

Company Registration Number 4233289
Registered Charity Number 1141077

Career Connect
Annual Report and Consolidated Financial Statements
For
The Year Ended 31 March 2019

BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Career Connect
Consolidated Financial Statements
Year Ended 31 March 2019

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2019.

Reference and Administrative Details

Registered Charity Name	Career Connect
Charity Registration Number	1141077
Company Registration Number	4233289
Registered Office	Walker House Exchange Flags Liverpool Merseyside L2 3YL

The Trustees

The trustees who served the company during the period were as follows:

Mrs Deborah Shackleton CBE	Chair
Ms Aameena Ahmed	
Mr Nigel Bellamy	Chair Safeguarding Committee
Mrs Lorraine Dodd	Chair Achieve North West Connect
Mr Martin McEwan	Chair Investment and Remuneration Committee
Mr Kieran Gordon	Chief Executive
Ms Kath Wyke	Staff Trustee
Ms Kate Shone	Appointed 12/10/18
Ms Lyndsay MacAuley	Appointed 12/10/18

Co-opted and Independent Members

Mr Alexander Mansfield	Independent Chair Audit and Risk Committee Appointed 29/04/19
Ms Su Bramley	Co-opted Member
Ms Christine Bennett	Ex Officio Achieve North West Connect

Secretary Ms Gillian Holywell

Auditor Beever and Struthers
Chartered Accountants & Statutory Auditor
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M15 4JE

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Introduction from the Chair

This year the Charity has continued to contribute significantly to the well-being of young people and adults throughout Liverpool City region, Greater Manchester, Cheshire/Warrington and South Lancashire. In addition our Achieve North West Connect subsidiary has supported adult offenders across the North West region. The numbers of young people and adults who have been helped into training, education and employment over our 18 years of operating runs into tens of thousands and the overall long-term benefit in terms of impact on their lives is immeasurable.

However, there is no doubt that the continuing impact of Government austerity on funding has inevitably resulted in fewer resources being available to help meet the challenge faced by young people and adults in an increasingly difficult social and economic environment.

Despite this, with continuing innovation in practice and a committed and flexible workforce, the Charity has continued to achieve its objectives and targets in a wide range of contracts, delivering a first-class service to young people and adults. We work across more than 120 schools, providing independent advice and guidance on career options to young people leaving school. In addition, our work with adults extends across a large part of North West England via our delivery of the National Careers Service and the Achieve North West programme, with delivery in most North West Prisons and across a range of community sites. We are commissioned by 8 local authorities to support young people who are NEET (not in education, training or employment) and have had to be agile to adapt to the changing levels of funding available to support this work.

The key to our success has been the effective deployment and management of a committed and professional workforce which provides an ongoing range of support and impartial advice and guidance to help young people and adults realise their ambitions and potential. The inspiration offered by all staff goes beyond measurement in financial terms; their work provides invaluable assistance to the thousands of people with whom they come into contact.

Encouraging results have continued to be achieved with vulnerable clients, helping them to address and overcome significant barriers to engagement in learning and work. Lessons learned are shared with a range of partners and stakeholders with whom we have continued to develop strong working relationships at both strategic and operational levels.

The Charity has continued to invest in the development of its workforce: efficiently deploying resources to where need is greatest; and maintaining a high level of quality in service delivery and outcomes. The operating environment continues to be very challenging and it is encouraging that many of schools in Liverpool City region and increasing number in Manchester, Salford and Warrington purchase our careers service, despite the lack of funding at a national level from Government. The 2017 publication of a national careers' strategy was welcome to bring a focus on the need for better careers support for young people, but it lacks the necessary financial backing to make a significant difference. The Charity has worked hard to diversify its offer and to attract investment from a wider range of stakeholders; we attracted significant social investment to further support our work with young people vulnerable to underachievement and disengagement from learning and the labour market between 2011 and 2018, but the lack of a momentum in the social impact bond driven initiative has slowed down our ability to grow.

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Introduction from the Chair (continued)

It remains the Trustees' priority to continue to seek additional sources of investment, so that as full and comprehensive a range of services to young people can be fully reinstated at the earliest opportunity. Our recent success at delivering careers and enterprise projects on behalf of the Careers and Enterprise Company has helped to develop our offer and provide instructive benchmarks for careers policy at a national and regional level. The short-term nature of this funding keeps the pressure on to diversify and grow.

With such a challenging environment the Executive Team continues to explore additional ways of financing and delivering services, whilst recognising the critical need to maintain the highest levels of professional standards possible. Both quality of performance and reputation are essential to the ongoing credibility and standing of the Charity. Our work extends to funding innovative approaches to successful outcomes for clients as well as leveraging further investment in the Charity's mission.

The Board of trustees have kept pace with the changes in Charity Commission guidelines and expectations. We have taken steps to ensure the future financial viability of the Charity by addressing the 15 questions in the Charity Commission's finance and resilience guidance; taking action where necessary.

Looking to the future I know that we will continue to face challenges and that we will rise to each of these in turn and succeed in running the business of the Charity for the people it serves. To do this we have to thank all our staff who do such a marvellous job and I also thank fellow Trustees for their guidance and support throughout the year.

Deborah Shackleton
Chair
Board of Trustees



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Our Mission

Help individuals realise their potential and manage challenges through well informed career choices and practical actions to secure education, training and employment. We do this by addressing individuals' aspirations and awareness of career opportunities through independent careers guidance, as well as access to inspirational experiences and enterprise activities

Our Values

We are:

- Independent, for the client (service user);
- Reliable, confident in our service delivery and results;
- Responsive, able to adapt & change to improve results and manage fluctuations in resources;
- Innovative, we learn from doing & from feedback; we challenge ourselves to improve our methods of delivery to achieve positive results for our clients;
- Accountable, to clients for quality of service experience & outcomes; and to commissioners for value for money and service impact;
- Professionally proud of our staff for their commitment and contribution to our mission; and we invest in developing their talents and effectiveness;

We have:

- Integrity, driven by the desire to succeed and to evidence our impact through better choices and better results for our clients;

We:

- Work with others, to maximise the use of our talents and link our resources to the best of what is around;
- Measure impact, by analysing the relationship between our activity, output, impact and we report on this.
- We have a strong psychological contract with our staff: we expect a lot from our staff and in return we invest in their development and learning, providing a safe, equitable and respectful place of work;
- We deliver services which offer the right support, at the right time and in the right place for clients

Activities and Achievements

Operating Deficit and Diversification

The Charity managed another difficult year realising a budgeted financial deficit at year end.

During the year to March 2019 the Charity remodelled its workforce in line with operational requirements. The budget for the coming year reflects the reduction in income from a number of contracts, which have since been re-tendered with lower levels of available funding. As a result, a restructure of the workforce at all levels of the organisation has been undertaken resulting in restructuring costs of £286k, to mitigate a projected deficit in the coming year. The estimated workforce size will reduce to approximately 280 in the year ahead.

For the coming period, 2019-2023, the Company team has prioritised:

- Business growth;
- Business improvement;
- Financial sustainability; and
- Workforce development

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This will see a greater investment of resources in achieving each of these priorities. To do this we have commenced a programme of change which will seek to increase the contribution from existing contracts to the future viability of the Organisation and the development of new business to increase our reach and impact. We do not underestimate the size of the challenge, particularly in a climate of continued austerity, so we seek to work in partnership wherever possible to improve efficiency, achieve economy of services and guarantee their effectiveness by measuring their impact against need.

Business growth and improvement will be informed by enhanced analysis of data and experience from, and at, the frontline. Our programme of thought capital is still in its early stages but will be stepped up to identify those areas of need which are going unmet and where there are limitations on the ability of existing contracts to bring about the change needed for individuals to aspire, achieve and succeed in a dynamic and ever-changing employment market. We have learned a great deal from the success of our New Horizons programme and Unlocking Potential social impact bond projects, which operated between 2011 and September 2018. Working closely with investors and commissioners we aim to grow the proportion of social investment income and produce lasting solutions for some of the complex social problems facing young people in transition. This will include building on the strong relationships we have forged with investors at a local level. The financial backing provided by several Housing Associations for the innovative work in their neighbourhoods has produced impressive results and we aim to build on this relationship in the future.

Our business growth has recently taken us to new territories, most notably Sri Lanka and latterly Bahrain. Whilst these are small ventures in terms of funding, they indicate that our reputation as a leading provider of careers information, advice and guidance is strong and we hope to increase our overseas work to supplement income from national and local commissions and reinvest in work with young people and adults at home.

Reflecting on 2018/19

Our Work with Young People and Adults

We have worked with more than 150,000 individuals during the year, operating across 59 separate contracts across 25 commissioners. Contract tariffs and targets vary and activity ranges from one contract which supported 2,463 to achieve qualifications, others which supported 10,994 into education, training and employment and a specialist social inclusion programme which worked with 3,350 offenders and supported 1,003 of them into learning, training or employment. In addition, 84,930 additional phone conversations were held by our tracking team to follow up and progress customer outcomes. Our work with disadvantaged and vulnerable clients is a significant part of our work and this consumes proportionately a significant amount of available resources due to the complex nature of the issues involved for individuals; for example, in 2018/19 we worked intensively with 6,754 SEND clients (people with special educational needs and disabilities).

Impact of our work with Young People

During 2018/19 we provided impartial careers advice and guidance services to students on behalf of 147 schools. In addition, we provided post-school engagement and support services to young people outside of learning and employment opportunities in 9 local authorities. Our work in schools has reached more than 25,000 young people and careers activities have included providing more than 760 employer encounters, from our employer engagement work with 7000 employers across the North West region.

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Through working collaboratively with schools, we have supported 98.4% of all 16 and 17 year old school leavers into further learning or work. We have supported the local planning and delivery of the National Careers Strategy in local schools, including delivering a range of highly effective projects on behalf of the Government's Careers and Enterprise Company, the National Collaborative Outreach Programmes with Universities in Greater Manchester and Liverpool City Region. This has involved the delivery of training for Careers Leaders in schools, the provision of the Quality in Careers Standards Awards in local schools and best-practice delivery programme that will inform and support the roll out of the National Careers Strategy on behalf of the Department for Education.

Our work on behalf of local authorities has helped to reduce the numbers of 16-18 year-olds who are NEET (not in Education, Employment or Training) in most areas or prevent an increase in NEET in other areas by targeted interventions aimed at engaging and guiding young people into learning and work. However, where there are certain groups of 16/17 year olds whose levels of NEET or Not Known remain higher than the average for the age group, there is generally a lack of resources to support this growing need; these are often young people with Special Educational Needs or Disabilities, young people leaving public care and young offenders. Our young people's tracking service places Career Connect amongst the best performers in England in terms of the proportion of all young people who were engaged and whose education or employment status was known and verified.

The reduction in public funding to support vulnerable young people through local authority budgets has resulted in shrinking service levels. Whilst Career Connect has been successful in attracting alternative investment in addressing their needs, we are witnessing a greater level of uncertainty brought about by prolonged austerity measures. Three discrete ESIF financed programmes ended in March 2019; 2 in Greater Manchester and 1 in Cheshire focused on working with NEET young people. This was in addition to ESIF activity funded via local authority contracts in Liverpool City region's Ways to Work programme. Our award-winning Unlocking Potential, Social Impact Bond, project ended in 2018, having exceeded its outcome targets for client progression and achievement, which went beyond the anticipated return on investment for the Department for Work and Pensions and the social investors.

Looking forward, our aim is to engage with commissioners to increase understanding of and response to the needs of those young people who need additional help to overcome non participation and become economically and socially included in society, in particular the growing numbers of hidden NEET, typically young people aged 18-24 who are not engaged in learning or work and who are not in receipt of state benefits. Our achievements to date have been significant in addressing the needs of those young people we have been able to establish and maintain a relationship with:

Work with adults

The National Careers Service contract was re-tendered nationally in 2018 and despite a competitive and high scoring bid by Career Connect we were not successful in challenging the incumbent contractor, with whom we continue to contract to provide services from October 2018. The new contract has reduced in value due to a national reduction in the National Careers Service budget and a significant increase in the prime-contractor's management fee, resulting in lower outcome payments.

The contract is commissioned to work with unemployed and employed adults, with an emphasis on priority group customers who are furthest from the labour market across the areas of Liverpool City region, South Lancashire and Cheshire/Warrington. The reduction in outcome fees tariff and the increased expectation that more customers will move into sustainable employment has made the contract very challenging; operating on a 100% payment by results basis increases the risks for the Charity. The NCS team achieved a 99% customer satisfaction rating with all customers supported in the year.

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Work with offenders

Career Connect operated 2 significant contracts in the delivery of careers and resettlement services to prisoners in most North West prisons and via through the gate services as offenders return to the community. Achieve North West Connect, a subsidiary of the main Charity, provides a range of advice and support services to offenders across the entire North West region and is the highest performing provider in its class nationally under contract to Her Majesty's Prison and Probation Service (HMPPS). In addition, New Leaf, is a smaller ESIF funded contract operated on a supplier contract to a major Housing Association working across the Cheshire/Warrington area. The aim of the Charity is to build on the successful delivery and legacy of the ESIF-CFO contract with HMPPS and diversify our income streams to work with an increasing number of prisons under contract to deliver information, advice and guidance services to offenders. In addition, being mindful of the cessation of ESIF funding following Brexit we are seeking to grow our business base to sustain the knowledge and talent of our Achieve North West Connect subsidiary beyond 2023 by proactively tendering for new opportunities. The CFO contract had a 95% customer satisfaction rating in 2018/19.

Other work in support of young people and stakeholders

The creation of a new Government quango, the Careers and Enterprise Company (CEC), in 2015 has provided some funding to support careers and enterprise activity in schools. Career Connect has been successful in tendering for bespoke projects such as the deployment of an Enterprise Coordinator (one of 3 in the Liverpool City region) in association with the Liverpool City Region Learning and Enterprise Partnership (LEP). The role is designed to promote and build a network of enterprise advisers from business to work with local schools. We have also been successful in running a programme designed to develop models of Personal Guidance across a number of schools in Greater Manchester and Liverpool City Region via CEC funding, as well as through the acquisition of funds via the Higher Education National Collaborative Outreach Programme in Greater Manchester and Liverpool City region.

The nature of this funding is short term; however we are committed to developing longer term solutions by building on the success of these projects in the future. The short term nature of CEC contracts makes it difficult to establish sustainable support for schools and we have shared with the CEC our concerns and suggestions for how a more long term investment strategy could work.

On the back of the delivery of a programme of Careers Counsellor training for the United Arab Emirates in 2016/17 we have extended our international experience by gaining a contract to provide careers support via a small contract with Sri Lanka through the British Council in 2018 and with the government in Bahrain as part of a collaborative venture.

Relationships with strategic partners

The Charity works closely with the 6 Local Authorities of the Liverpool City Region, Salford City Council, Manchester City Council and partners in the Liverpool City Region Local Enterprise Partnership (LEP) and New Economy, the Greater Manchester LEP. The changes in public funding and policy has meant that the Charity has worked hard to maintain the positive working relationship with local authorities as they came to terms with cuts in funding and focus attention on the needs of young people who need help in managing the transition from school to adult and working life.

The National Careers Service contract positioned the Charity as a key agency working with strategic IAG partners across the North West of England including: The Growth Company as the prime contractor, Jobcentre Plus, Housing Associations and local community groups.

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The Charity has increased its engagement with employers and has targeted this as an important area for further development in the years ahead. The aim of this work is to engage business in improving the quality of careers information into schools as well as supporting business to attract, recruit and retain talent from the local workforce.

The Charity has strengthened its relationship with significant social investors, such as Bridges Ventures and Big Society Capital bank as well as local Housing Associations who have invested in the Charity's New Horizon and Unlocking Potential programmes. Career Connect has strengthened these relationships to grow sources of revenue for important projects at a time when Government funding is reducing drastically for such work.

The Charity has continued to provide a successful financial service to Adviza Partnership.

The Digital Dividend

We are investing in improving access to services and solutions for our clients and a major aspect of this development is the application of digital technology. Our Get Connected digital careers programme in schools provides interactive learning, information and advice activities for students, teachers and parents. It enables schools and their students to take ownership of career planning and decision making as part of the school curriculum. Other ways in which we are developing digital techniques is the ongoing investment in social media engagement with young people and adults and in our thought leadership led marketing activity.

Environmental Impact

A campaign of responsible procurement and utilisation of resources has resulted in significant gains toward our environmental responsibilities. Measures have included: the appointment of environmental champions in all localities; environmental sustainability targets in all operational and area plans; promotion of car share and cycle to work schemes; promotion of alternatives to plastic; and membership of and adherence to the Friends of the Earth environmental campaigns. Results in 2018/19 have included: a reduction in paper usage (594 fewer reams) and confidential waste by 25%, the equivalent of 15 trees saved; a 479 reduction in the number of printer toner cartridges used; a 61,048 reduction in travel miles claimed, amounting to 21% decrease; a £2,500 saving on electricity costs; a 31% reduction in water costs and; a saving of over £1,000 on gas costs.

Significant Risks

The uncertainty of public funding and the extended period of austerity has affected most areas of the business. The reducing levels of funding set against the expectations of no reduction in service delivery and outcome has placed great stress on the resources of the Charity. Turnover has dropped by 36% since 2015 and the move to smaller and fragmented contracts has increased the pressure on management time. Our forward strategy will seek to address this to bring about a sustainable resource base with which to improve and grow. This will be based on intelligence-driven marketing (thought capital) and careful cost management.

The reduction in funding has had a deleterious effect on the ability of the Charity to keep pace with inflationary movements in our cost base. This is particularly so for our ability to reward staff and ensure that their remuneration is in line with market rates for the level of skills required to provide effective careers and employability services. The attraction and retention of talent is becoming an increasing challenge. Our investment in skills training and a rewards-based remuneration will be critical to our future growth and prosperity. Our employee development plans will invest resources in our home-grown Feeling Good, Functioning Well programme which aims to promote and enable positive life and work strategies and behaviours for all employees and to realise these benefits in the way in which we approach our work with young people and adult based support.

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Performance Summary 2018/19

The trustees consider that the performance for the year was satisfactory achieving a forecasted operating deficit at a time when the majority of its contracts have either been re-tendered or have ended, while undergoing substantial remodelling of the workforce. The performance reflects the success of the workforce in delivering outcomes for clients, tight fiscal management and control, and good performance on a number of payment by result contracts.

Financial Review 2018/19

The Group faced considerable challenge during the year with the continuing pressure on public finances and the continued uncertainty around Brexit. This has meant a continuing period of wage restraint. The Charity is confident that it will continue to provide the services required with continuing innovation, diversity and financial control through diversification and competitive tendering for future business.

Overall investments maintained value during the year the Board believes that with the marginal returns on funds held in cash the current Investment portfolio (reviewed throughout the year) will continue to provide a better return overall.

Group Income for the year ended 31 March 2019 was £12.385 million (2017/18 £14.446 million) of which £8.540 million (2017/18 £11.088 million) was achieved by the Charity and £3.845 million (2017/18 £3.278 million) from non-charitable activities (principally its two trading subsidiaries).

The Group spent £12.857 million (2017/18 £14.301 million) before adjusting for the Defined Pension costs under FRS 102, of which £10.739 million (2017/18 £12.961 million) was on charitable activities.

At 31 March 2019 total unrestricted reserves were £4.504 million after taking account of the defined pension scheme asset of £7.106 million which can only be utilised to reduce the employer contribution to the Merseyside Pension Fund in future years. Free unrestricted reserves as defined by the Charity Commission, after deducting the value of tangible fixed assets held for the Charity's own use, were £4.196 million.

The Trustees recently reviewed the Charity's reserve policy maintain minimum reserves to cover 3 months normal running costs in the long term. This is currently within the Charity's overall financial position and will be reviewed on a regular basis.

The Charity requires reserves to allow it to fulfil its charitable objectives, obligations and the commitments that it enters into. Reserves are also required to ensure continuance of its objectives and operations in the event of any unexpected revenue shortfall.

Free reserves are defined by the Charity Commission as unrestricted funds available to spend on the general purposes of the charity and therefore excluding those designated for particular purposes and those already utilised in purchasing tangible fixed assets.

Reserves are also required to allow investment in new working practices and delivery systems in the light of changing public funding with the move towards more output related financing which will place a greater strain on the Charity's cash flow.

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Employee Relations

The Charity has a comprehensive communication strategy to employees including:

- An interactive Intranet system with access electronically to all policies and procedures
- A weekly brief to all staff
- A regular schedule of team meetings
- A series of Chief Executive briefings for all staff
- An annual staff briefing and engagement survey
- Good working relationship with Trade Unions
- A staff representative on the Board of Trustees

The Charity has a positive approach to people with disabilities including help with job applications, facilitation at interviews and on-going support in individual roles. This can include special equipment, specialist training and on-going support from managers and teams.

Structure, Governance and Management

Career Connect is a registered charity (number 1141077) and a company limited by guarantee (number 4233289) and is governed by its Articles of Association dated 13 June 2001 and amended by Special Resolutions dated 22 September 2010, 11 March 2011 24 April 2014 and 9 June 2017. Career Connect has two wholly owned subsidiary companies, Achieve North West Connect and Career Connections Limited.

Governing Body, recruitment, training and performance

The Charity has adopted the Charity Governance Code and strives to achieve best practice. The Board of Directors is responsible for the overall governance of the Charity and to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board conducts its business at a minimum of six meetings throughout the year, receiving regular and timely information on financial and operational performance. The Board is also supplemented by Audit and Risk and Investment and Remuneration Committees.

There are currently a total of ten directors and two co-opted members who represent a spread of experience and interests in the field we operate. This year the Charity has been successful in recruiting two new directors and a new co-opted member who has also become Chair for Audit and Risk Committee.

Potential directors are identified by partner organisations or serving directors and have the necessary skills, experience and enthusiasm to complement the current Board in addition to those appointed by open advertisement.

The Charity has updated procedures to reflect guidance provided by the Charity Commission regarding trustee and senior management eligibility with effect from 1 August 2018.

Each director will receive the Charity Commissioners Trustee guide which covers internal and external requirements; the Board also reviews its own training needs and performance annually, in the form of an Effectiveness Review led by the Chair.

The Board has agreed the terms of reference for each committee and has also agreed a policy of Delegated Authority to the Executive, retaining responsibility for key strategic decisions. Throughout the year the Board has scrutinised the operations of the Executive, within this authority.

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The Board has a strong and independent non-executive element, with no individual or group dominating its decision making process. All non-executive members are considered independent of management.

Public Benefit

The Board confirms that it has complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit.

The charitable purpose for the charity within the meaning of the Act is enshrined within its objects, as given in the memorandum and articles of association, and as described in this report.

The majority of activities undertaken by the Charity are for the public benefit and include:

- The delivery of relevant up to date careers information, advice and guidance to adults and young people according to individual need
- The support of vulnerable and disadvantaged young people and adults to achieve their potential
- The support of adults and young people from a wide range of backgrounds and circumstances through their transition into further learning and work

Executive Management

Responsibility for the planning, co-ordination and day-to-day management of staff and operations is delegated to an Executive team of Directors led by the Chief Executive and supported by a Senior Leadership team. Formal reporting by the Chief Executive to the Board takes place at regular Board meetings and informally as appropriate throughout the year. The systems of control that are designed to provide reasonable assurance regarding risk management and against material misstatement or loss include:

- An annual budget approved by the Board
- Financial reports to every Board meeting including forecasts against budget
- Regular review of financial results, variance from budget and non-financial performance indicators and reports
- A clear delegation of authority and segregation of duties
- Identification and management of risks, reported regularly to Board and Audit and Risk Committee
- Regular meetings of the Audit and Risk and the Investment and Remuneration Committees
- A comprehensive 3 year Internal Audit plan agreed by the Board and delivered by Mazars.

Audit and Risk Committee

The committee comprises up to 10 members, of whom the majority are non-executive members of the Board and also includes the Company's Internal Auditor (Mazars). The Chair and Chief Executive are attendees but not members of the Committee. The External Auditor attends as appropriate throughout the year and open dialogue is encouraged between non-executive members and the Auditors.

The committee meets at least four times a year and provides a forum for reporting by the Charity's external and internal auditors, who have full independent access to members. The committee also receives reports from other independent bodies as appropriate.

The Internal Auditor monitors the systems of internal control, risk management and governance procedures in accordance with an Annual Audit Plan, reporting their findings to the committee and to management. The Audit Plan is drawn up in consultation with management using a risk based approach.

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The committee regularly reviews the Risk register, in particular the potential for new risks and the effectiveness of monitoring and control actions agreed.

Statement of Internal Control

The Board has responsibility for maintaining a good, sound system of internal control that supports the achievement of Charity policies, aims and objectives, whilst safeguarding the funds and assets of the Charity.

The system of internal control is designed to assess and manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Our system of control is based on an on-going process designed to identify the principal risks to the achievement of Charity aims and objectives to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. Risk Management Policy and Strategy continues to reflect the changes and challenges facing the organisation.

The Board through the Audit Committee review the Risk Register during the year and monitor progress on the risks identified and the procedures in place for identification and management of risk.

The Agenda for the Board and its Audit and Risk Committee includes, as a standing item, the area of risk management which is considered on a regular basis throughout the year.

The Charity reviews its Risk management Procedures and processes on an ongoing basis to ensure that it is fit for purpose in the changing operational environment and is fully embedded within the organisation.

Any review of the effectiveness of internal control is informed by regular reports from Charity's internal auditors and by the Chief Executive who is responsible for the integration and implementation of Risk Management.

The Board received an annual review from the Company's Internal Auditors, Mazars, which gave an overview on all the Internal Audits completed during the year to March 2019. Mazars annual opinion on the framework of governance, risk management and control are reported under the following categories:

- Substantial
- Moderate
- Limited
- Unsatisfactory

The Internal Auditors overall opinion of the review was "On the basis of our audit work, our opinion on the framework of governance, risk management and control is **Moderate** in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work, however none were considered fundamental."

In addition, the External Auditor again found no material weaknesses in the Charity's systems.

As an important part of the Risk management process the Charity regularly reviews its Safeguarding and Whistle Blowing Policy and Procedures and continues to review its practice to ensure that staff are fully conversant with the changing requirements and challenges of the job.

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Provision of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information.

Responsibilities of the Trustees

The Trustees (who are also Directors of Career Connect for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 group will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Beever and Struthers are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the Trustees on 21 October 2019



Ms Gillian Holywell
Company Secretary

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Risk Management

Risk is an uncertain event, which may have a positive or negative effect on an organisation meeting its strategic objectives. Risk arises as much from the non-realisation of potential opportunities as from the occurrence of potential threats. It is not possible to entirely eliminate risk.

The Charity has adopted a common approach to the management of risk throughout the organisation. This will be achieved via adherence to the risk management procedures.

The Charity will identify and agree the level of risk exposure that it will tolerate. This is required to:

- make clear what activities the Charity (where it has a choice) will and will not engage in;
- help inform decision making;
- shape corporate and other individual strategies;
- help inform business and strategic planning;
- help prioritise the management and reporting of risks;
- proactively review opportunity risk; and
- assess the risk arising from the new activities and opportunities.

The above will be considered in the context of overall the Charity objectives.

The Charity seeks to be risk aware rather than risk averse. Every member of staff, from the directors through line managers to the individual employee must be aware of the nature of risk, and the agreed system of control.

The Charity will adopt a pro-active approach to risk management which:

- anticipates the possibility that unforeseen events may adversely affect the achievement of key objectives; and
- maximises the possibility that opportunities are taken to progress all objectives.

The risk management process is designed to ensure that potential opportunities and threats are proactively and systematically identified, assessed and addressed. It also provides for the monitoring and reporting of risk on an ongoing basis, and is capable of independent verification.

Pensions

The group operates a number of funded defined-benefit pension scheme and a money purchase scheme as the auto-enrolment alternative. The effect of compliance with FRS102 is disclosed in Note 16 to the financial statements. The annually calculated notional surplus or deficit on the funding of the Schemes is shown in the financial statements as a designated fund entitled "Pensions Provision", which is added or deducted from Unrestricted Funds in the balance sheet. A valuation carried out at 31 March 2019 shows the market value of the assets of the schemes to be £139.252 million and the present value of the liabilities £131.031 million. The net surplus on the Schemes of £8.221 million is a statement of the transient situation at 31 March 2019, and the Trustees recognise that this can fluctuate year on year notably in response to market factors and the actuarial assumptions made.

Independent Auditor's Report to the Members of Career Connect

Year Ended 31 March 2019

Opinion

We have audited the financial statements of Career Connect (“the parent charitable company”) and its subsidiaries (“the Group”) for the year ended 31 March 2019 which comprise the Statement of Financial Activities, Consolidated and Company Balance Sheets, the Cash Flow Statement and the related notes. 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 group’s and parent charitable company’s affairs as at 31 March 2019 and of the group’s incoming resources and application of resources 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 the financial statements section of our report. We are independent of the group and 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 to you 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 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 (who are also the directors of the group and charitable company for the purposes of company law) 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.

Independent Auditor's Report to the Members of Career Connect *(continued)*

Year Ended 31 March 2019

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 which includes the directors' report and the strategic report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees (who are also the directors of the group and 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Career Connect *(continued)*

Year Ended 31 March 2019

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 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Maria Hallows (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Statutory Auditor
St George's House
215-219 Chester Road
Manchester M15 4JE

Date: 7. 11. 19

Career Connect

Consolidated Statement of Financial Activities (Incorporating the Consolidated Income and Expenditure Account)

Year Ended 31 March 2019

	Note	Unrestricted Funds and Total 2019 £	Unrestricted Funds and Total 2018 £
Income from:			
Charitable activities	2	8,540,429	11,087,560
Other trading activities	22	3,755,847	3,278,214
Investments	3	1,116	361
Other	4	87,414	80,095
Total income		12,384,806	14,446,230
Expenditure on:			
Raising Funds	22	(3,393,161)	(2,905,240)
Charitable activities	5	(11,853,986)	(12,960,936)
Other - Pension finance charge	16	240,000	262,000
Total expenditure		(15,007,147)	(15,604,176)
Corporation tax	6	-	-
Net gains on investments	11	140,833	6,666
Net (expenditure)	7	(2,481,508)	(1,151,280)
Other recognised (losses)/gains:			
Actuarial (losses)/gains on defined benefit pension schemes	16	(57,000)	19,000
Net movement in funds		(2,538,508)	(1,132,280)
Reconciliation of funds:			
Total funds brought forward		14,148,496	15,280,776
Total funds carried forward		11,609,988	14,148,496

The Statement of Financial Activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year plus any realised gains and losses, and was a deficit of £2,538,508 (2018 deficit of £1,132,280).

The notes on pages 22 to 37 form part of these financial statements.

Career Connect
Consolidated Balance Sheet
31 March 2019

	Note	2019 £	2018 £
Fixed assets:			
Tangible assets	10	308,326	434,519
Investments	11	<u>2,418,496</u>	<u>2,277,663</u>
Total fixed assets		2,726,822	2,712,182
Current assets:			
Debtors	13	2,073,774	2,664,775
Cash and cash equivalents	14	<u>3,200,427</u>	<u>2,398,940</u>
Total current assets		5,274,201	5,063,715
Liabilities:			
Creditors: Amounts falling due within one year	15	<u>(3,281,654)</u>	<u>(2,664,933)</u>
Net current assets		<u>1,992,547</u>	<u>2,398,782</u>
Total assets less current liabilities		4,719,369	5,110,964
Provisions for liabilities	17	<u>(215,381)</u>	<u>(327,468)</u>
Net assets excluding pension asset		4,503,988	4,783,496
Defined benefit pension scheme asset	16	<u>7,106,000</u>	<u>9,365,000</u>
Total net assets		<u>11,609,988</u>	<u>14,148,496</u>
The funds of the charity:			
Unrestricted income funds		<u>11,609,988</u>	<u>14,148,496</u>
Total charity funds		<u>11,609,988</u>	<u>14,148,496</u>

These financial statements were approved and signed by the members of the Board and authorised for issue on 21/10/19



Mr Kieran Gordon
Director

Company Registration Number: 4233289
Registered Charity Number 1141077

The notes on pages 22 to 37 form part of these financial statements.

Career Connect
Company Balance Sheet
31 March 2019

	Note	2019 £	2018 £
Fixed assets:			
Tangible assets	10	308,326	431,386
Investments	11	<u>2,418,496</u>	<u>2,277,663</u>
Total fixed assets		2,726,822	2,709,049
Current assets:			
Debtors	13	1,918,567	2,334,258
Cash and cash equivalents	14	<u>1,587,064</u>	<u>1,509,140</u>
Total current assets		3,505,631	3,843,398
Liabilities:			
Creditors: Amounts falling due within one year	15	<u>(1,774,360)</u>	<u>(1,689,676)</u>
Net current assets		<u>1,731,271</u>	<u>2,153,722</u>
Total assets less current liabilities		4,458,093	4,862,771
Provisions for liabilities	17	<u>(215,381)</u>	<u>(327,468)</u>
Net assets excluding pension asset		4,242,712	4,535,303
Defined benefit pension scheme asset	16	<u>7,106,000</u>	<u>9,365,000</u>
Total net assets		<u>11,348,712</u>	<u>13,900,303</u>
The funds of the charity:			
Unrestricted income funds		<u>11,348,712</u>	<u>13,900,303</u>
Total charity funds		<u>11,348,712</u>	<u>13,900,303</u>

These financial statements were approved and signed by the members of the Board and authorised for issue on 21.10.19

Mr Kieran Gordon
Director



Company Registration Number: 4233289
Registered Charity Number 1141077

The notes on pages 22 to 37 form part of these financial statements.

Career Connect

Consolidated Cash Flow Forecast

Year Ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
<i>Net cash provided by operating activities</i>	890,304	1,064,662
Cash flows from investing activities		
Interest on investments	1,116	361
Purchase of property, plant and equipment	(36,268)	(96,662)
Proceeds from the sale of property, plant and equipment	387	-
Purchases of other investments	(396,154)	(432,833)
Proceeds from sale of other investments	342,102	346,401
<i>Net cash used in investing activities</i>	(88,817)	(182,733)
Net increase in cash and cash equivalents	801,487	881,929
Cash and cash equivalents at beginning of year	2,398,940	1,517,011
Cash and cash equivalents at end of year	<u>3,200,427</u>	<u>2,398,940</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period	(1,366,507)	(1,151,280)
Adjustments for:		
Depreciation of tangible assets	162,072	184,726
(Losses)/gains on investments	(86,781)	79,766
Interest received	(1,116)	(361)
Taxation	-	-
Pension finance cost	(240,000)	(262,000)
Defined Benefit Scheme cost less contributions payable	1,327,000	1,554,000
Loss on disposal of tangible assets	-	-
Decrease in debtors	591,001	488,303
Increase in creditors	616,722	104,784
(Decrease)/increase in provisions	(112,087)	66,724
Net cash provided by operating activities	<u>890,304</u>	<u>1,064,662</u>

Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	3,200,427	2,398,940
Cash and Cash Equivalents	<u>3,200,427</u>	<u>2,398,940</u>

The notes on pages 22 to 37 form part of these financial statements.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (effective 1 January 2015) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Career Connect meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of the accounts on a going concern basis

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. There are no material uncertainties about the charity's ability to continue as a going concern and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Group financial statements

The group financial statements consolidate the accounts of Career Connect and all its subsidiary undertakings made up to 31 March each year.

A separate Statement of Financial Activities and Income and Expenditure account for the charity has not been presented, because the trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Income

Income comprises mainly grant and contract funding for projects from government and other bodies. Additional income arises from trading income of subsidiaries, premises income and interest received.

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for provision of specified services is deferred until the criteria for income recognition are met.

Volunteers

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

Fund Accounting

Unrestricted funds comprise accumulated surplus and deficits on general funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and that have not been designated for other purposes. Restricted funds are subject to special conditions imposed by the donor.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

1. Accounting Policies *(continued)*

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of charitable activities are costs in furtherance of the charity's objects relating to the provision of information, advice and guidance and external training programmes.
- Costs of commercial trading operations represent the costs of the Charity's subsidiaries, Career Connections and Achieve North West. Further details are presented in Note 22 of the accounts.
- Other costs include finance costs in respect of the defined benefit pension scheme.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include head office costs, payroll, IT, HR and support staff.

Governance costs are those relating to the Charity itself, not its objects and include external audit, any legal advice for the Trustees and any costs associated with complying with constitutional and statutory requirements e.g. the costs of Trustees meetings and preparing statutory accounts.

Fixed Assets

Tangible fixed assets are stated at historical cost less depreciation and any impairment. Depreciation is charged on fixed assets in order to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

Equipment	- 36 and 60 months
Fixtures & Fittings	- 48 months
Leasehold Property	- Over the shorter of the lease period and 5 years

Investments

Fixed asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Current asset investments are stated at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any 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 and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition.

Creditors and Provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event and where the amount of the obligation can be reliably estimated. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

1. Accounting Policies *(continued)*

Financial instruments

The charity 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 measured at fair value.

Pension Costs

The charity operates three defined benefit pension schemes for employees. The assets of the scheme are held separately from those of the charity.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resources expended categories in the statement of financial activities. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the statement of financial activities. Net pension finance income is recognised as an incoming resource in the statement of financial activities. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme surplus (to the extent that it can be recovered) is recognised in full on the balance sheet, net of related deferred tax.

The charity also participates in a defined contribution pension scheme, in respect of which the charge to the Statement of Comprehensive Income represents the total employer liability for service received from the relevant employees in the year.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the period of the lease

Taxation

Career Connect is exempt from corporation tax on its charitable activities under the available provisions of the Corporation Tax Act 2010. For Achieve North West Connect and Career Connections Limited provision is made at current rates of taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

The trading subsidiaries undertake to Gift Aid profits, to the extent that the Directors of the subsidiary judge that they do not need to be retained in the business.

Career Connect
Consolidated Cash Flow Forecast
Year Ended 31 March 2019

2. Incoming Resources from Charitable Activities

	Unrestricted Funds	Total Funds 2019	Unrestricted Funds and Total 2018
	£	£	£
Core income	3,546,944	3,546,944	3,306,924
Other income	69,374	69,374	16,015
School/colleges income	1,081,698	1,081,698	997,607
Training income	64,769	64,769	57,607
Development Fund income	192,010	192,010	-
Skills Funding Agency income	1,321,746	1,321,746	2,453,538
Local Authority income	228,543	228,543	306,289
Gift aid donation	4,210	4,210	2,915
Lottery Fund income	106,340	106,340	112,345
ESF income	1,715,224	1,715,224	2,672,637
Social Investment income	109,546	109,546	918,782
National Grid income	9,920	9,920	111,928
CEF income	84,131	84,131	94,035
Bursary income	5,974	5,974	36,938
	<u>8,540,429</u>	<u>8,540,429</u>	<u>11,087,560</u>

3. Investment Income

	Unrestricted Funds	Total Funds 2019	Unrestricted Funds and Total 2018
	£	£	£
Bank interest receivable	1,116	1,116	361
	<u>1,116</u>	<u>1,116</u>	<u>361</u>

4. Other Incoming Resources

	Unrestricted Funds	Total Funds 2019	Unrestricted Funds and Total 2018
	£	£	£
Premises income	87,414	87,414	80,095
	<u>87,414</u>	<u>87,414</u>	<u>80,095</u>

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

5. Costs of Charitable Activities

	Unrestricted Funds	Total Funds 2019	Unrestricted Funds and Total 2018
	£	£	£
Wages and salaries	6,178,160	6,178,160	6,982,016
Employers NIC	529,305	529,305	626,289
Pension costs	2,721,484	2,721,484	1,743,225
Redundancy and ex-gratia	194,496	194,496	10,023
Other motor/travel costs	149,397	149,397	163,951
Telephone and IT costs	734,173	734,173	685,168
Other office costs	513,036	513,036	1,195,869
Agency and secondment costs	-	-	8,671
Recruitment costs	1,350	1,350	21,719
Training and development	39,732	39,732	150,715
Depreciation	162,072	162,072	178,759
Project costs	590,675	590,675	1,127,569
Governance costs	40,106	40,106	66,962
	<u>11,853,986</u>	<u>11,853,986</u>	<u>12,960,936</u>

The above costs include £1.781m (2018: £2.081m) in relation to support costs. Support costs relate to payroll, IT, HR, support staff and head office functions.

6. Taxation on Ordinary Activities

Analysis of charge in the year

There is no tax charge relating to 2019 for any of the companies within the group.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

7. Net Income / Expenditure

This is stated after charging:

	2019	2018
	£	£
Staff pension contributions	1,866,357	2,009,042
Depreciation	162,072	185,026
Operating lease costs	182,813	185,350
Auditors' remuneration:		
- audit of the financial statements	20,480	20,000
- tax compliance and VAT advisory	7,498	5,987

8. Trustees, employees and key management personnel

	2019	2018
	£	£
Wages and salaries	7,811,988	8,426,127
Social security costs	675,558	760,950
Other pension costs	1,866,357	2,009,042
Redundancy and ex-gratia	194,496	10,023
	<u>10,548,399</u>	<u>11,206,142</u>

Other pension costs above represents the total operating charge included in resources expended in the statement of financial activities and does not include amounts included in other comprehensive income (see note 16).

Staff Numbers:

The average monthly headcount was 340 staff (2018: 390 staff) and the average monthly number of full-time equivalent employees during the year (including casual and part-time staff) was as follows:

	2019	2018
	No	No
Staff	311	350
	<u>311</u>	<u>350</u>

The number of employees whose remuneration for the year fell within the following bands, was:

	2019	2018
	No	No
£80,000 to £89,999	1	2
£110,000 to £119,999	1	1

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

8. Trustees, employees and key management personnel (continued)

Key Management Personnel

The key management personnel comprises of the Executive Directors. The full time equivalent during the year was 2 (2018:3).

Directors' Emoluments	2019 £	2018 £
The directors' aggregate emoluments in respect of qualifying services were:		
Emoluments receivable (including benefits in kind)	202,530	273,561
Value of company contributions to defined benefit pension schemes	<u>45,853</u>	<u>57,510</u>
	<u>245,383</u>	<u>331,071</u>
Emoluments of highest paid director		
Total emoluments (excluding pension contributions)	<u>117,086</u>	<u>111,700</u>

The number of directors who are accruing benefits under defined benefit pension schemes was as follows:

	2019 No	2018 No
Defined benefit pension schemes	<u>2</u>	<u>3</u>

Trustees Remuneration and Expenses

Deborah Shackleton, Chair of the Board of Trustees, received remuneration of £5,460 in the year ended 31 March 2019 (2018: £5,460). None of the other trustees received any remuneration for services as a trustee or director of the charitable company during the current or previous year. Expenses of £321 (2018: £599) were reimbursed to 2 (2018: 2) trustees during the year in relation to travel and other expenses.

9. Deficit attributable to Members of the Parent Company

The amount of group deficit attributable to Career Connect which has been dealt with in its own accounts is £2.552m (2018: deficit of £1.251m). Career Connect has taken advantage of Section 408 of the Companies Act 2006 allowing it not to publish its own income and expenditure account.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

10. Tangible Fixed Assets

Group	Equipment £	Leasehold Property £	Total £
Cost			
At 1 April 2018	2,643,880	1,956,550	4,600,430
Additions	26,897	9,371	36,268
Disposals	(2,457)	-	(2,457)
At 31 March 2019	<u>2,668,320</u>	<u>1,965,921</u>	<u>4,634,241</u>
Depreciation			
At 1 April 2018	2,560,445	1,605,466	4,165,911
On disposals	(2,068)	-	(2,068)
Charge for the year	50,532	111,540	162,072
At 31 March 2019	<u>2,608,909</u>	<u>1,717,006</u>	<u>4,325,915</u>
Net book value			
At 31 March 2019	<u>59,411</u>	<u>248,915</u>	<u>308,326</u>
At 31 March 2018	<u>83,435</u>	<u>351,084</u>	<u>434,519</u>

Company	Equipment £	Leasehold Property £	Total £
Cost			
At 1 April 2018	2,625,080	1,956,550	4,581,630
Additions	26,897	9,371	36,268
Disposals	(2,457)	-	(2,457)
At 31 March 2019	<u>2,649,520</u>	<u>1,965,921</u>	<u>4,615,441</u>
Depreciation			
At 1 April 2018	2,544,778	1,605,466	4,150,244
On disposals	(2,068)	-	(2,068)
Charge for the year	47,399	111,540	158,939
At 31 March 2019	<u>2,590,109</u>	<u>1,717,006</u>	<u>4,307,115</u>
Net book value			
At 31 March 2019	<u>59,411</u>	<u>248,915</u>	<u>308,326</u>
At 31 March 2018	<u>80,302</u>	<u>351,084</u>	<u>431,386</u>

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

11. Investments

Group and Company
Rathbones Investment Portfolio

	£
Market value at 1 April 2018	2,277,663
Additions	396,154
Disposals	(342,102)
Unrealised gain in year	<u>86,781</u>
At 31 March 2019	<u>2,418,496</u>

The investments are held with Rathbone Investment Management Limited. The historic cost of these investments at 31 March 2019 was £2,165,151 (2018:£2,056,093). Investments are shown at market value at the balance sheet date.

12. Investments in subsidiaries

The Company was the sole member of two companies limited by guarantee: Career Connections Limited (company number 03141192) and Achieve North West Connect (company number 03075969). The principal activities of Career Connections Limited during the year were commercial services and sale of products which support the Charity. The principal activity of Achieve North West Connect was providing the additional advice information and guidance services of Career Connect, relating to Her Majesty's Prison and Probation Service (HMPPS).

Both of the above companies, which are registered in England and Wales, are included in the consolidated accounts.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

13. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,319,103	1,428,235	1,315,053	1,266,235
Amounts owed from group undertakings	-	-	79,256	40,512
Other debtors	8,073	9,237	8,073	7,714
Prepayments and accrued income	746,598	1,227,303	516,185	1,019,797
	<u>2,073,774</u>	<u>2,664,775</u>	<u>1,918,567</u>	<u>2,334,258</u>

14. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank and in hand	<u>3,200,427</u>	<u>2,398,940</u>	<u>1,587,064</u>	<u>1,509,140</u>

15. Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	43,233	97,567	40,895	88,927
Amounts owed to group undertakings	-	-	54,656	31,915
Corporation tax	-	-	-	-
Other taxation and social security	713,713	731,362	713,713	731,021
Other creditors	4,427	1,531	-	1,344
Accruals and deferred income	2,520,281	1,834,473	965,096	836,469
	<u>3,281,654</u>	<u>2,664,933</u>	<u>1,774,360</u>	<u>1,689,676</u>

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

16. Pensions

The Merseyside Pension Fund (MPF) is a defined benefit scheme relating to those employees that transferred from Career Connections Limited, Career Decisions Limited, St Helens Career Services Limited and Connexions Cheshire and Warrington in April 2002. The scheme is funded and is contracted out of the state scheme. At 31 March 2019, 138 employees were members, there were 326 deferred members, 219 pensioners. The company's contribution rate is set at 23.7%.

The Greater Manchester Pension Fund (GMPF) is a defined benefit scheme relating to those employees that transferred from Manchester and Salford TYS in November 2015 and from Achieve North West Connect in July 2015. The scheme is closed to new employees of Career Connect and at 31 March 2019, 105 employees were members, there were 2 deferred members and 5 pensioners. The company's contribution rates are set at 19.1% Manchester/Salford and at 30.0% for Achieve North West Connect.

The schemes are multi-employer schemes, whose contribution rates are determined by the profile of individual employer members. Contributions to the schemes during the financial year amounted to £399k of employer contributions and £324k member contributions.

The most recent actuarial valuation available was at 31 March 2016, which forms the basis of the contribution rates from April 2016 and uses the projected unit method.

The major assumptions used in this valuation were:

	2019	2018
	%	%
Rate of CPI inflation	2.2 to 2.4	2.1 to 2.3
Rate of increase in salaries	3.2 to 3.7	3.1 to 3.6
Rate of increase in pensions in payment and deferred pensions	2.3 to 2.4	2.2 to 2.3
Discount rate applied to scheme liabilities	2.4 to 2.5	2.6 to 2.7

Life expectancy Years	2019		2018	
	Male	Female	Male	Female
Of a current pensioner aged 65	21.5 to 22.2	24.1 to 25.0	21.5 to 22	24.1 to 24.8
Of a future pensioner aged 65	23.7 to 25.2	26.2 to 27.9	23.7 to 25	26.2 to 27.8

	2019	2018
	£'000	£'000
Current service cost	1,674	1,959
Past service cost	1,115	-
Net interest cost	(240)	(262)
Administration expenses	17	20
Effect of curtailments or settlements	-	-
Total pension cost recognised in income and expenditure	<u>2,566</u>	<u>1,717</u>

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

	2019	2018
	£'000	£'000
Present value of funded benefit obligation	132,085	120,714
Present value of unfunded benefit obligations	<u>61</u>	<u>62</u>
Total present value of benefit obligations	<u>132,146</u>	<u>120,776</u>
Closing fair value of plan assets	139,252	130,141
Surplus in scheme – included in balance sheet	<u>7,106</u>	<u>9,365</u>

Changes in the present value of the defined benefit obligation are as follows:

	2019	2018
	£'000	£'000
Opening defined benefit obligation	120,776	121,978
Current service cost	1,674	1,959
Past service cost	1,115	-
Interest cost	3,138	3,069
Member contributions	274	358
Actuarial (gains)/losses	7,388	(4,666)
Curtailments	35	-
Benefits paid	<u>(2,254)</u>	<u>(1,922)</u>
Closing defined benefit obligation	<u>(132,146)</u>	<u>120,776</u>

At the balance sheet date obligations amounting to £61,000 (2018: £62,000) included above were arising from unfunded schemes.

Change in fair value of scheme assets are as follows:

	2019	2018
	£'000	£'000
Opening value of scheme assets	130,141	132,616
Expected return	3,378	3,331
Actuarial (losses)/gains	6,616	(4,697)
Administration expenses	(17)	(20)
Employer contributions	399	425
Members contributions	324	358
Benefits paid	<u>(2,334)</u>	<u>(1,922)</u>
Return on assets	<u>745</u>	<u>50</u>
Closing Fair Value of Scheme Assets	<u>139,252</u>	<u>130,141</u>

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

16. Pensions (continued)

The Group expects to contribute £1,839,000 to the pension funds during the year ended 31 March 2020.

The Group has adopted Financial Reporting Standard 102 (FRS 102). FRS 102 requires that the Group includes the assets and liabilities of these arrangements in the Group's balance sheet. Current service costs, administration expenses, curtailment and settlement gains and losses, and net financial returns are included in the income and expenditure account in the period to which they relate. Actuarial gains and losses are recognised in the statement of other comprehensive income.

The Group's total pension expense included within Statement of Financial Activities for the year was £2,841,000 (2018: £1,979,000) being £1,674,000 (2018: £1,959,000) in respect of the current service cost, £1,115,000 (2018: £nil) in respect of past service costs, £17,000 (2018: £20,000) in respect of administration expenses and £35,000 (2018: £nil) in respect of the effect of curtailment or settlements. Finance income in respect of the pension scheme of £240,000 (2018: £262,000) were also recognised.

The total actuarial gain included in the statement of financial position is £9,308,000 (2018: £9,365,000).

None of the fair value of the assets includes any of the Group's own financial instruments or property occupied by, other assets used by, the Group.

The Group also participates in the Scottish Widows defined contribution pension scheme. Employer contributions to the scheme in the year ended 31 March 2019 amounted to £70,550 (2018: £74,128).

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

17. Provisions

Group and Company

	VAT £	Dilapidations £	Total £
At 1 April 2018	66,923	260,545	327,468
Utilised in the year	<u>(66,923)</u>	<u>(45,164)</u>	<u>(112,087)</u>
At 31 March 2019	<u>-</u>	<u>215,381</u>	<u>215,381</u>

18. Deferred Income

Deferred income comprises grant and other income received in advance.

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Balance at 1 April 2018	1,227,443	757,598	272,964	205,246
Amount released to income earned from charitable activities	<u>(1,227,443)</u>	<u>(757,598)</u>	<u>(272,964)</u>	<u>(205,246)</u>
Amount deferred in the year	<u>1,601,794</u>	<u>1,227,443</u>	<u>217,773</u>	<u>272,964</u>
Balance at 31 March 2019	<u>1,601,794</u>	<u>1,227,443</u>	<u>217,773</u>	<u>272,964</u>

19. Commitments under Operating Leases

At 31 March 2019 the group and company had commitments of future minimum lease payments under non-cancellable operating leases as set out below.

Group and Company	2019 Land and buildings £	2018 Land and buildings £
Operating leases which expire:		
Within 1 year	172,500	182,813
Within 2 to 5 years	123,236	295,736
After more than 5 years	-	-
	<u>295,736</u>	<u>478,549</u>

20. Legal Form

Career Connect is a company limited by guarantee without share capital, incorporated in England.

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

21. Financial Instruments

	Group 2019	Company 2019	Group 2018	Company 2018
The Group's financial instruments may be analysed as follows	£	£	£	£
Financial assets that are debt instruments measured at amortised cost:				
Cash at bank and in hand	3,200,427	1,587,064	2,398,940	1,509,140
Amounts due from group companies	-	79,256	-	40,512
Trade debtors	1,319,103	1,315,053	1,428,235	1,266,235
Other debtors and accrued income	522,912	292,499	1,101,844	892,815
Financial liabilities at amortised cost:				
Amounts due to group companies	-	54,656	-	31,915
Trade creditors	43,233	40,895	97,567	88,927
Accruals and other creditors	1,448,085	1,235,743	1,178,582	1,134,871

Career Connect

Notes to the Financial Statements

Year Ended 31 March 2019

22. Subsidiary Information

A summary of the results and the financial position of the 100% owned non-charitable subsidiary companies is as follows:

	Career Connections £	Achieve North West Connect £	Total £
Income	273,992	3,481,855	3,755,847
Operating costs	<u>(268,538)</u>	<u>(3,303,532)</u>	<u>(3,572,070)</u>
Operating surplus	5,454	178,323	183,777
Gift aid donation	(124)	(170,653)	(170,777)
Interest receivable	87	-	87
Tax on surplus	-	-	-
Surplus for the financial year	<u>5,417</u>	<u>7,670</u>	<u>13,087</u>
Total Funds as at 31 March 2019	82,957	178,323	261,280
Total assets	87,553	1,832,762	1,920,315
Total liabilities	<u>4,596</u>	<u>1,654,439</u>	<u>1,659,035</u>

Income from the non-charitable subsidiaries has been included in the Statement of Financial Activities as commercial trading income. Interest receivable has been included under investment income. Operating costs have been included as expenditure on raising funds. Intercompany transactions have been eliminated.

The operating costs noted in the Statement of Financial Activities are £3,393,161, per note above £3,572,070. This difference is due to recharge expenditure and intercompany losses written off during consolidation.

