

Company registration number: 8139367
Charity registration numbers: 1149813
SCO47781

The Junction 42 Foundation
(a company limited by guarantee)

**Annual report
and
financial statements**

for the year ended

31 March 2020



The Junction 42 Foundation
(a company limited by guarantee)
Annual report and financial statements
for the year ended 31 March 2020

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The Junction 42 Foundation
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Legal and administrative information

Trustees:	Dr Paul Cassidy Mrs Alison Edwards Mr Richard Vardy Mrs Sarah Wade Rt Rev Francis White
Registered office:	Brunswick Church Brunswick Place Newcastle upon Tyne NE1 7BJ
Chief executive officer:	Joanne M O'Connor
Company registration no:	8139367
Charity registration numbers:	1149813 England and Wales SCO47781 Scotland
Bankers:	HSBC Bank plc 279 Whitley Road Whitley Bay Tyne & Wear NE26 2SW
Independent auditor:	Stephenson Coates Audit Limited West 2, Asama Court Newcastle Business Park Newcastle upon Tyne NE4 7YD

The Junction 42 Foundation
(a company limited by guarantee)

Report of the Trustees

for the year ended 31 March 2020

The trustees present their report and the financial statements for the year ended 31 March 2020. These are prepared in accordance with the governing document, the recommendations of 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 (FRS102) and the small companies' regime of the Companies Act 2006.

Reference and administrative details

The Junction 42 Foundation is a charitable company formed in 2012 to provide help to people who have criminal convictions or those considered at risk of offending against the law. It is a company limited by guarantee and is also a registered charity (in England & Wales; and in Scotland).

The trustees, who are also directors for the purposes of company law, who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

As a company limited by guarantee, there is no share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up whilst being a member or within one year of ceasing to be a member, such amount not to exceed £10. The relevant governing document is the Memorandum and Articles of Association.

New trustees may be appointed by resolution passed at a special meeting of the trustees, or by statutory powers. The training and induction for new trustees will depend on experience.

The trustees are responsible for setting general policy, but the day to day running of the charitable company is delegated to an employed management team which is headed by the Chief executive officer.

Objectives and principal activities

The charitable objectives of the company are:

1. To relieve the charitable needs of those in need by reason of current and previous criminal convictions or those considered at risk of offending against the law in particular but not exclusively by creation of employment, housing, education, training and community projects to assist with their rehabilitation and to do this with a Christian ethic.
2. The prevention or alleviation of poverty and sickness through the provision of grants or services to individuals in need by reason of current and previous criminal convictions or those considered at risk of offending against the law and/or charities, or other organisations working to prevent or relieve poverty, homelessness and sickness.

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Report of the Trustees
(continued)
for the year ended 31 March 2020

Risks

The trustees confirm that the major risks to which the charity is exposed have been identified and reviewed and systems are in place to mitigate those risks, including a new data protection policy in line with the GDPR changes in May 2018.

Public benefit

The trustees are satisfied that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

When planning the charity's activities, the trustees considered the Charity Commission Guidance on public benefit. The trustees also considered how the charity had succeeded in delivering its aims, including any public benefit, when reviewing the achievements for the year which are set out below.

Achievements and performance

Junction 42 exists to see the lives of offenders and their communities visibly transformed through:

- Employability and entrepreneurial training
- Creative education and engagement
- Through the gate mentoring and faith support

This is Junction 42's eighth year of operations, in which it has undertaken the following activities and achievements.

Employability and entrepreneurship

Junction 42 has continued to invest in the development of our Navigation support for those with offences by including additional provisions which focus on improving the health and wellbeing of participants; for example offering weekly group gym sessions for those interested.

During our fifth year of funding from the Department for Work and Pensions, Junction 42 continued to run 'Work Out', an intensive group work and 1:2:1 employability mentoring programme for those with criminal convictions in the community in Newcastle and Sunderland. This year, Junction 42 has also launched a Work Out pilot in Scotland. Having broadened the scope of our employability offering to include health and wellbeing, we've received funding from the Violence Reduction Unit to work with those identified by them. This work is in a pilot phase.

Across this period, 238 people engaged with our employability programmes with the following outcomes: 50 into paid employment, 54 into voluntary jobs and 57 training outcomes.

Junction 42 was also contracted to run a one-off month-long Social Enterprise project in prison, delivering 12 workshops across three prisons.

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Report of the Trustees
(continued)
for the year ended 31 March 2020

Achievements and performance (continued)

Creative education and engagement

Junction 42 has continued to deliver creative education and engagement in custody. In this financial year we have continued to deliver programmes in three prisons in the North East of England.

Our creative education and engagement programmes recognise the power of creativity to engage those who find engaging hardest. Whatever the media – be that art, music or craft – it is a vehicle for us to help increase confidence, trust, interaction, engagement and participation with those who struggle most.

During this period there were 270 completions of structured creative education courses across three prisons and over 1,095 hours of engagement activities facilitated by the Junction 42 team.

Faith

Junction 42 supports the Chaplaincy departments in prison by delivering weekly groups and supporting Sunday services. During this period we have continued to deliver our faith services providing 1,066 hours of faith services in establishments, both in the North East of England and in the central belt of Scotland. 327 individuals engaged in Junction 42 chapel groups across five prisons. Across all the prisons, 130 referrals were made for through the gate resettlement support.

Junction 42 continues to oversee the Connect Network in the community. The Connect community trains and supports the local church to provide a safe and welcoming space for those from the margins to grow in their faith. The Connect Network comprises of eight groups; six groups across the North East of England and two in Scotland, with each group having an average weekly attendance of between 18 and 100.

Financial review

The charity's total income for the 12 month financial period was £701,475 (2019, eight months - £409,020), and the total expenditure was £511,135 (2019, eight months - £403,817), giving net surplus of £190,340 (2019 -£5,203) and retained funds carried forward of £404,973 (2019 - £214,633).

Income for the year included successful funding from the Department for Work and Pensions, Her Majesty's Prison and Probation Service, Sodexo and Trust funders. This funding has allowed Junction 42's delivery in prison and in the community. Junction 42 has enhanced provision in the south of the region and invested in operational capacity to sustain the growth experienced in recent years.

The funds of the charity (inc £10,354 asset value), are £308,909 in unrestricted funds and £96,064 in restricted funds carried forward. The trustees review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

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Report of the Trustees
(continued)
for the year ended 31 March 2020

Financial review *(continued)*

The trustees proposed a policy that the charity should hold a level of reserves, namely those not held for a specific purpose, which is equivalent to 24-weeks operating costs (£254,617). This is an increase of 12 weeks from the previous policy given the substantial gap in funding experienced over the last two years. It has become common practice for Junction 42 to have six to eight months of unfunded provision due to the change in procurement processes within government, meaning contracts have become more short term in nature with uncertainty and gaps between renewals. This reserves policy ensures ongoing provision to some of the most vulnerable despite the move in contracts towards payment by results.

In this financial year, the trustees have decided to designate the remaining £43,938 towards assets procurement namely an office building.

Plans for future periods

Given our growth over the years, Junction 42 plans to continue to invest in its operations function through expertise consultancy to ensure its current systems are fit for purpose and facilitate future growth. This will include investment IT hardware and database creation and implementation, in order for us to produce more accurate data to improve communication with our funders, trustees and partners and improve service for our clients.

With the changes to the government procuring process we will also be focusing on the organisation's resilience to anticipated funding changes, gaps between renewals and shorter-term contracts; this will be done through implementing consultancy recommendations, contingency planning and investing in opportunity development.

In response to COVID-19, Junction 42 will retool its existing provision and adapt its prison and community programmes to a model which support our clients whatever the lockdown status of the prison or community. This model of delivery uses media resources, kinaesthetic activity packs and in-person support. Junction 42 plans to increase its creative engagement, education and faith work from a regional to a national level. Following the success of the Work Out programme in Newcastle, Sunderland and Scotland, Junction 42 is seeking to establish an ongoing provision in Teesside.

We also plan to continue to expand our through the gate work as well as bringing increased cohesion between our provision in custody and our provision in the community into new prisons and resettlement areas. We will continue to strengthen our provision for women specific services for through the gate resettlement.

Junction 42 plans to continue investing in the expansion of the Connect Network across England and Scotland through the development and delivery of intensive training, ongoing support and resourcing to new Connect groups. We have also committed to researching into new growth areas; raising experts by experience, furthering employability, health and wellbeing. Junction 42 anticipate trialling new tools in the community.

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Report of the Trustees
(continued)
for the year ended 31 March 2020

Trustees' responsibilities statement

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Disclosure of information to auditors

The trustees who held office at the date of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small entities regime.

This report was approved by the trustees on 11 November 2020 and is signed on its behalf by:

Paul Cassidy
Trustee

The Junction 42 Foundation
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Independent auditor's report to the members and trustees of The Junction 42 Foundation

Opinion

We have audited the financial statements of The Junction 42 Foundation (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the charity's affairs as at 31 March 2020 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 and regulation 8 of the Charities Accounts (Scotland) Regulations 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 the financial statements section of our report. We are independent of the charity 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 charity'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.

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Independent auditor's report to the members and trustees of The Junction 42 Foundation *(continued)*

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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ☐ the trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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Independent auditor's report to the members and trustees of The Junction 42 Foundation *(continued)*

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charity'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 charity 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 the 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 judgment 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 purpose of expressing an opinion on the effectiveness of the 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 charity'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 charity 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.

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Independent auditor's report to the members and trustees of The Junction 42 Foundation *(continued)*

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 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

John Oswald BA FCA
Senior statutory auditor
for and on behalf of
Stephenson Coates Audit Limited
Chartered accountants
Statutory auditor
West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

11 November 2020

The Junction 42 Foundation
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Statement of financial activities
for the year ended 31 March 2020

Summary income and expenditure account

	Notes	Unrestricted funds		Restricted funds	Total 2020	Total 2019 (8 months)
		General	Building			
		£	£	£	£	£
Income from:						
Donations and legacies	2	44,371	0	112,262	156,633	118,816
Charitable activities	3	401,663	0	141,500	543,163	287,825
Other trading activities	4	1,369	0	0	1,369	280
Investments		11	0	0	11	61
Other	5	299	0	0	299	2,038
Total		447,713	0	253,762	701,475	409,020
Expenditure on:						
Raising funds						
Costs of fundraising	6	290	0	0	290	4,663
Charitable activities	7-9	283,685	0	227,160	510,845	399,154
Total		283,975	0	227,160	511,135	403,817
Net income		163,738	0	26,602	190,340	5,203
Transfers between funds		(43,938)	43,938	0	0	0
Net movement in funds		119,800	43,938	26,602	190,340	5,203
Total funds brought forward		145,171	0	69,462	214,633	209,430
Total funds carried forward		264,971	43,938	96,064	404,973	214,633

The notes on pages 14 to 21 form part of these financial statements.

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Balance Sheet at 31 March 2020

	Notes	2020	2019
Fixed assets			
Tangible assets	10	10,353	14,553
Investments	11	<u>1</u>	<u>1</u>
		10,354	14,554
Current assets			
Debtors	12	105,030	29,537
Cash in bank and in hand		<u>308,395</u>	<u>180,729</u>
		413,425	210,266
Creditors: amounts falling within one year	13	<u>18,806</u>	<u>10,187</u>
Net current assets		<u>394,619</u>	<u>200,079</u>
Total assets less current liabilities		<u>404,973</u>	<u>214,633</u>
Net assets		<u>£404,973</u>	<u>£214,633</u>
Funds			
Unrestricted funds - general	14	264,971	145,171
Unrestricted funds - designated	14	43,938	-
Restricted funds	15	96,064	69,462
Total funds		<u>£404,973</u>	<u>£214,633</u>

The notes on pages 14 to 21 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small entities regime of the Companies Act 2006.

These financial statements were approved by the Board and authorised for issue on 11 November 2020 and are signed on their behalf by:

Paul Cassidy
Trustee
Company registration number: 8139367

The Junction 42 Foundation
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**Cash flow statement
for the year ended 31 March 2020**

	2020	2019
		(eight months)
	£	£
Reconciliation of net income to net cash flows from operating activities		
Net income for period	190,340	5,203
Investment income	-11	-61
Depreciation	4,600	3,237
(Increase)/ decrease in debtors	-75,493	14,825
Increase in creditors	<u>8,619</u>	<u>633</u>
Net cash inflow from operating activities	128,055	23,837
Cash flows from investing activities		
Purchases of tangible fixed assets	-400	-3,249
Investment income	<u>11</u>	<u>61</u>
Net cash flows from investing activities	-389	-3,188
Net increase in cash and cash equivalents	<u><u>127,666</u></u>	<u><u>20,649</u></u>
Cash and cash equivalents at start of period	180,729	160,080
Cash and cash equivalents at end of period	<u><u>308,395</u></u>	<u><u>180,729</u></u>
Cash and bank	308,395	180,729
Cash and cash equivalents	<u><u>308,395</u></u>	<u><u>180,729</u></u>

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Notes to the financial statements
for the year ended 31 March 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the charitable company have been prepared under the historical cost convention and 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 (FRS 102), the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice applicable to smaller entities.

The charitable company has taken the option under section 398 of the Companies Act 2006 and the Charities Act 2011 (Group Accounts) Regulations 2015 not to prepare consolidated financial statements.

The financial accounts are prepared in Sterling (£) which is the functional currency of the charitable company.

The Junction 42 Foundation meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The directors of the charitable company are satisfied that there are no material uncertainties about the charity's ability to continue as a going concern at least for a period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

1.3 Income

Voluntary income is accounted for on a cash received basis or on an accruals basis where receipt can be assured with reasonable certainty. Where grants are received for specific purposes, the balance of income received but not matched to relevant expenditure during the period is carried forward within restricted funds on the balance sheet.

Fees for education, training and mentoring are accounted for on an accruals basis.

1.4 Expenditure

Charitable activities – The costs of charitable activities represent the cost of undertaking the charity's objectives and include direct costs incurred in delivering those services together with support costs. All expenditure is accounted for on an accruals basis. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Value added tax is not recoverable by the charitable company and as such it is included in the relevant costs in the Statement of Financial Activities.

Costs of raising funds include expenditure on promotion and advertising plus any fundraising trading costs.

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Notes to the financial statements
for the year ended 31 March 2020

1. Accounting policies (*continued*)

1.5 Fund accounting

Restricted funds relate to amounts received which have been specified for a particular use by the donor. All other funds are unrestricted funds which the charity may use for its charitable purposes at its discretion.

1.6 Tangible fixed assets

Expenditure on tangible fixed assets is capitalised where it is above £250; below that amount, such expenditure is written off in the period it is incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. For office equipment this is calculated at 20% on a straight line basis; for motor vehicles, this is calculated at 25% on a reducing balance basis

1.7 Impairment of fixed assets

Fixtures, fittings and vehicles are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared against its carrying amount. Where the estimated recoverable amount is lower, an impairment loss is recognised immediately in the Statement of Financial Activities.

1.8 Debtors and creditors due within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses from impairment are recognised in expenditure.

1.9 Taxation

The charity is exempt from taxation in respect of income or capital gains received to the extent that such income or gains are applied exclusively for charitable purposes. The charity is not exempt from Value Added Tax.

1.10 Operating leases

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

1.11 Defined contribution plans

The charitable company operates a defined contribution pension scheme for its staff. The scheme and its assets are held by independent managers. The pension cost charge in the financial statements represents contributions due from the charity for the year.

1.12 Voluntary assistance

Time is expended on the charity's activities and governance which is donated free of charge. It is impractical to quantify the value of the time given, and accordingly it is neither recorded as donated income nor as an expense in the financial statements.

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Notes to the financial statements
for the year ended 31 March 2020
(continued)

2. Donations and legacies

	General funds	Restricted funds	Total 2020	Total 2019 (8 months)
	£	£	£	£
Donations and grants	30,399	0	30,399	33,032
Donations in respect of salaries	0	112,262	112,262	74,047
Gift aid tax reclaims	13,972	0	13,972	11,738
	<u>44,371</u>	<u>112,262</u>	<u>156,633</u>	<u>118,816</u>

3. Charitable activities

Prison education services	92,018	0	92,018	80,069
Employability education	235,270	117,500	352,770	126,047
Faith in the community	9,273	17,000	26,273	21,936
Creative education and engagement	65,103	7,000	72,103	59,773
	<u>401,663</u>	<u>141,500</u>	<u>543,163</u>	<u>287,825</u>

4. Other trading activities

Fund raising events	<u>1,369</u>	<u>0</u>	<u>1,369</u>	<u>280</u>
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5. Other income

Reimbursed expenses	<u>299</u>	<u>0</u>	<u>299</u>	<u>2,038</u>
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6. Costs of fundraising

Fund raising expenses	<u>290</u>	<u>0</u>	<u>290</u>	<u>4,663</u>
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The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2020
(continued)

7. Charitable activities – direct costs

	General funds	Restricted funds	Total 2020	Total 2019 (8 months)
	£	£	£	£
Prison education services	47,560	7,632	55,192	68,027
Employability education	44,759	65,583	110,342	83,884
Faith in the community	5,428	23,475	28,903	16,973
Creative education and engagement	4,625	58,343	62,968	79,887
	102,373	155,033	257,406	248,771

8. Charitable activities - support costs

Donations and contractual giving	1,103	0	1,103	2,110
Admin management staff costs	114,908	72,127	187,035	108,836
Office rent and rates	7,074	0	7,074	4,117
Insurance	5,511	0	5,511	2,818
Staff travel costs and subsistence	6,836	0	6,836	7,946
Office costs - telephone, printing, computers	10,354	0	10,354	6,680
Premises expenses and canteen	2,971	0	2,971	1,319
Motor and travel costs	6,081	0	6,081	4,284
Depreciation	4,600	0	4,600	3,237
Merchant services and bank charges	1,064	0	1,064	399
Staff training	9,792	0	9,792	6,100
Consultancy – media and publicity	697	0	697	446
Subscriptions and volunteer costs	1,225	0	1,225	(104)
Independent examination/audit fees	1,650	0	1,650	1,020
Other costs – legal and consultancy	7,445	0	7,445	1,176
	181,312	72,127	253,439	150,383

	2020	2019
	£	(8 months)
	£	£
Gross salaries	331,051	260,453
Social security costs	21,437	19,014
Employer's pension contributions	6,374	3,204
	358,862	282,671

The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2020
(continued)

9. Staff costs (continued) **2020** **2019** **(8 months)**

Average number of employees:

Direct charitable activities	13	17
Management and administration	7	8
	20	25

The trustees received no remuneration in the period (2019: £nil). The salary of the chief executive officer for the year was £42,645. The trustees and the ceo are considered to be key management personnel for the purposes of FRS102. No employee received £60,000 pa or more.

10. Tangible fixed assets

	Fixtures and fittings	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2019	22,497	16,994	39,491
Disposals	(8,277)	0	(8,277)
Additions	400	0	400
At 31 March 2020	14,620	16,994	31,614
Depreciation			
At 1 April 2019	14,647	10,291	24,938
Charge for year	2,924	1,676	4,600
Disposals	(8,277)	0	(8,277)
At 31 March 2020	9,294	11,967	21,261
Net book amount			
At 31 March 2020	5,326	5,027	10,353
At 31 March 2019	7,850	6,703	14,553

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Notes to the financial statements
for the year ended 31 March 2020
(continued)

11. Investments

	Unlisted investments
	£
Cost	1
At 31 March 2020 and 31 March 2019	<u>1</u>

Unlisted investments represents an investment of 100% of the issued share capital of Junction 42 Social Enterprises Limited, an unlisted dormant company registered in England.

12. Debtors	2020	2019
	£	£
Trade debtors	78,661	28,268
Prepayments and accrued income	26,369	1,269
	<u>105,030</u>	<u>29,537</u>

13. Creditors: amount falling due within one year	2020	2019
	£	£
Trade creditors	2,521	427
Amounts due to subsidiary undertaking	1	1
Accruals and deferred income	7,000	2,583
Other taxes and social security	9,284	7,176
	<u>18,806</u>	<u>10,187</u>

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Notes to the financial statements
for the year ended 31 March 2020
(continued)

14. Unrestricted funds

	Balance at	Movement in resources			Balance at
	01 April 2019	Incoming	Outgoing	Transfers	31 March 2020
	£	£	£	£	£
General funds	145,171	447,713	283,975	(43,938)	264,971
Designated funds	0	0	0	43,938	43,938
	145,171	447,713	283,975	0	308,909

At 31 March 2020, the directors designated £43,938 of unrestricted funds as a fund for procuring an office building.

15. Restricted funds

	Balance at	Movement			Balance at
	01 April 2019	Income	Expenditure	Transfers	31 March 2020
	£	£	£	£	£
Salary Support fund ¹	11,569	112,262	106,870	0	16,962
Connect Network ²	10,800	17,000	20,300	0	7,500
Seedbed Trust ETS Grant ³	14,475	0	6,519	0	7,956
Scottish division ⁵	28,006	0	28,006	0	0
Sodexo grant ⁶	0	7,000	0	0	7,000
Faith in Your Future ⁸	1,011	0	365	0	646
Connectional Mission - The Methodist Church ¹¹	3,600	15,000	13,600	0	5,000
Northumbria Police & Crime Commissioner – VRU monies ¹²	0	61,500	16,500	0	45,000
Community Foundation ¹³	0	25,000	25,000	0	0
Fiftyfour Two Foundation – Employability ¹⁴	0	15,000	9,000	0	6,000
Other	0	1,000	1,000	0	0
	69,462	253,762	227,160	0	96,064

Restricted funds are held as net current assets on the balance sheet.

The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2020
(continued)

15. Restricted funds (continued)

	Balance at	Movement			Balance at
	01 August 2018	Income	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
Salary Support fund ¹	15,268	74,047	77,746	0	11,569
Connect Network ²	3,750	15,000	7,950	0	10,800
Seedbed Trust ETS Grant ³	17,995	0	3,520	0	14,475
National Lottery Job Club ⁴	4,262	0	4,262	0	0
Scottish division ⁵	40,000	2,500	14,494	0	28,006
Sodexo grant ⁶	4,667	0	4,667	0	0
HMP Durham grant ⁷	550	0	550	0	0
Faith in Your Future ⁸	2,182	0	1,171	0	1,011
Novum Trust Homecoming Scotland ⁹	2,303	0	2,303	0	0
Keys to Freedom ¹⁰	1,000	0	1,000	0	0
The Methodist Church ¹¹	0	15,000	11,400	0	3,600
Other	0	7,792	7,792	0	0
	91,977	114,339	136,854	0	69,462

¹The Salary Support Fund is for funding received from various sources towards the salary costs of the

²The Connect Network was funded by grants from The Mercer's Company and Henry Smith.

³The Seedbed Trust grant was received to develop and deliver 'Kingsman' and other Social Enterprise projects.

⁴The National Lottery grant was received for the start-up equipment required for the expansion of employability provision into Sunderland.

⁵Scotland received funding to cover the first three years of piloting work in this area.

⁶The Sodexo grant was received for the faith work in HMP Northumberland.

⁷The HMP Durham grant was received for faith work in this prison.

⁸'Faith in Your Future' was established through a grant from the Seedbed Trust.

⁹The Novum Trust grant was given to fund the pilot of 'Homecoming' in Scotland.

¹⁰The Bay Church donated funds to cover the cost of a 'Keys to Freedom' training day with Junction 42.

¹¹The Employability work was funded by grants from the The Methodist Church.

¹²The Northumbria Police and Crime Commissioner and Violence Reduction Unit (VRU) gave a grant to fund Employability work with VRU clients.

¹³The Community Foundation grant was received to conduct a business consultancy, provide recommendations and begin the implementation of these.

¹⁴The Fiftyfour Two Foundation grant was given to deliver a Pilot round of the 'Work Out' employability programme in Scotland.