primarily made up of disclosures made by the vulnerable young people and adults that we work with. 12 of these were automatically escalated to the Local Authority Designated Officer (LADO).

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

MODERN SLAVERY

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

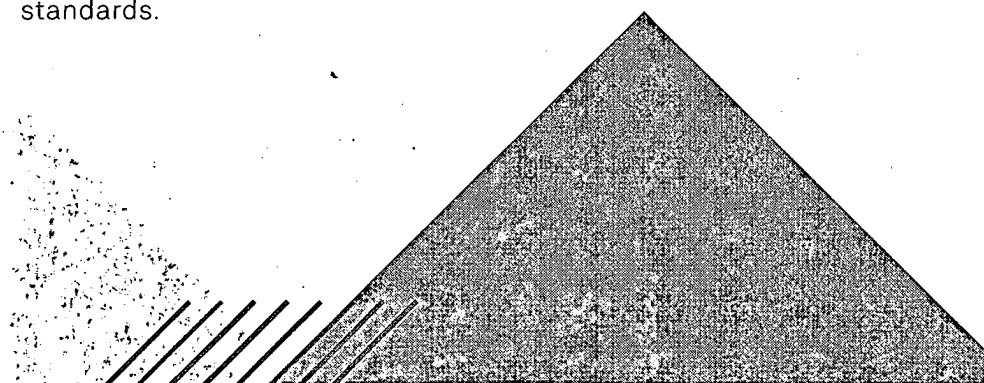
We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers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

BOARD AND COMMITTEES

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

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

SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

TRUSTEES RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity and of the surplus or deficit of the Group for that period.

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

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

In so far as the trustees are aware:

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

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

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

VALUING OUR TRUSTEES – RECRUITMENT, INDUCTION AND ONGOING TRAINING

The Governance & Remuneration Committee oversees the recruitment of Trustees and undertakes a periodic skills audit of the Board. Applications for Trusteeship are sought through open advertisement, use of a specialist agency and personal contacts. Applicants are assessed against a trustee job description and shortlisted candidates are interviewed by a panel of Trustees and appointed by the Trustee Board. Trustees are normally appointed for four years and may be reappointed for a further four years subject to agreement of the Board. A further four year period is available if it's considered to be in the best interest of Board stability.

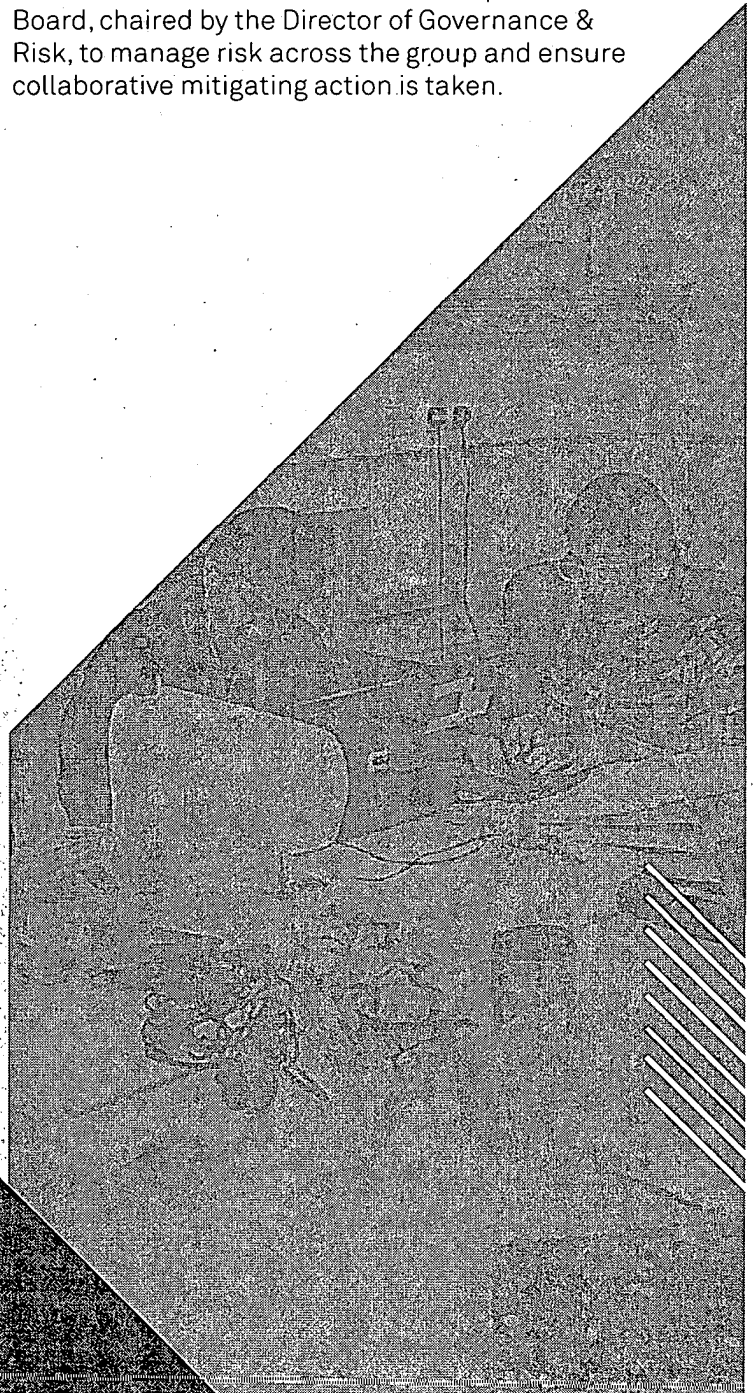
New Trustees are provided with induction meetings with key staff and are given a detailed governance pack. Arrangements are made for Trustees to visit Catch22's projects and services. Trustees receive information newsletters, presentations on aspects of Catch22's work and on matters affecting the voluntary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

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

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

RISK MANAGEMENT

The Trustees have in place a robust risk management process. The process identifies the types of risks the Charity faces, prioritises them in terms of likelihood of occurrence and potential impact, identifies the means of managing these risks and monitors how they are managed. Development and review of the risk management arrangements are the responsibility of the Audit Committee. During the year the management team established a Governance Risk & Compliance (GRC) Board, chaired by the Director of Governance & Risk, to manage risk across the group and ensure collaborative mitigating action is taken.

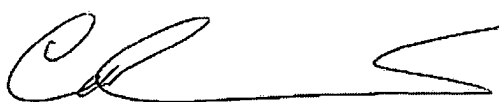


The key risks identified by Catch22 at the end of 2017/18, together with the actions taken or intended to be taken in response to these risks are as follows:

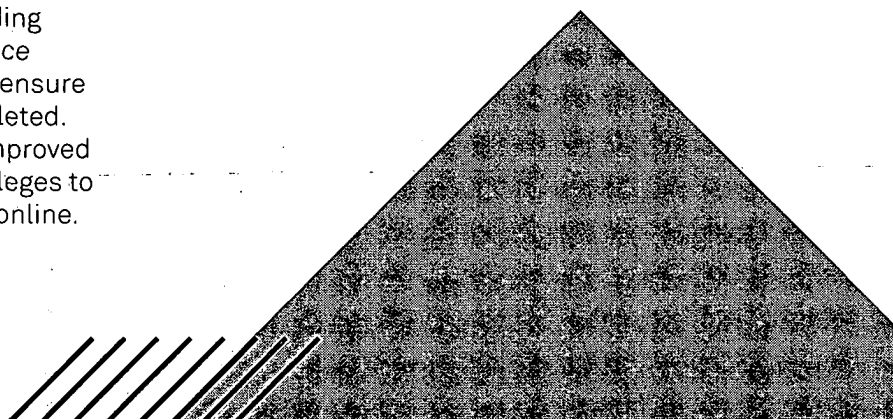
- Loss of income due to public sector spending cuts and increased competition. Catch22's response is to continue to focus resources in our business development team, keep our quality high and our costs competitive to ensure that our cost basis is sustainable over the longer-term. We are also focussing on securing an increased proportion of voluntary grant income.
- Increasingly stringent delivery conditions and regulation imposed by commissioner. Catch22's response is to ensure a strong focus on quality and performance as well as careful consideration and control on the contract terms we accept.
- Commissioner payment terms are increasingly significantly 'in arrears' and this combined with more contracts being on a 'payment by results' basis can mean that some payments are not received for more than 6 months after the initial engagement with the beneficiary. Catch22 is responding by regularly monitoring and forecasting working capital requirements, securing facilities with both its investment managers and bankers to fund general requirements and engaging with other funders e.g. social investors and grant funders to secure funding for specific projects.
- Loss of control of personal or sensitive data. Mitigated by robust data protection and information security policies, in line with the General Data Protection Regulation (GDPR), supported by staff briefings and compulsory training. We review the risk of a breach of our IT platforms on an ongoing basis and take appropriate mitigating action to keep them secure.
- Failure to keep our service users safe. Established policies and procedures with clear training and staff competency expectations, monitored through regular supervisions and internal audit, overseen by a Safeguarding Manager and the GRC Board. Compliance with recruitment policies monitored to ensure relevant employment checks are completed. During 2018/19 we will be rolling out improved internet filtering in our schools and colleges to ensure our service users are kept safe online.
- Failure to ensure the wellbeing and safety of staff, particularly those working with vulnerable beneficiaries. People team continuing to develop our wellbeing offer and our policy on staff supervision meetings includes the requirement to discuss staff welfare. Professional health and safety team in post with embedded health and safety policies and procedures, underpinned by compulsory training for managers and regular health and safety inspections with follow-up of actions. Emphasis on learning from incidents and near misses.
- Serious incident results in adverse publicity leading to reputational damage. Appropriate policies and procedure are in place to mitigate the risk of a serious incident occurring. Crisis Management policy in place and crisis management training provided to key staff. Reactive communication strategy prepared.

FURTHER INFORMATION ABOUT CATCH2, INCLUDING OUR SOCIAL BUSINESS REVIEW CAN BE FOUND AT: WWW.CATCH-22.ORG.UK

Signed on behalf of the Board of Trustees on
21 May 2019



Carl Cramer
Director, Catch22 Charity Ltd



AUDITOR'S REPORT

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

OPINION

We have audited the financial statements of Catch22 Charity Limited for the year ended 31 August 2018 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 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

Conclusions relating to going concern

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

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 61, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vs.t. - Jan 2019

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

Devonshire House
60 Goswell Road
London EC1M 7AD

31/5/2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2018


	Note	Restricted Pension Funds £'000	Restricted Fixed Assets Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
Income from							
Donations and legacies		-	-	1,245	687	1,932	562
Grants	2	-	91	1,720	271	2,082	4,501
Donation - transfer from local authority on conversion	3	-	5,639	-	-	5,639	3,499
Other income	4	-	-	-	-	-	1,932
Income from charitable activities	7	-	-	11,872	35,361	47,233	46,021
Income from trading activities		-	-	-	844	844	487
Income from investments	5	-	-	-	333	333	331
Total income		-	5,730	14,837	37,496	58,063	57,333
Expenditure on							
Raising funds		-	-	41	594	635	485
Charitable activities	6						
Ordinary activities		429	102	14,164	36,809	51,504	51,109
Exceptional		-	-	-	396	396	494
Trading activities		-	-	-	685	685	232
Total expenditure		429	102	14,205	38,484	53,220	52,320
Net gains on investments	11	-	-	-	97	97	709
Net income/(expenditure) for the period		(429)	5,628	632	(891)	4,940	5,722
Transfers between funds	17,18	201	(82)	(300)	181	-	-
Net income/(expenditure) before other recognised gains/(losses)		(228)	5,546	332	(710)	4,940	5,722
Other recognised gains/(losses)							
Actuarial gain/(loss) on defined benefit pension scheme	21	288	-	-	-	288	91
Acquisition of non-controlling interest		-	-	-	-	-	(270)
Net movement in funds		60	5,546	332	(710)	5,228	5,543
Reconciliation of funds							
Total funds brought forward		(871)	8,849	2,999	11,529	22,506	16,963
Total funds carried forward		(811)	14,395	3,331	10,819	27,734	22,506

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

CONSOLIDATED BALANCE SHEET - 31 AUGUST 2018
COMPANY NUMBER: 06577534

	Note	31 August 2018 £'000	31 August 2017 £'000
Fixed assets			
Intangible assets	9	146	399
Tangible fixed assets	10	18,539	12,938
Investments	11	<u>11,001</u>	<u>11,081</u>
		29,686	24,418
Current assets			
Stock		14	15
Debtors	13	7,544	7,576
Cash at bank and in hand		<u>3,130</u>	<u>2,224</u>
Current liabilities		10,688	9,815
Creditors: amounts due within one year	14	<u>(11,426)</u>	<u>(10,343)</u>
Net current assets/(liabilities)		(738)	(528)
		28,948	23,890
Creditors: amounts falling due after more than one year	15	(403)	(513)
Provisions	16	(811)	(871)
Net assets	19	<u>27,734</u>	<u>22,506</u>
Funds			
Restricted pension funds	17	(811)	(871)
Restricted fixed asset funds	17	14,395	8,849
Restricted funds	17	3,331	2,999
General fund	18	<u>10,819</u>	<u>11,529</u>
		<u>27,734</u>	<u>22,506</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 21 May 2019.



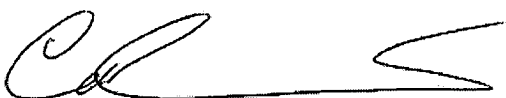
Carl Cramer
Director

The notes on pages 71 to 102 form part of these financial statements.

CHARITY BALANCE SHEET - 31 AUGUST 2018 COMPANY NUMBER: 06577534

	Note	31 August 2018 £'000	31 August 2017 £'000
Fixed assets			
Intangible assets	9	128	275
Tangible fixed assets	10	2,766	2,715
Investment in subsidiary	11	253	253
Investments	11	<u>10,885</u>	<u>10,965</u>
		14,032	14,208
Current assets			
Stock		14	15
Debtors	13	6,631	6,966
Cash at bank and in hand		<u>117</u>	<u>1,190</u>
		6,762	8,171
Current liabilities			
Creditors: amounts due within one year	14	<u>(10,209)</u>	<u>(10,459)</u>
Net current assets/(liabilities)		(3,447)	(2,288)
		10,585	11,920
Creditors: amounts falling due after more than one year	15	<u>(403)</u>	<u>(513)</u>
Net assets		10,182	11,407
Funds			
Restricted funds	17	1,149	1,786
General fund	18	<u>9,033</u>	<u>9,621</u>
		10,182	11,407

The financial statements were approved by the Board of Trustees and authorised for issue on 21 May 2019.



Carl Cramer
Director

Company Registration No. 06577534

The notes on pages 71 to 102 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2018

	Year to 31 August 2018		Year to 31 August 2017	
	£'000	£'000	£'000	£'000
Net income/(expenditure) for the reporting period		4,940		5,722
Adjusted for:				
Fair value of land and buildings transferred on academy conversion		(994)		(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		(97)		(709)
Revaluation of tangible fixed assets		(4,645)		-
Loss on disposal of tangible fixed assets		4		-
Depreciation charges		254		154
Amortisation charges		260		282
Defined benefit pension scheme cost less contributions payable		207		76
Defined benefit pension scheme finance cost		21		13
Interest receivable		(2)		(2)
Investment income receivable		(331)		(329)
Interest payable		70		51
Capital grants received		(91)		(200)
(Increase)/Decrease in stock		1		3
(Increase)/Decrease in debtors		145		(1,491)
Increase/(Decrease) in liabilities		212		569
Net cash provided by/(used in) operating activities		(46)		(1,061)
Investing activities				
Net cash acquired with acquisition of subsidiary	-		1,049	
Purchase of intangible fixed assets	(7)		(25)	
Purchase of tangible fixed assets	(220)		(160)	
Capital grants received	91		200	
Investment in associated company	-		(105)	
Proceeds from sale of investments	-		300	
Interest received	2		2	
Investment income received	508		288	
Net cash generated from investing activities		374		1,549
Financing Activities				
Repayment of borrowings	(110)		(110)	
Interest paid	(70)		(51)	
Net cash used in financing activities		(180)		(161)
Net increase/(decrease) in cash and cash equivalents in the reporting period		148		327
Cash and cash equivalents at beginning of year		(526)		(853)
Cash and cash equivalents at end of year		(378)		(526)
Relating to:				
Bank balances and short term deposits		3,130		2,224
Bank overdrafts		(3,508)		(2,750)
Cash and cash equivalents		(378)		(526)

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

1. Accounting policies

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

Basis of preparation

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

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable group to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the trustees have considered the charitable company's forecast

and projections. The charity has an investment portfolio held in relatively liquid funds valued at £10.9m as at 31 August 2018 with an available working capital facility secured against this of up to £3.75m (£3.25m drawn as at 31 August 2018). This equates to £7.65m of available cash should it be required and in addition there is a £1m unsecured overdraft facility available (£0.26m utilised at 31 August 2018). 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 2018 are set out here: total income of £40,653k (2017: £41,650k) total expenditure of £41,975k (2017: £43,394k) and net gains on investments £97k (2017: £709k), resulting in net movement in funds of £(1,225k) (2017: £(990k)). This is after charging exceptional items of £430k (2017: £828k).

The exceptional items this year related to bad debts £31k (an amount owed by Catch22 Social Enterprise Limited) and restructuring costs £399k.

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

Basis of consolidation

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

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

Income

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

Grants and fees

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

Donations

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

Investment Income

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

Expenditure

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

Allocation of overhead and support costs

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

Governance costs

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

Costs of raising funds

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

Charitable activities

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

Trading activities

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

Intangible Assets

Development costs for future IT projects are capitalised at cost, provided it is likely to bring future economic benefit to the group. If the criteria for recognition as assets are not met, the expense is recognised in the statement of financial activities in the period in which it is incurred. Capitalised IT costs include all direct and indirect costs that are directly attributable to the

development process. The costs are amortised using the straight line method over 3 to 5 years being their estimated useful lives.

Capitalisation of assets

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

Tangible fixed assets

Land and buildings and equipment are stated in the balance sheet at cost or, in the case of certain freehold and long leasehold land and buildings, valuation less depreciation which is provided in equal annual instalments over the estimated useful life of the assets. The rates of depreciation are:

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

Goodwill

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

Investments

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

Stock

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

Financial Instruments

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

Debtors and creditors

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

Employee benefits

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

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

Pension costs – Defined Contribution Schemes

The Group makes payments to defined contribution pension schemes on behalf of qualifying employees. Such contributions are charged in the Statement of Financial Activities as they fall due. The contributions are invested separately from the charities assets.

Pension benefits – Defined

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS' are funded schemes and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and

liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 (2017: 50,000). This figure does not include a value for the volunteer work which is indispensable to the work that the Group undertakes.

Taxation

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

Fund Accounting

The group maintains various types of funds as follows:

Restricted Pension funds

Restricted pension reserves are resources or liabilities relating to the group's obligations to the Local Government Pension

Scheme, of which some of its employees are members.

Restricted fixed asset funds

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

Restricted funds

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

Unrestricted funds

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

Critical accounting estimates and areas of judgement

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

a) Local Government Pension Scheme liability

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

determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

b) Useful Economic Lives of Intangible Assets

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

c) Impairment of Goodwill and Investments in Subsidiaries

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

d) Land and buildings transferred on conversion

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018

Comparative 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
Income from						
Donations and legacies		-	-	208	354	562
Grants	2	-	200	3,192	1,109	4,501
Donation - transfer from local authority on conversion	3	(587)	3,882	204	-	3,499
Other income	4	-	-	787	1,145	1,932
Income from charitable activities	7	-	-	8,554	37,467	46,021
Income from trading activities		-	-	-	487	487
Income from investments	5	-	-	-	331	331
Total income		(587)	4,082	12,945	40,893	57,333
Expenditure on						
Raising funds		-	-	14	471	485
Charitable activities	7					
Continuing		170	30	11,876	39,033	51,109
Exceptional		-	-	-	494	494
Trading activities		-	-	-	232	232
Total expenditure		170	30	11,890	40,230	52,320
Net gains on investments	11	-	-	-	709	709
Net income/(expenditure) for the period		(757)	4,052	1,055	1,372	5,722
Transfers between funds	17,18	81	-	(166)	85	-
Net income/(expenditure) before other recognised gains/(losses)		(676)	4,052	889	1,457	5,722
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension scheme	21	91	-	-	-	91
Acquisition of non-controlling interest		-	-	-	(270)	(270)
Net movement in funds		(585)	4,052	889	1,187	5,543
Reconciliation of funds						
Total funds brought forward		(286)	4,797	2,110	10,342	16,963
Total funds carried forward		(871)	8,849	2,999	11,529	22,506

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

2. Grants

	Year to 31 August 2018				Year to 31 August 2017			
	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
Barclays Bank – Employability Initiative	-	1,086	-	1,086	-	527	-	527
Impetus PEF	-	-	-	-	-	-	700	700
Garfield Weston Foundation	-	-	-	-	-	435	-	435
Department for Education – Children's Social Care Innovation Programme (Southwark)	-	108	-	108	-	250	-	250
The Dawes Trust	-	-	-	-	-	350	-	350
The Big Lottery – Youth Violence SIB	-	-	-	-	-	-	5	5
The Big Lottery – Support Wellingborough	-	-	40	40	-	-	95	95
The Big Lottery – Southampton Family Sports Programme	-	-	-	-	-	23	-	23
Big Potential Advance	-	-	-	-	-	31	-	31
The Big Lottery – Incubate, Accelerate, Amplify	-	112	-	112	-	-	-	-
Department for Education – Capital Grant	91	-	-	91	200	-	-	200
Other Small Grants	-	414	231	645	-	366	309	675
	91	1,720	271	2,082	200	3,192	1,109	4,501

3. Transfers from local authority on conversion

On 1 September 2017 The Everitt Academy and on 1 June 2018 The Fen Rivers Academy converted to academy status under the Academies Act 2010, and all the operations and assets and liabilities were transferred to Catch22 Multi Academies Trust from Suffolk County Council and Norfolk County 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	-	-	994	994
Long leasehold land and buildings, in respect of prior periods	-	-	4,645	4,645
Net Assets	-	-	5,639	5,639

On conversion, the land and buildings occupied by The Everitt Academy and The Fen Rivers Academy were assigned to the Trust. Land and buildings totalling £994,000 were recognised in accordance with the latest valuations as provided by Suffolk County Council and Norfolk County Council respectively, being the best estimate of fair value transferred on conversion.

In the comparative period, the land and buildings occupied by The Brunel Academy and The Burton Academy were assigned to the Trust on conversion. Land and buildings totalling £3,855,000 were recognised in accordance with the latest valuations as provided by Torbay Council being the best estimate of fair value transferred on conversion. During the current accounting period, the land and buildings at The Brunel Academy and The Burton Academy have been revalued at £8,500,000 following receipt of the land and buildings valuation as at 31 August 2017 as provided by the ESFA.

3. Transfers from Local Authority (continued)

Transfer from local authority in the comparative period 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 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)
Net Assets - 2017	(587)	204	3,882	3,499

4. Other Income

Other income in the comparative period 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 £000	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)
Net Assets - 2017	-	-	787	1,145	1,932

5. Investment income

	Restricted funds £'000	Unrestricted funds £'000	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
Investment income	-	331	331	327
Interest and other income	-	2	2	4
	-	333	333	331

All prior year investment income was also unrestricted

6. Net income/(expenditure) for the year

	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	254	154
Loss on disposal of tangible fixed assets	4	-
Amortisation of goodwill and intangible fixed assets	260	282
Property rental	1,626	1,329
Auditor's remuneration		
Audit fees for Charity's annual accounts	29	28
Audit fees for other services:		
- the audit of the Charity's subsidiaries, pursuant to legislation	45	49
- other fees and taxation advice	8	2

7. Charitable activities

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

	Restricted Funds	Unrestricted Funds	Year to 31 August 2018
	£'000	£'000	£'000
Apprenticeships & employability	-	4,361	4,361
Education	6,843	15,412	22,255
Justice	2,834	6,317	9,151
Young people & families	764	8,854	9,618
Place based delivery and early action	1,431	404	1,835
Social Enterprise - discontinued	-	-	-
Other	-	13	13
Total	11,872	35,361	47,233

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

	Restricted Funds	Unrestricted Funds	Year to 31 August 2017
	£'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
Total	8,554	37,467	46,021

Unrestricted other income in the year ended 31 August 2017 includes £655k 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 expenditure on charitable activities for the year ended 31 August 2018

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2018
	£'000	£'000	£'000	£'000	£'000
Apprenticeships & employability	-	-	982	4,305	5,287
Education	429	102	6,511	16,680	23,722
Justice	-	-	3,206	5,932	9,138
Young people & families	-	-	1,238	8,706	9,944
Place based delivery and early action	-	-	2,062	975	3,037
Social Enterprise - discontinued	-	-	-	-	-
Other	-	-	165	211	376
Exceptional items	-	-	-	396	396
Total	429	102	14,164	37,205	51,900

Included within place based delivery and early action expenditure is £256k (2017: £349k) related to the transition of Community Links Trust into the Catch22 group and the related Community Links Trust restructuring costs.

7. Charitable activities (continued)

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

	Restricted Pension Funds	Restricted Fixed Assets Funds	Restricted Funds	Unrestricted Funds	Year to 31 August 2016
	£'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
Total	30	170	11,876	39,527	51,603

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 2018	Business development, marketing and communications £'000	Facilities & IT £'000	Finance and commercial £'000	Human resources £'000	Management and strategy £'000	Compliance and risk management £'000	Total £'000
Raising Funds	9	7	14	10	8	4	52
Charitable activities:							
Apprenticeships & employability	72	56	126	89	65	29	437
Education	321	250	568	399	290	131	1,959
Justice	124	96	219	154	112	50	755
Young people & families	135	105	237	167	122	55	821
Place based delivery and early action	41	32	73	51	37	17	251
Social Enterprise - discontinued	-	-	-	-	-	-	-
Other	5	4	9	6	5	2	31
	698	543	1,232	866	631	284	4,254
Trading activities	9	7	17	12	8	4	57
	716	557	1,263	888	647	292	4,363

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

7. Charitable activities (continued)

Support Costs (continued)

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
Raising Funds	5	6	11	6	3	3	34
Charitable activities:							
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
	577	637	1,144	655	367	290	3,670
Trading activities	3	3	5	3	2	1	17
	585	646	1,160	664	372	294	3,721

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

Exceptional Items

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

	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
Provision for non-recoverability of training funding as the consequence of the administration of a training provider	-	124
Closure of Catch22 Social Enterprise Limited	(3)	(36)
Organisational restructuring	399	406
Total	396	494

8. Staff costs

	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
Salaries	26,736	25,239
Redundancies	129	271
National Insurance contributions	2,366	2,210
Pension contributions	985	646
	30,216	28,366
The average number of employees during the period split as follows:		
Charitable Activities	1,617	1,630
Trading	3	3
Support	71	63
Total	1,691	1,696

During the period payments to agencies for temporary staff amounted to £1,244,175 (2017: £1,740,053)
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 2018 £'000	Year to 31 August 2017 £'000
£60,001 - £70,000	12	11
£70,001 - £80,000	2	3
£80,001 - £90,000	5	3
£90,001 - £100,000	-	1
£100,001-£110,000	-	-
£110,001-£120,000	-	2
£140,001-£150,000	1	1

Employer's pension contributions of £103,899 (31 August 2017 £71,024) were paid on behalf of the above staff.
No trustees received any remuneration during the period. Four (2017: three) trustees were reimbursed £4,636 (2017: £4,612) during the year for travelling expenses incurred during the year.

Key Management Personnel

The total employee benefits of the Key Management Personnel were £830,534 (2017: £1,176,355).

Volunteers

The average number of volunteers for the year to 31 August 2018 totalled 255 (2017: 322). 2 volunteers worked Education, 165 worked in Young People & Families on various projects, 67 volunteers worked in Justice and 8 worked on Corporate Projects and in Corporate Services.

9. Intangible fixed assets - Consolidated

9. Intangible fixed assets – Consolidated

	Computer Software £'000	Goodwill £'000	Total £'000
Costs			
1 September 2017	1,512	457	1,969
Additions	7	-	7
31 August 2018	1,519	457	1,976
Depreciation			
1 September 2017	1,237	333	1,570
Charge for the period	154	106	260
31 August 2018	1,391	439	1,830
Net book value			
At 31 August 2018	128	18	146
At 31 August 2017	275	124	399

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiaries, Include and Only Connect UK, at the date of acquisition. The estimate useful life of goodwill is 5 years in relation to Include and 3 years in relation to Only Connect.

9. Intangible fixed assets - Charity only

	Computer Software £'000	Total £'000
Costs		
1 September 2017	1,512	1,512
Additions	7	7
31 August 2018	1,519	1,519
Depreciation		
1 September 2017	1,237	1,237
Charge for the period	154	154
31 August 2018	1,391	1,391
Net book value		
At 31 August 2018	128	128
At 31 August 2017	275	275

10. Tangible fixed assets – Consolidated

	Long leasehold land and buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Motor Vehicles £'000	Total £'000
Costs					
1 September 2017	12,607	737	1,157	172	14,673
Revaluations	4,645	-	-	-	4,645
Additions	994	-	220	-	1,214
Disposals	(10)	-	(691)	(52)	(753)
31 August 2018	18,236	737	686	120	19,779
Depreciation					
1 September 2017	557	60	956	162	1,735
Charge for the year	137	13	99	5	254
Disposals	(10)	-	(691)	(48)	(749)
31 August 2018	684	73	364	119	1,240
Net book value					
At 31 August 2018	17,552	664	322	1	18,539
At 31 August 2017	12,050	677	201	10	12,938

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. Also included 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 which were revalued in the year as disclosed in Note 2.

The leasehold addition in the year relates to the land and buildings occupied by The Everitt Academy and The Fen Rivers Academy, which were assigned to Catch22 Multi Academies Trust. Land and buildings totalling £994,000 were recognised in accordance with the latest valuations as provided by Suffolk County Council and Norfolk County Council respectively, being the best estimate of fair value transferred on conversion.

Community Links Trust hold the leasehold on 105 Barking Road and it is held at a net book value of £891,000 (2017: £900,000). The last valuation was conducted by Aitchison Raffertu on 21 May 2015 which valued the leasehold at £900k.

10. Tangible fixed assets – Charity only

	Long leasehold land and buildings £'000	Freehold land & buildings £'000	Furniture & equipment £'000	Total £'000
Costs				
1 September 2017	2,196	737	133	3,066
Additions	-	-	131	131
31 August 2018	2,196	737	264	3,197
Depreciation				
1 September 2017	159	60	132	351
Charge for the year	34	13	33	80
31 August 2018	193	73	165	431
Net book value				
At 31 August 2018	2,003	664	99	2,766
At 31 August 2017	2,037	677	1	2,715

11. Investment in subsidiary – Charity only

	Investment in subsidiary £'000	Total £'000
Cost		
31 August 2017 and 31 August 2018	475	475
Impairment		
1 September 2017	222	222
Charge for the year	-	-
31 August 2017	222	222
Net book value		
At 31 August 2018	253	253
At 31 August 2017	253	253

11. Investment – Consolidated

	31 August 2018 £'000	31 August 2017 £'000
Investment in associated LLP	105	105
Other investments at market value	10,896	10,976
Investments at market value	11,001	11,081
Quoted investments	10,438	10,690
Cash held by investment managers	453	281
Unlisted investments	110	110
	11,001	11,081
1 September 2017	11,081	10,515
Acquisitions at cost	3,602	5,901
Share acquired in associated LLP *	-	105
Acquired with subsidiary	-	11
Disposal proceeds	(3,951)	(6,160)
Increase in cash in the portfolio	172	-
Change in market value	97	709
Market value at 31 August 2018	11,001	11,081
Historic cost at 31 August 2018	9,641	9,763

	31 August 2018			31 August 2017		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC - equity	7,962	72	6,630	7,803	70	6,652
HSBC - funds	276	3	267	-	-	-
HSBC – fixed income	1,521	14	1,553	1,918	17	1,792
HSBC - alternatives	673	6	621	963	9	921
HSBC - cash	453	4	453	281	3	281
Other - listed	6	-	6	6	-	6
Other - unlisted	110	1	111	110	1	111
	11,001	100	9,641	11,081	100	9,763

* During the year ended 31 August 2017 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.

11. Investment – Charity only

	31 August 2018 £'000	31 August 2017 £'000
Investments at market value	10,885	10,965
Quoted investments	10,432	10,684
Cash held by investment managers	453	281
	<u>10,885</u>	<u>10,965</u>
1 September 2017	10,965	10,515
Acquisitions at cost	3,602	5,901
Disposal proceeds	(3,951)	(6,160)
Increase in cash in the portfolio	172	-
Change in market value	<u>97</u>	<u>709</u>
Market value at 31 August 2018	<u>10,885</u>	<u>10,965</u>
Historic cost at 31 August 2018	<u>9,524</u>	<u>9,646</u>

	31 August 2018			31 August 2017		
	Market value		Original cost	Market value		Original cost
	£'000	%	£'000	£'000	%	£'000
HSBC - equity	7,962	73	6,630	7,803	71	6,652
HSBC - funds	276	3	267	-	-	-
HSBC – fixed income	1,521	14	1,553	1,918	17	1,792
HSBC - alternatives	673	6	621	963	9	921
HSBC - cash	453	4	453	281	3	281
	<u>10,885</u>	100	<u>9,524</u>	<u>10,965</u>	100	<u>9,646</u>

12. Subsidiaries

The charity is the parent of the following subsidiaries:

Name of subsidiary	Country of incorporation	Registered Office	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl. invest income £'000	Costs £'000	Surplus / (deficit) for the year £'000
The Royal Philanthropic Society incorporating the Rainer Foundation	England and Wales	N/A	Helping young people (dormant)	100%	-	-	-	-
<i>Charity Number</i> 229132								
Crime Concern Trust Limited	England and Wales	(1)	Helping young people (dormant)	100%	-	-	-	-
<i>Company Number:</i> 02259016 <i>Charity Number</i> 800735								

12. Subsidiaries (continued)

Name of subsidiary	Country of incorporation	Registered Office	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl. invest income £'000	Costs £'000	Surplus / (deficit) for the year £'000
Catch22 Social Enterprise Limited <i>Company Number:</i> 06166785	England and Wales	(1)	Automobile maintenance and repairs and supporting young people (ceased trading)	100%	(646)	-	3	3
Catch22 Social Enterprise Solutions Limited <i>Company Number:</i> 07971380	England and Wales	(1)	Providing training and employment opportunities for the unemployed	100%	(5)	-	-	-
Pupil Parent Partnership Limited <i>Company Number:</i> 04872659	England and Wales	(2)	Providing multi-disciplinary support and educational services to young people and their families (ceased trading)	100%	1	-	-	-
Include <i>Company Number:</i> 02429781 <i>Charity Number</i> 0803333	England and Wales	(2)	Providing alternative education to troubled and challenged young people (ceased trading)	100%	253	-	-	-
Catch22 Multi Academies Trust Limited <i>Company Number:</i> 08299181	England and Wales	(2)	Advancing for the public benefit, education in the UK through the operation of alternative provision schools	100%	14,611	12,640	(6,658)	5,982
Only Connect UK <i>Company Number:</i> 05848399 <i>Charity Number</i> 1116147	England and Wales	(3)	Advancing the education and prospects of prisoners, ex-offenders and young people at risk of crime in London	100%	(100)	711	(727)	(16)
Citizen22 <i>Company Number:</i> 09754657	England and Wales	(2)	Dormant	100%	-	-	-	-
Community Links Trust Limited <i>Company Number:</i> 02661182 <i>Charity Number</i> 1018517	England and Wales	(4)	Community delivery and early action	100%	2,890	3,761	(3,207)	554

12. Subsidiaries (continued)

Name of subsidiary	Country of incorporation	Registered Office	Activity	Level of control	Aggregate amount of assets, liabilities and funds £'000	Turnover incl. invest income £'000	Costs £'000	Surplus / (deficit) for the year £'000
Community Links Trading Limited	England and Wales	(4)	Events management, production services and storage	100%	142	775	(628)	147

Company Number:
05737749

Not consolidated:**Year to 30 November 2017**

Launch22 Limited	England and Wales	(2)	Mentoring, advice and training, access to facilities and workspace to enable persons to become self-supporting	100%	(231)	122	(233)	(111)
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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

13. Debtors: amounts due within one year

	31 August 2018 £'000	31 August 2017 £'000
Consolidated		
Grant and Trade debtors	3,590	3,946
Other debtors	271	290
Prepayments and accrued income	3,494	3,264
Amounts owed from other group companies	189	76
	7,544	7,576
Financial instruments included in the above debtor balances are £6,840k (2017: £6,839k)		
Charity only		
Grant and Trade debtors	2,905	3,493
Other debtors	174	74
Prepayments and accrued income	3,014	3,065
Amounts owed from other group companies	538	334
	6,631	6,966

Financial instruments included in the above debtor balances are £6,120k (2017: £6,478k).

14. Creditors: amount falling due within one year

	31 August 2018 £'000	31 August 2017 £'000
Consolidated		
Bank overdraft	3,508	2,750
Bank loan	110	110
Trade creditors	1,772	1,302
Accrued expenditure and income in advance	3,952	4,303
Other taxes and social security	1,163	1,033
Other creditors	921	845
	11,426	10,343

Financial instruments included in the above creditor balances are £9,237k (2017: £7,776k). Included in other creditors are outstanding pension contributions amounting to £90k (2017: £154k). £3,250k (2017: £2,750k) of 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. In addition the charity has a £1m unsecured overdraft available from Barclays Bank with interest charged at 3% above the base rate.

Charity only		
Bank overdraft	3,508	2,750
Bank loan	110	110
Trade creditors	1,199	1,047
Accrued expenditure and income in advance	3,348	3,872
Other taxes and social security	995	878
Amounts owing to other group companies	326	1,267
Other creditors	723	535
	10,209	10,459

Financial instruments included in the above creditor balances are £8,383k (2017: £8,147k). Included in other creditors are outstanding pension contributions amounting to £16k (2017: £44k). £3,250k (2017: £2,750k) of 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. In addition the charity has a £1m unsecured overdraft available from Barclays Bank with interest charged at 3% above the base rate.

Consolidated – deferred income movement	£'000
Balance at 1 September 2017	1,536
Amount released in the period	(1,536)
Amount deferred in the period	1,033
Balance at 31 August 2018 – all due within one year	1,033
Charity only – deferred income movement	£'000
Balance at 1 September 2017	1,434
Amount released in the period	(1,434)
Amount deferred in the period	865
Balance at 31 August 2018 – all due within one year	865

15. Creditors: amount falling after more than one year

	31 August 2018 £'000	31 August 2017 £'000
Consolidated		
Bank loan	403	513
	403	513
Charity only		
Bank loan	403	513
	403	513

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 2018 is £513k – shown as £403k due in more than one year and £110k due in less than one year - (2017: £623k). The bank loan is secured by a fixed charge over the charity's leasehold property at Pear Tree Street, London. Interest is charged at 3.28% above base rate.

16. Provisions

	31 August 2018 £'000	31 August 2017 £'000
Consolidated		
Pension fund deficit (note 18)	811	871
	811	871
Charity only		
	-	-
	-	-

17. Restricted funds

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000
Consolidated				
Balance at 1 September 2017	(871)	8,849	2,999	10,977
Income	-	5,730	14,837	20,567
Expenditure	(429)	(102)	(14,205)	(14,736)
Transfers between funds	201	(82)	(300)	(181)
Actuarial gain/(loss) on defined benefit pension scheme	288	-	-	288
Balance at 31 August 2018	(811)	14,395	3,331	16,915
Charity only				
Balance at 1 September 2017	-	-	1,786	1,786
Income	-	-	5,217	5,217
Expenditure	-	-	(5,854)	(5,854)
Balance at 31 August 2018	-	-	1,149	1,149

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

Restricted pension funds

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

Restricted fixed asset funds

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

Restricted funds

These arise from donations, grants and fees to fund activities or services as specified by the donor. Income represents donations, grants and fees from government bodies and corporate and trust donors. Expenditure represents expenditure on specific services linked to these restricted donations, grants and fees. Restricted funds also include the activities of the subsidiary company, Catch 22 Multi Academies Trust Limited. An analysis of restricted funds by activity is set out below:

Transfers between funds

Restricted pension funds £201k – this represents the actual employer contributions in year to the LGPS scheme, transferred from restricted funds in the Catch22 Multi Academies Trust

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

Restricted funds (£300k) – (£201k) and £82k as described above. The remaining (£181k) represents charges for support services by the Charity to Catch22 Multi Academies Trust, transferred to general funds

17. Restricted funds (continued)

Prior period	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Total Restricted funds £'000
Consolidated				
Balance at 1 September 2016	(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
Balance at 31 August 2017	(871)	8,849	2,999	10,977
Charity only				
Balance at 1 September 2016	-	-	1,973	1,973
Income	-	-	7,565	7,565
Expenditure	-	-	(7,752)	(7,752)
Balance at 31 August 2017	-	-	1,786	1,786

	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2018 £'000
Consolidated by charitable activity					
Apprenticeships and employability	333	1,087	(982)	-	438
Education	867	6,843	(6,511)	(300)	899
Justice	177	3,050	(3,225)	-	2
Young people and families	800	872	(1,238)	-	434
Place based delivery and early action	333	2,676	(2,024)	-	985
Place based delivery and early action – fixed assets	469	-	(60)	-	409
Other	20	309	(165)	-	164
Total restricted funds	2,999	14,837	(14,205)	(300)	3,331

	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2018 £'000
Charity Only by charitable activity					
Apprenticeships and employability	333	1,087	(982)	-	438
Education	345	-	(345)	-	-
Justice	287	2,949	(3,124)	-	112
Young people and families	801	872	(1,238)	-	435
Other	20	309	(165)	-	164
Total restricted funds	1,786	5,217	(5,854)	-	1,149

17. Restricted funds (continued)

	Balance 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2017 £'000
Consolidated by charitable activity					
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
Total restricted funds	2,110	12,945	(11,890)	(166)	2,999

	Balance 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance 31 August 2017 £'000
Charity Only by charitable activity					
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
Total restricted funds	1,973	7,565	(7,752)	-	1,786

18. Unrestricted funds

	Balance 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Net gains on investments £'000	Balance 31 August 2018 £'000
Consolidated						
Revaluation reserve	1,111	-	(24)	-	-	1,087
Designated transition funding	306	-	(256)	-	-	50
Designated fixed assets	55	-	-	-	-	55
General fund	10,057	37,496	(38,204)	181	97	9,627
Total	11,529	37,496	(38,484)	181	97	10,819
Charity						
Revaluation reserve	211	-	(15)	-	-	196
General fund	9,410	35,436	(36,106)	-	97	8,837
Total	9,621	35,436	(36,121)	-	97	9,033

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.

18. Unrestricted funds (continued)

Prior period	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
Consolidated							
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
Total	10,342	40,893	(40,230)	85	709	(270)	11,529
Charity							
Revaluation reserve	212	-	(1)	-	-	-	211
General fund	10,212	34,085	(35,596)	-	709	-	9,410
Total	10,424	34,085	(35,596)	-	709	-	9,621

* 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.

19. Analysis of net assets between funds

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2018 Total £'000
Consolidation					
Fund balances at 31 August 2018 are represented by:					
Tangible fixed assets	-	14,395	409	3,735	18,539
Intangible fixed assets	-	-	-	146	146
Investments	-	-	-	11,001	11,001
Current assets/(liabilities)	-	-	2,922	(3,660)	(738)
Long term liabilities	-	-	-	(403)	(403)
Provisions	(811)	-	-	-	(811)
Total net assets	(811)	14,395	3,331	10,819	27,734
Charity Only					
Fund balances at 31 August 2018 are represented by:					
Tangible fixed assets	-	-	-	2,766	2,766
Intangible fixed assets	-	-	-	128	128
Investments	-	-	-	11,138	11,138
Current assets/(liabilities)	-	-	1,149	(4,596)	(3,447)
Long term liabilities	-	-	-	(403)	(403)
Total net assets	-	-	1,149	9,033	10,182

19. Analysis of net assets between funds (continued)

	Restricted pension funds £'000	Restricted fixed asset funds £'000	Restricted funds £'000	Unrestricted funds £'000	31 August 2017 Total £'000
Consolidation					
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)
Total net assets	(871)	8,849	2,999	11,529	22,506

Charity Only

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)
Total net assets	-	-	1,786	9,621	11,407

20. Commitments under operating leases**Consolidation**

At 31 August 2018 the group had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2018 £'000	31 August 2017 £'000
Land and buildings:		
expiring in the first year	969	848
expiring in the second to fifth year	261	529
expiring after five years	288	6
	1,518	1,383

Charity only

At 31 August 2018 the charity had future minimum commitments under non-cancellable operating leases as follows:

	31 August 2018 £'000	31 August 2017 £'000
Land and buildings:		
expiring in the first year	936	783
expiring in the second to fifth year	261	502
expiring after five years	287	6
	1,484	1,291

21. Pension and Similar Obligations

The Catch22 Multi Academies Trust employees belong to six principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and Local Government Pension Scheme (LGPS) for non-teaching staff, consisting of the Hampshire County Council Pension Fund which is managed by Hampshire County Council, the Northamptonshire Pension Fund which is managed by Northamptonshire County Council, the Devon County Council Pension Fund which is managed by Devon County Council, the Norfolk County Council Pension Fund which is managed by Norfolk County Council and the Suffolk County Council Pension Fund which is managed by Suffolk 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 £72,737 (2017: £105,000) were payable to the scheme at 31 August 2018 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%))
- 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%, which was payable 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 £262,000 (2017: £162,000).

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 2018 was £114,000 (2017: £104,000), of which employer's contributions totalled £87,000 (2017: £81,000) and employees' contributions totalled £27,000 (2017: £23,000). The agreed contribution rates for future years are 6.5 per cent for employers and is between 5.5 and 12.5 per cent for employees.

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

21. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

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

Sensitivity Analysis

Approximate monetary increase to the obligation as a result of the following changes in assumptions at 31 August 2018

	At 31 August 2018 £000	At 31 August 2017 £000
<i>Hampshire</i>		
0.1% increase in the salary increase rate	<i>not provided</i>	3
0.1% increase in the pension increase rate	<i>not provided</i>	10
0.1% decrease in real discount rate	<i>not provided</i>	13
<i>Norfolk</i>		
0.5% increase in the salary increase rate	-	N/A
0.5% increase in the pension increase rate	2	N/A
0.5% decrease in real discount rate	2	N/A
<i>Northamptonshire</i>		
0.5% increase in the salary increase rate	-	-
0.5% increase in the pension increase rate	20	3
0.5% decrease in real discount rate	20	3

21. Pension and Similar Obligations (continued)**Local Government Pension Scheme (continued)****Sensitivity Analysis (continued)**

Approximate monetary increase to the obligation as a result of the following changes in assumptions at 31 August 2018

	At 31 August 2018 £000	At 31 August 2017 £000
Suffolk		
0.5% increase in the salary increase rate	-	N/A
0.5% increase in the pension increase rate	8	N/A
0.5% decrease in real discount rate	8	N/A
Devon		
0.1% increase in the salary increase rate	2	3
0.1% increase in the pension increase rate	37	33
0.1% decrease in real discount rate	37	36

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 2018 Hampshire	At 31 August 2018 Norfolk	At 31 August 2018 Northamptonshire	At 31 August 2018 Suffolk	At 31 August 2018 Devon
Retiring today					
Males	26.2 years	22.1 years	22.1 years	21.9 years	23.5 years
Females	24.1 years	24.4 years	24.2 years	24.4 years	25.6 years
Retiring in 20 years					
Males	29.4 years	24.1 years	23.9 years	23.9 years	25.8 years
Females	27.2 years	26.4 years	26.1 years	26.4 years	28.0 years
	At 31 August 2017 Hampshire		At 31 August 2017 Northamptonshire		At 31 August 2017 Devon
Retiring today					
Males	24.0 years		22.1 years		23.4 years
Females	27.0 years		23.9 years		25.5 years
Retiring in 20 years					
Males	26.0 years		24.2 years		25.7 years
Females	29.3 years		26.1 years		27.9 years

21. 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 2018 £000	Fair value at 31 August 2017 £000
Equities	686	476
Government Bonds	89	109
Property	146	61
Corporate Bonds	16	14
Cash	21	21
Others	140	108
Total market value of assets	1,098	789

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Transferred on academy conversion	-	(587)
Current service cost	(408)	(744)
Net interest cost	(21)	(13)
Total operating charge	(429)	(1,344)

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

	2018 £000	2017 £000
At 1 September	1,660	723
Transferred on conversion	-	935
Current service cost	408	157
Interest cost	44	26
Employee contributions	56	23
Actuarial (gain)/loss	(251)	(180)
Net benefits paid out	(8)	(24)
At 31 August	1,909	1,660

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

	2018 £000	2017 £000
At 1 September	789	437
Transferred on conversion	-	348
Interest income	23	13
Contributions by members	56	23
Contributions by the employer	201	81
Actuarial (loss)/gain	37	(89)
Benefits paid	(8)	(24)
At 31 August	1,098	789

22. 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 £393k (2017: £208k). The MAT recharged costs of £79k (2017: £21k). At the balance sheet date Catch22 was owed £16k (2017: £23k) by the MAT.
- b) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Solutions Ltd (Solutions) amounting to £53k (2017: £53k). At the balance sheet date Catch22 was owed £109k (2017: £57k) by Solutions.
- c) During the year Catch22 made payments on behalf of Catch22 Social Enterprise Limited (Auto22) amounting, to £30k (2017: £22k) and Auto22 made payments of £nil (2017: £30k) on Catch22's behalf. The amount that was due to Catch22 from Auto22 at 31 August 2018 amounting to £646k (2017: £615k) has been written off as irrecoverable and therefore the balance due at 31 August 2018 included within the financial statements was £nil (2017: £nil).
- d) There were no transactions between the Pupil Parent Partnership and Catch22 during the year. The amount owed by Catch22 to PPP at the balance sheet date was £51k (2017: £51k).
- e) During the year Catch22 paid £4k on behalf of Include, during the previous year Include's activities were 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 £269k (2017: £273k).
- f) During the year Catch22 made payments (net of amounts repaid) on behalf of Only Connect amounting to £68k (2017: £59k) and only Connect charged rent to Catch22 of £67k (2017: £nil). At the balance sheet date Catch22 was owed £180k (2017: £179k) by Only Connect.
- g) During the year Catch22 transferred cash balances back to Community Links Trust that were received in the previous year and recharged costs to the net value of £269k (2017: net value transferred to Catch22 £943k). At the balance sheet date Catch22 was owed £15k by Community Links Trust (2017: £943k owed by Catch22 to Community Links Trust).
- 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 LI-BOR plus 0.75% per annum. The amount remained due to Catch22 at 31 August 2018 (2017: £125k). The loan was due for repayment in four equal annual instalments commencing on the second anniversary of the agreement, but remains outstanding and Catch22 made a full provision against this debt in the financial year ended 31 August 2016. Catch22 became the sole member of Launch22 on 23 May 2017 and paid amounts totalling £113k on behalf of Launch22 during the financial year (2017: £76k). £189k was due to Catch22 at the balance sheet date (2017: £76k). Launch22 has not been consolidated into the results of the group for the year ended 31 August 2018 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 £nil (2017: £167k). The amount due to Catch22 at 31 August 2018 was £nil (2017: £nil).