

# Only Connect UK Report and Financial Statements

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**For the year ended 31 August 2019**

**Company number: 05848399**

**Registered charity number: 1116147**

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# Board of Trustees' report

## Introduction from Danny Kruger, Chairman of Board of Trustees

Financial year 2018/2019 ran from September 2018 to August 2019. It represented the third full financial year for Only Connect within the Catch22 group.

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

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

**Danny Kruger**  
**Chairman, Only Connect**

# Board of Trustees' report

## Objectives and Activities

### Policies and objectives

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

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

### Review of activities

Last year we worked with 252 people. Almost all were male and over half were 18-24 years old.

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

In the period from 1 September 2018 to 31 August 2019 we closed our centre in White City, but continued to use the building in King's Cross. We also continued working in Feltham and Pentonville prisons..

Our work consists of support for prisoners approaching release, and after their release, one-to-one sessions and group work in personal and social skills, and one-to-one support to gain education, training and employment.

### Lessons learnt and plans for the future

2018-19 has been quite a tough year. We have had considerable staff turnover, and struggled to balance our budgets. Although we lost money in 2018-19 we expect to break even in 2019-20.

The prison work is going particularly well, but it is difficult to get the men to engage once they are released. Most say, while they are in prison, that they want to avoid crime, but, in practice, they face considerable temptations once they are released. We continue to work hard to ensure effective engagement on release.

The trustees are of the view that the long-term interests of Only Connect UK are best served by being an independent charity and it has been agreed by both parties, subject to formal approval, that Catch22 will cease to be a member of Only Connect from 1 September 2020.

# Board of Trustees' report

## Objectives and Activities (continued).

### Financial Overview

#### *Income and expenditure*

Total income for the year to 31 August 2019 was £512k (2018: £711k). Whilst total income fell the organisation continued the trend of becoming less reliant on voluntary income with income from charitable activities making up 72% of total income (2018: 61%). This has been the result of a deliberate strategic move to more earned income, approved by the Board in September 2015. The Trustees' view continues to be that a diverse income strategy, with regular and long-term funding streams is the pathway to Only Connect's sustainability.

The efforts to reduce expenditure resulted in total expenditure for the year to 31 August 2019 decreasing to £592k (2018: £727k). During the year expenditure on restricted projects of £25k (2018: £101k) was covered by restricted income of £70k (2018: £101k) received.

Overall the net movements in funds for the year was a deficit of £80k (2018: £16k).

The key financial priority for Only Connect in 2019/20 is to finish the year with a positive unrestricted surplus.

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

<b>Funder</b>	<b>Purpose of grant</b>
City Bridge Trust	Prisoner rehabilitation
Dentons Charitable Trust	-
Hammersmith and Fulham Council	Residents from H&F
Jean and Gordon Roberts Charitable Trust	-
John Armitage Charitable Trust	-
John Lyon's Charity	-
Lord Bamby's Foundation	Core Costs
Paul Hamlyn Foundation	Working with young people
PRS Foundation	Music
SE Franklin Charitable Trust	-
Souter Charitable Trust	Core
Spitfire Audio	Music
St Andrews Church Holborn	-
The Harbour Foundation	Core & Music (split equally)
The National Foundation For Youth Music	-
The Sheldon Trust	Feltham
Treebeard Trust	-
Trust for London	In work support

# Board of Trustees' report

## Objectives and Activities (continued)

### *Investment policy and performance*

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

### *Reserves policy*

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

At 31 August 2019 the charity's total reserves amounted to a deficit of £180k (2018: deficit of £100k) of which £45k surplus was restricted (2018: £nil).

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

# Board of Trustees' report

## Objectives and Activities (continued)

### Financial risks

#### *Liquidity risk*

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

#### *Credit risk*

The charity is mainly exposed to credit risk in relation to money due from commissioners for the delivery of services. The vast majority of these commissioners have proved to be extremely credit worthy. Nevertheless, we operate a proactive credit control system designed to ensure payment is received quickly and that problems are identified as early as possible and the appropriate action is taken. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### *Foreign exchange risk*

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

### Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable group to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The charity has a £260k (2018: £53k) unsecured loan and a £35k (2018: £127k) creditor with its parent company, Catch22 Charity Limited. The trustees have received assurances that Catch 22 does not plan to demand repayment of that loan. The principal uncertainty that has arisen following the Covid-19 pandemic is the amount of income that the company can generate from renting spare space in its London Office. After appropriate consideration and making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future, however the charitable company's income has been impacted by the Covid-19 pandemic since the balance sheet date and the extent of further financial support is not certain. The charitable company has continued to adopt the going concern basis in preparing its financial statements as described in note 1 to the financial statements.

# Board of Trustees' report

## Structure, governance and management

### Formation and structure of the Charity

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

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

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

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

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

### Governance

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

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

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

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

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



# Board of Trustees' report

## Structure, governance and management (continued)

### Trustees responsibilities

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

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

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

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

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

In so far as the trustees are aware:

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

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

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

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

# Board of Trustees' report

## Structure, governance and management (continued)

### Policies adopted for the induction and training of trustees

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

### Pay policy for senior staff

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

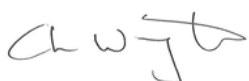
### Risk management

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

#### Key risks:

- Financial: risk of insolvency or financial impropriety. Mitigated by strong financial controls from the Board through the Executive Director and operational leads. Catch22 financial governance regime and monthly reporting support overarching accountability
- Reputational: risk of reputational damage arising from breach of legal responsibilities, for example in respect to Data Protection Act. Mitigated by strong compliance requirements to Catch22 group policies, overseen by Catch22 Director of Governance.
- Business continuity: ongoing risk of one or both of Only Connect's buildings being unavailable due to lease issues or force majeure event. Mitigated by Board oversight and contingency planning around geographical location of services.
- Safeguarding: ongoing risk of a serious safeguarding incident exposing major practice or process limitations. Mitigated by ongoing process compliance and adherence to Catch22 safeguarding protocols, overseen by Director of Governance.

Signed on behalf of the Board of Trustees



Chris Wright  
Only Connect UK  
26 August 2020

# Auditors report

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

### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Material uncertainty in relation to going concern

We draw attention to the paragraph relating to going concern in note 1 of the financial statements, which indicates that the charity is reliant on the support of its parent entity to continue as a going concern. The support from the parent is limited to not calling in the year end balances for a year from the approval of the financial statements. and post year end the company's income has been impacted by the Covid-19 pandemic. As stated in note 1, these events or conditions, along with the other matters as set out in note 16 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

# Auditors report

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

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

### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

### Responsibilities of trustees

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

# Auditors report

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

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

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

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

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

### Use of our report

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

*Moore Kingston Smith LLP*

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

26 August 2020  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019

		Restricted Funds	Unrestricted Funds	2019	Restricted Funds	Unrestricted Funds	2018
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from</b>							
<b>Donations and legacies</b>	2	-	12	12	-	53	53
<b>Grants</b>	2	70	62	132	101	122	223
<b>Income from charitable activities</b>	4	-	368	368	-	435	435
<b>Total income</b>		70	442	512	101	610	711
<b>Expenditure on</b>							
<b>Raising funds</b>		-	32	32	19	32	51
Charitable activities							
<b>Ordinary activities</b>	4	25	535	560	82	594	676
<b>Total expenditure</b>		25	567	592	101	626	727
<b>Net movement in funds</b>		45	(125)	(80)	-	(16)	(16)
<b>Reconciliation of funds</b>							
<b>Total funds brought forward</b>		-	(100)	(100)	-	(84)	(84)
<b>Total funds carried forward</b>		45	(225)	(180)	-	(100)	(100)

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

# FINANCIAL STATEMENTS

## CHARITY BALANCE SHEET - 31 AUGUST 2019

Company number: 05848399

	notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	6		6		9
<b>Current assets</b>					
Debtors	7	89		106	
Cash at bank and in hand		48		9	
		137		115	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	(63)		(224)	
<b>Net current (liabilities)</b>			74		(109)
			80		
Creditors: amounts falling due after more than one year	9		(260)		-
<b>Net (liabilities)</b>			(180)		(100)
<b>Funds</b>					
Restricted funds	10		45		-
General fund	11		(225)		(100)
			(180)		(100)

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



Chris Wright  
Director

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

# FINANCIAL STATEMENTS

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Net income/(expenditure) for the reporting period</b>		<b>(80)</b>		<b>(16)</b>
Adjusted for:				
Depreciation charges		3		4
(Increase)/Decrease in debtors		17		37
Increase/(Decrease) in creditors		99		(34)
		<hr/>		<hr/>
<b>Net cash provided by/(used in) operating activities</b>		<b>39</b>		<b>(9)</b>
<b>Investing activities</b>		-		-
<b>Financing Activities</b>		-		-
		<hr/>		<hr/>
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>		<b>39</b>		<b>(9)</b>
Cash and cash equivalents at beginning of year		9		18
		<hr/>		<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>48</b>		<b>9</b>
		<hr/>		<hr/>
<b>Relating to:</b>				
Bank balances and short term deposits		48		9
		<hr/>		<hr/>
<b>Cash and cash equivalents</b>		<b>48</b>		<b>9</b>
		<hr/>		<hr/>



# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2019

#### 1. Accounting policies

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

##### Basis of preparation

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

##### Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The charity has a £260k (2018: £53k) unsecured loan from its parent company and an additional £35k (2018: £127k) amounts owing to its parent company, Catch22 Charity Limited. The trustees have received assurances that Catch22 does not plan to demand repayment of that loan for a period of at least one year from the date of approval of the financial statements. The principal uncertainty that has arisen following the Covid-19 pandemic is the amount of income that the company can generate from renting spare space in its London office. After appropriate consideration and making enquiries the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. However, the charitable company's income has been impacted by the Covid-19 pandemic since the balance sheet date and the extent of further financial support from the parent charity is not confirmed. Whilst the charitable company has continued to adopt the going concern basis in preparing its financial statements, the matters described above indicate that there may be an uncertainty over its ability to continue as a going concern.

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

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

##### Fund Accounting

###### General funds

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

###### Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against **Income**

All income is recognised once the charitable company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

###### Legacies

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

###### Donations

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

###### Income tax recoverable

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

###### Other Income

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

###### Expenditure

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

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

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2019

#### 1. Accounting policies (continued)

##### Expenditure (continued)

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

##### Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

##### Interest receivable

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

##### Operating leases

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

##### Financial Instruments

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

##### Debtors

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

##### Cash at bank and in hand

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

##### Creditors and provisions

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

##### Employee benefits

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

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

##### Pension costs – Defined Contribution Schemes

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

##### Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Other than the adoption of the Going Concern basis of preparation as set out above, no judgements or estimates are considered by the trustees to have a significant effect on the amounts recognised in the financial statements.

#### 2. Donations, Legacies and Grants

	2019			2018		
	Restricted	Unrestricted	Total funds	Restricted	Unrestricted	Total funds
	£'000	£'000	£'000	£'000	£'000	£'000
Donations	-	12	12	-	53	53
Grants	70	62	132	101	122	223
<b>Total</b>	<b>70</b>	<b>74</b>	<b>144</b>	<b>101</b>	<b>175</b>	<b>276</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2019

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

	2019 £'000	2018 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	3	4
Auditor's remuneration - Audit fees for Charity's annual accounts – current year	9	9
Lease payments recognised as an expense	101	91

### 4. Charitable activities

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

	Restricted Funds	Unrestricted Funds	2019
	£'000	£'000	£'000
Operations	-	31	31
Trading		337	337
<b>Total</b>	<b>-</b>	<b>368</b>	<b>368</b>

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

	Restricted Funds	Unrestricted Funds	2018
	£'000	£'000	£'000
Operations	-	55	55
Trading	-	380	380
<b>Total</b>	<b>-</b>	<b>435</b>	<b>435</b>

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

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

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

	Restricted Funds	Unrestricted Funds	2018
	£'000	£'000	£'000
Operations	-	138	138
Trading	82	437	519
Administration & Governance	-	19	19
<b>Total</b>	<b>82</b>	<b>594</b>	<b>676</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2019

### 4. Charitable activities (continued)

#### Support Costs

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

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

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

Year Ended 31 August 2018	Operations	Trading	Administration & Governance	Total
	£'000	£'000	£'000	£'000
Marketing and IT	-	20	-	20
Office costs	-	101	2	103
Staff costs	2	10	1	13
Rent and rates	25	75	-	100
Other costs	-	9	-	9
Training and support	23	16	1	40
Governance costs	-	9	-	9
Total	50	240	4	294

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

### 5. Staff costs

	2019 £'000	2018 £'000
Salaries	282	393
National Insurance contributions	28	38
Pension contributions	7	7
	317	438
The average number of employees during the period was	11	15

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

No trustees received any remuneration during the period, or were reimbursed expenses (2018: £nil).

#### Key Management Personnel

Key management personnel comprises the CEO from August 2019 ( Head of Development and the Insight & Policy Manager: 2018)

The total employee benefits of the Key Management Personnel were £59k (2018: £6k)

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2019

### 6. Tangible fixed assets

	Leasehold property £'000	Fixtures and fittings £'000	Total £'000
<b>Costs</b>			
1 September 2018	28	67	95
Additions	-	-	-
<b>31 August 2019</b>	<b>28</b>	<b>67</b>	<b>95</b>
<b>Depreciation</b>			
1 September 2018	28	58	86
Charge for the period	-	3	3
<b>31 August 2019</b>	<b>28</b>	<b>61</b>	<b>89</b>
<b>Net book value</b>			
<b>At 31 August 2019</b>	<b>-</b>	<b>6</b>	<b>6</b>
At 31 August 2018	-	9	9

### 7. Debtors: amounts due within one year

	2019 £'000	2018 £'000
Trade debtors	15	29
Amounts owed to group companies	8	-
Prepayments and accrued income	66	77
	<b>89</b>	<b>106</b>

Financial instruments included in the above debtor balances are £45k (2018: £98k)

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

	2019 £'000	2018 £'000
Trade creditors	6	13
Amounts owed to group companies	35	180
Accruals and deferred income	12	19
Other taxes and social security	5	8
Other creditors	5	4
	<b>63</b>	<b>224</b>

Financial instruments included in the above creditor balances are £104k (2018: £204k)

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

	2019 £'000	2018 £'000
Balance at 1 September 2018	-	-
Amounts owed to group companies	260	-
<b>Balance at 31 August 2019</b>	<b>260</b>	<b>-</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2019

<b>10. Restricted funds</b>	<b>Balance 1 September 2018 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Balance 31 August 2019 £'000</b>
Operations	-	70	(25)	45
<b>Total restricted funds</b>	<b>-</b>	<b>70</b>	<b>(25)</b>	<b>45</b>

	<b>Balance 1 September 2017 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Balance 31 August 2018 £'000</b>
<b>Prior period</b>				
Operations	-	101	(101)	-
<b>Total restricted funds</b>	<b>-</b>	<b>101</b>	<b>(101)</b>	<b>-</b>

<b>10. Unrestricted funds</b>	<b>Balance 1 September 2018 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Balance 31 August 2019 £'000</b>
General Fund	(100)	442	(567)	(225)

	<b>Balance 1 September 2017 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Balance 31 August 2018 £'000</b>
<b>Prior period</b>				
General Fund	(84)	610	(626)	(100)

<b>Total funds</b>	<b>(100)</b>	<b>512</b>	<b>(592)</b>	<b>(180)</b>
<b>Total funds prior year</b>	<b>(84)</b>	<b>711</b>	<b>(727)</b>	<b>(100)</b>

### General fund

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

### Restricted Fund

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

## 11. Analysis of net assets between funds

	<b>Restricted funds £'000</b>	<b>Unrestricted funds £'000</b>	<b>31 August 2019 Total £'000</b>
<b>Fund balances at 31 August 2019 are represented by:</b>			
Tangible fixed assets		6	6
Current assets/(liabilities)	15	(231)	(216)
<b>Total net liabilities</b>	<b>15</b>	<b>(225)</b>	<b>(210)</b>

	<b>Restricted funds £'000</b>	<b>Unrestricted funds £'000</b>	<b>31 August 2018 Total £'000</b>
<b>Fund balances at 31 August 2018 are represented by:</b>			
Tangible fixed assets	-	9	9
Current assets/(liabilities)	-	(109)	(109)
<b>Total net liabilities</b>	<b>-</b>	<b>(100)</b>	<b>(100)</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2019

### 12. Commitments under operating leases

	31 August 2019 £'000	31 August 2018 £'000
<b>Land and buildings:</b>		
expiring in the first year	38	-
expiring in the second to fifth year	-	-
expiring after five years	-	-
	<b>38</b>	<b>-</b>

### 13. Pension and Similar Obligations

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,550 (2018: £7,228). Contributions totalling £1,630 (2018: £ Nil) were payable to the fund at the balance sheet date and are included in creditors.

### 14. Ultimate Parent Charity

The Charity's ultimate parent charity is Catch22 Charity Limited (company number 6577534 and registered charity number 1124127). Copies of the consolidated financial statements are available from the Company Secretary of Catch22 Charity Limited, whose registered office is 27 Pear Tree Street, London, EC1V 3AG.

The parent's principal purposes and activities 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. Catch 22 Charity Limited is the sole member of Only Connect UK and approves all trustee appointments

### 15. Related Party Transactions

During the year Catch22 made payments (net of amounts repaid) on behalf of Only Connect UK amounting to £115k (2018: £49k) and Only Connect UK charged rent to Catch22 of £53k (2018: £67k). At the balance sheet date Catch22 was owed £295k (2018: £180k) by Only Connect. Included within this amount is a loan for £260k (2018: £nil) which is due after more than 1 year, as reported in Note 9. Only Connect UK incurred interest on the loan of £nil in the period under review.

Also during the year, Only Connect UK, charged Launch22 Limited, a fellow subsidiary of Catch 22 Charity Limited, £38k for rent and related costs (2018: £1k). At the balance sheet date Launch22 owed Only Connect £8k (2018: £nil).

### 16. Post Balance Sheet Events

The company has given due consideration to the effects of the Covid-19 outbreak, which occurred before these financial statements were signed. The main impact on the company has been the loss of rental income generated from spare capacity in its London office, however in response it has been able to negotiate a new lease until 31 March 2021 at a reduced rent with its landlord.

# Reference and Administrative Details

## **Board of Trustees**

Mr Danny Kruger, Chair  
Mrs Emma Kruger  
Mr Chris Wright

## **Company Secretary**

Mr Simon Pellew

## **Registered Office**

32 Cubitt Street  
London  
WC1X 0LR

## **Bankers**

Barclays Bank Plc  
Level 27, 1 Churchill Place  
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E14 5HP

## **Solicitors**

Bates Wells Braithwaite  
10 Queen Street Place  
London  
EC4R 1BE

## **Auditors**

Moore Kingston Smith LLP  
Devonshire House,  
60 Goswell Road,  
London,  
EC1M 7A

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T: 0207 278 8939 E: [info@onlyconnectuk.org](mailto:info@onlyconnectuk.org)  
Registered charity no. 1116147

Company limited by guarantee  
Company no. 05848399