

Catch22 Social Enterprise Limited

Report and Financial Statements

Period Ended

31 August 2015

Company Number 06166785

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Catch22 Social Enterprise Ltd

Report and financial statements for the period ended 31 August 2015

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Directors

P Williams
C Wright
Bridges Ventures LLP

Registered office

Rectory Lodge
High Street
Brasted
Kent
TN16 1JF

Company number

06166785

Auditors

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

Catch22 Social Enterprise Ltd

Report of the directors for the period ended 31 August 2015

The directors present their report together with the audited financial statements for the period ended 31st August 2015.

Results

The profit and loss account is set out on page 5 and shows the loss for the period.

Principal activities

The principle activity of the company during the period was that of automobile maintenance and repairs.

Charitable and political contributions

The company did not make any charitable or political contributions during the period.

Directors

The directors of the company during the period were as follows:

P Williams
C Wright
Bridges Ventures LLP

No director had any interest in the ordinary or preference shares of the company.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

Catch22 Social Enterprise Ltd

Report of the directors for the period ended 31 August 2015 (*Continued*)

- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Kingston Smith LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the Board



C Wright
Director

Date: 31 August 2016

Catch22 Social Enterprise Ltd

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATCH22 SOCIAL ENTERPRISE LIMITED

We have audited the financial statements of Catch22 Social Enterprise Limited for the period ended 31 August 2015 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and form an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for adverse opinion on financial statements

As explained in note 1 to the financial statements the company has been unable to obtain guarantees from its shareholders that it will support it financially for the foreseeable future. This creates significant uncertainties about whether the company will continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact and have been prepared on the going concern basis.

Adverse opinion on financial statements

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion paragraph:

- the financial statements do not give a true and fair view of the state of the company's affairs as at 31 August 2015 and of its loss for the year then ended; and
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

In all other respects, in our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Catch22 Social Enterprise Ltd

Independent auditor's report (continued)

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our adverse opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

V.S. - S.A. C.A.

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

31 August 2016
Devonshire House
60 Goswell Road
London
EC1M 7AD

Catch22 Social Enterprise Ltd

Profit and loss account for the period ended 31 August 2015

	Note	17 months to August 2015	12 months to March 2014
		£	£
Turnover	2	620,006	601,074
Cost of sales		<u>(501,762)</u>	<u>(494,399)</u>
Gross profit		118,243	106,675
Administrative expenses		(443,011)	(406,558)
Loss on ordinary activities before 4 taxation		<u>(324,768)</u>	<u>(299,883)</u>
Taxation on profit from ordinary activities		<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u><u>(324,768)</u></u>	<u><u>(299,883)</u></u>

There are no recognised gains or losses other than those reported in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

Catch22 Social Enterprise Ltd

(Company Number 06166785)

Balance sheet at 31 August 2015

	Note	2015	2015	2014	2014
Fixed assets					
Tangible assets	6		150,062		115,421
Current assets					
Stocks	7	2,247		13,903	
Debtors	8	15,566		42,165	
Cash at bank and in hand		8,271		67,963	
		<u>26,084</u>		<u>124,031</u>	
Creditors: amounts falling due within one year	9	(521,954)		(259,086)	
Net current assets / (liabilities)			<u>(495,871)</u>		<u>(135,055)</u>
Total assets less current liabilities			(345,808)		(19,634)
Creditors: amounts falling due after mc	10		(373,594)		(315,000)
Provisions	11		-		(60,000)
Net assets			<u>(719,402)</u>		<u>(394,634)</u>
Capital and reserves					
Called up share capital	12		10		10
Share premium	12		49,996		49,996
Profit and loss account	13		(769,408)		(444,640)
Shareholders' (deficit) / funds			<u>(719,402)</u>		<u>(394,634)</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2016

C Wright
Director

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008).

Going Concern

As at 31 August 2015 the company had net liabilities of £719,402 (2014: £394,634) and made a loss for the period then ended of £324,768 (2014: £299,883). The net liabilities figure includes £444,059 owed to the parent company Catch22 (2014: £135,834), and £373,594 owed to Bridges Ventures LLP, a 37.5% shareholder of Catch22 Social Enterprise Limited (2014: £356,094). The total amount owed to the shareholders at 31 August 2015 was £817,653 (2014: £491,928), if these amounts are excluded from liabilities the company's assets would exceed liabilities by £98,251 (2014: £114,794). The directors do not believe that Catch22 or Bridge Ventures LLP will call in the amounts due to them such that the company will be unable to meet its liabilities as and when they fall due. They further believe that arrangements will be made with these two entities to either allow the company to continue to trade or to wind down the company's affairs in an orderly fashion such that it will meet all its other financial obligations as and when they fall due albeit they have not received guarantees to this effect. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leases and buildings	-	10% straight line
Plant and machinery etc	-	33% straight line
Motor vehicles	-	33% straight line
Furniture and office	-	20% straight line

Gains and losses on disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount.

Stocks

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

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015 (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom and is analysed as follows:

	17 months to August 2015	12 months to March 2014
	£	
Income from sales	614,951	601,074
Grant and other income	5,055	-
	620,006	601,074

3 Directors

No directors' remuneration was paid in the year.

4 Operating loss

	17 months to August 2015	12 months to March 2014
	£	

This has been arrived at after charging:

Depreciation	36,371	28,277
Operating lease rentals – leasehold premises	62,448	46,017
Auditors' remuneration	4,335	3,000
	4,335	3,000

5 Employees

Staff costs consist (including directors) of:

	17 months to August 2015	12 months to March 2014
	£	
Wages and salaries	414,214	286,558
Social security costs	36,216	24,520
Pension costs	2,802	1,829
	453,232	312,907

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2016

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015 (continued)

6 Tangible assets

	Furniture and Office Machinery	Plant and Machinery	Vehicles	Lease and Buildings	Total
	£	£	£	£	£
<i>Cost</i>					
At 1 April 2014	54,298	34,249	4,585	99,424	192,556
Additions in the 17 months	18,934	39,182	-	12,898	71,014
At 31 August 2015	73,232	73,431	4,585	112,322	263,570
<i>Depreciation</i>					
At 1 April 2014	41,579	22,378	4,585	8,593	77,135
Provided for the 17 months	6,573	16,131	-	13,669	36,373
At 31 August 2015	48,152	38,509	4,585	22,262	113,508
<i>Net book value</i>					
At 31 March 2014	12,719	11,871	-	90,831	115,421
At 31 August 2015	25,080	34,923	-	90,059	150,062

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015 (continued)

7	Stocks	2015	2014
		£	£
	Vehicles in the course of construction	-	9,059
	Parts and consumables	2,247	4,844
		<u>2,247</u>	<u>13,903</u>

8	Debtors	2015	2014
		£	£
	Trade Debtors	10,889	14,753
	Prepayments	4,677	18,706
	Amounts owed by parent company	-	8,706
		<u>15,566</u>	<u>42,165</u>

All amounts shown under debtors fall due for payment within one year.

9 Creditors: amounts falling due within one year

	2015	2014
	£	£
Amounts owed to parent company	444,059	135,834
Amounts owed to related party	-	41,094
Trade creditors	18,391	21,235
Accruals and deferred income	52,650	41,486
Taxation	6,854	19,437
	<u>521,954</u>	<u>259,086</u>

10 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to related party	373,594	315,000

Analysis:

	2015	2014
	£	£
Due in two to five years	373,594	315,000
Due in greater than five years	-	-

Amounts owed to related party totalling £373,594 (2014: £356,094) represents loans from Bridges Social Entrepreneurs Fund L.P. which holds 37.5% share holding in Catch22 Social Enterprise Limited

11	Provisions	2015	2014
		£	£
	A provision of £60,000 was made for the year ended 31 March 2014 for an onerous lease relating to Gillingham garage premises. This provision has now been fully released	-	60,000

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015 (continued)

12 Share capital

	Allotted, called up and fully paid			
	2015 Number	2014 Number	2015 £	2014 £
At 1 April 2014				
Ordinary shares of £1 each	2	2	2	2
Converted to Ordinary shares of 1p each	200	200	2	2
Issued and fully paid in the year	800	800	8	8
At 31 August 2015				
Ordinary shares of 1p each	1,000	1,000	100	100

Share premium

	2015 £	2014 £
Share premium in year	49,996	49,996

13 Reserves

	Share capital £	Share Premium £	Profit & Loss £
<i>Cost</i>			
At 1 April 2014	10	49,996	(444,641)
Loss in the year	-	-	(324,768)
At 31 August 2015	10	49,996	(769,408)

	2015 £	2014 £
Reconciliation of movements in shareholders' funds		
Loss for the financial period	(324,768)	(299,883)
New share capital subscribed	-	-
Net addition to shareholders' funds	(324,768)	(299,883)
Opening shareholders' funds	(394,634)	(94,751)
Closing shareholders' funds	(719,402)	(394,634)

14 Commitments under operating leases

As at 31 August 2015, the company had annual commitments under non-cancellable operating leases as set out below:

	2015 £	2014 £
Operating leases which expire:		
Land and buildings		
In two to five years	18,750	52,737
In greater than five years	20,225	-

Catch22 Social Enterprise Ltd

Notes forming part of the financial statements for the period ended 31 August 2015 (continued)

15 Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement on the grounds that it is a "small entity" under the Companies Act 2006.

16 Capital commitments

17 months to August 2015	12 months to March 2014
£	£

Amounts authorised but not provided

17 Related party transactions

Catch22 made payments on behalf of Catch22 Social Enterprise Limited of £62k (2014: £49k). Catch22 Social Enterprise Limited made payments on behalf of Catch22 of £33k (2014: £109k).

18 Ultimate parent company

At 31 August 2015, the company's ultimate parent company was Catch22 Charity Ltd, which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of Catch22 Charity Ltd are available from Companies House.