

Catch22 Social Enterprise Limited

Report and Financial Statements

Year Ended

31 August 2016

Company Number 06166785

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Catch22 Social Enterprise Limited

Report and financial statements

for the year ended 31 August 2016

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Directors

P Williams
C Wright

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 Limited

Report of the directors for the year ended 31 August 2016

The directors present their report together with the audited financial statements for the year ended 31st August 2016.

Results

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

Principal activities

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

The company ceased trading in November 2016, after the end of the financial year. The Paddock Wood site was sold to new operators and the Gravesend site is also in the process of being sold. The future plan for the company is that it will be wound-up and dissolved.

Charitable and political contributions

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

Directors

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

P Williams

C Wright

Bridges Ventures LLP (resigned 23 May 2017)

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 year.

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;

Catch22 Social Enterprise Limited

Report of the directors (continued) for the year ended 31 August 2016

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- 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.

The directors do not believe the company is a going concern and have prepared the financial statements on a non-going concern basis.

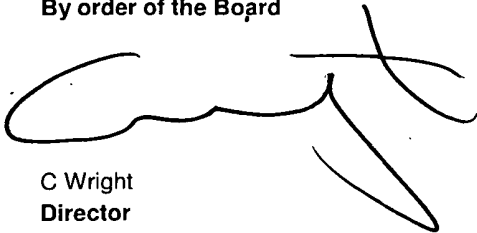
Auditors

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: 26 May 2017

Catch22 Social Enterprise Limited

Independent auditors' 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 year ended 31 August 2016 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 the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 express 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Catc22 Social Enterprise Limited

Independent auditors' report (continued)

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we draw your attention to the disclosure made in note 17 to the financial statements concerning the contingent liability relating to future lease commitments that the Company may be liable for should the Gravesend garage not be sold to a third party. At the date of this audit report, the Gravesend lease had not been sold. The financial statements do not include the costs that would be incurred if the company was unable to sell the Gravesend lease.

Opinion on other matter prescribed by the Companies Act 2006

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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Neil Finlayson

31 May 2017

Neil Finlayson (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House

60 Goswell Road

London

EC1M 7AD

Catch22 Social Enterprise Limited

Profit and loss account for the year ended 31 August 2016

	Note	12 months to August 2016	17 months to August 2015
		£	£
Turnover	2	448,402	620,006
Cost of sales		(361,521)	(501,763)
Gross profit		<u>86,881</u>	<u>118,243</u>
Administrative expenses		(146,321)	(443,011)
Exceptional Items	3	188,010	0
Profit/(loss) on ordinary activities before taxation		<u>128,570</u>	<u>(324,768)</u>
Taxation on profit from ordinary activities		<u>0</u>	<u>0</u>
Profit/(loss) on ordinary activities after taxation		<u><u>128,570</u></u>	<u><u>(324,768)</u></u>

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

All activities are discontinued and ceased after 31 August 2016.

The notes on pages 7 to 11 form part of these financial statements.

Catch22 Social Enterprise Limited

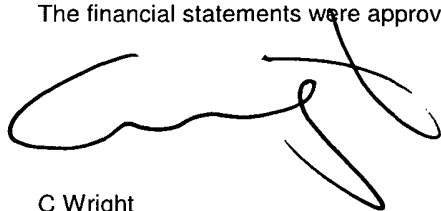
(Company number 06166785)

Balance sheet as at 31 August 2016

		2016	2016	2015	2015
Fixed assets	Note				
Tangible assets	7		0		150,062
Current assets					
Stocks	8	0		2,247	
Debtors	9	20,323		15,566	
Cash at bank and in hand		28,532		8,271	
		<u>48,855</u>		<u>26,084</u>	
Creditors: amounts falling due within one year	10	(639,687)		(521,954)	
Net current (liabilities)			<u>(590,832)</u>		<u>(495,870)</u>
Total assets less current liabilities			<u>(590,832)</u>		<u>(345,808)</u>
Creditors: amounts falling due after more than one year	11		0		(373,594)
Net (liabilities)			<u>(590,832)</u>		<u>(719,402)</u>
Capital and reserves					
Called up share capital	12		10		10
Share premium	13		49,996		49,996
Profit and loss account	14		(640,838)		(769,408)
Shareholders' (deficit)			<u>(590,832)</u>		<u>(719,402)</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 26 May 2017



C Wright
Director

Catch22 Social Enterprise Limited

Notes forming part of the financial statements for the year ended 31 August 2016

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 January 2015).

Going Concern

Due to the company's continuing losses the company has been unable to obtain guarantees from its shareholder that it will support it financially for the foreseeable future and the directors therefore decided to cease trading in November 2016. The directors do not believe that Catch22 Charity Limited, the parent company, will call in the amounts due to it such that the company will be unable to meet its other liabilities as and when they fall due. They further believe that arrangements will be made with Catch22 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. As explained further in Note 3 the accounts have therefore been prepared on the basis that the company is not a going concern and as such the fixed assets have been impaired to their estimated net realisable value, current assets have been reduced to their net realisable values and closure costs; including redundancy payments, the costs of ending leases early and legal and professional charges have been provided as a cost in the accounts where applicable (see also Note 17 Contingent Liabilities). As disclosed in Note 11 after the balance sheet date Bridges Ventures LLP transferred their 37.5% share holding in the company to Catch22 Charity Limited and forgave the loans made to the company, this reduction in liabilities has also been reflected in the financial statements.

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.

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 Limited

Notes forming part of the financial statements for the year ended 31 August 2016

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:

	12 months to August 2016	17 months to August 2015
	£	£
Income from sales	437,891	614,951
Grant and other income	10,511	5,055
	<u>448,402</u>	<u>620,006</u>

3 Exceptional items

Exceptional Items comprise closure costs and reductions in net realisable value, either actual or estimated, relating to the company not being considered to be a going concern (see Note 1) as below:

	12 months to August 2016
	£
Impairment of tangible fixed assets	113,404
Write down of stock and prepayments	3,230
Discharge of minority shareholder loan repayment obligations (including interest due)	(377,344)
<i>See also Note 11</i>	
Provision for onerous lease	21,300
Staff redundancies	16,800
Other closure costs	34,600
Total	<u>(188,010)</u>

4 Directors

No directors' remuneration was paid in the year.

5 Operating profit

	12 months to August 2016	17 months to August 2015
	£	£

This has been arrived at after charging:

Depreciation.	38,301	36,371
Operating lease rentals – leasehold premises	39,147	62,448
Auditors' remuneration	<u>4,115</u>	<u>4,335</u>

6 Employees

Staff costs consist (including directors) of:

	12 months to August 2016	17 months to August 2015
	£	£
Wages and salaries	221,694	414,214
Social security costs	18,853	36,216
Pension Costs	1,483	2,802
	<u>242,030</u>	<u>453,232</u>

Catch22 Social Enterprise Limited

Notes forming part of the financial statements for the year ended 31 August 2016

7	Tangible assets					
		Furniture and Office Machinery	Plant and Machinery	Vehicles	Leasehold Buildings	Total
		£	£	£	£	£
	<i>Cost</i>					
	At 31 August 2015	73,232	73,431	4,585	112,322	263,570
	Additions	-	-	-	1,643	1,643
	At 31 August 2016	73,232	73,431	4,585	113,965	265,213
	<i>Depreciation</i>					
	At 31 August 2015	48,152	38,509	4,585	22,262	113,508
	Provided for the year	3,060	24,766	-	10,475	38,301
	Impairments	22,020	10,156	-	81,228	113,404
	At 31 August 2016	73,232	73,431	4,585	113,965	265,213
	<i>Net book value</i>					
	At 31 August 2015	25,080	34,922	-	90,060	150,062
	At 31 August 2016	-	-	-	-	-

Catch22 Social Enterprise Limited

Notes forming part of the financial statements for the year ended 31 August 2016

8 Stock

	2016	2015
	£	£
Parts and consumables	-	2,247
	<u>-</u>	<u>2,247</u>

Parts stock was written down to nil value at the end of the financial year - see also Note 3

9 Debtors

	2016	2015
	£	£
Trade Debtors	15,214	10,889
Prepayments	5,109	4,677
	<u>20,323</u>	<u>15,566</u>

10 Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to parent company	538,908	444,059
Trade creditors	13,340	18,391
Accruals and deferred income	83,117	52,650
Taxation	4,322	6,854
	<u>639,687</u>	<u>521,954</u>

11 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Amounts owed to related party	-	373,594
Analysis:		
Due in two to five years	-	373,594
Due in greater than five years	-	-

Amounts owed to related party totalling £373,594 were written down at year end, see Note 3, to £nil (2015: £373,594). This represented loans from Bridges Social Entrepreneurs Fund LLP which held a 37.5% share holding in Catch22 Social Enterprise Limited. After the balance sheet date Bridges Ventures LLP transferred their 37.5% share holding in the company to Catch22 Charity Limited and forgave the loans made to the company.

Catch22 Social Enterprise Limited

Notes forming part of the financial statements for the year ended 31 August 2016

12 Share capital

Allotted, called up and fully paid

	2016	2015	2016	2015
	Number	Number	£	£
Ordinary shares of 1p each	1,000	1,000	10	10

Share premium

	2016	2015
	£	£
Share premium in year	49,996	49,996

13 Reserves

	Share capital	Share Premium	Profit & Loss
	£	£	£
<i>Cost</i>			
At 31 August 2015	10	49,996	(769,408)
Profit for the financial year	0	0	128,570
At 31 August 2016	10	49,996	(640,838)

14 Reconciliation of movements in shareholders' funds

	2016	2015
	£	£
Profit/(loss) for the financial year	128,570	(324,768)
New share capital subscribed	0	0
Net addition to/(deduction from) shareholders' funds	128,570	(324,768)
Opening shareholders' funds	(719,402)	(394,634)
Closing shareholders' funds	(590,832)	(719,402)

15 Commitments under operating leases

As at 31 August 2016, the company had annual commitments under non-cancellable operating leases as set out below:

	2016	2015
	£	£
Operating leases which expire:		
Land and buildings		
In two to five years	0	18,750
In greater than five years	0	20,225

Catch22 Social Enterprise Limited

Notes forming part of the financial statements for the year ended 31 August 2016

16 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.

17 Contingent Liability

As disclosed in Note 1 and under Exceptional Items in Note 3, Catch22 Social Enterprise Limited ceased trading in November 2016 and it is probable that the Gravesend garage will be sold to a third party. There is a potential contingent liability relating to future lease commitments that may become due should the sale not proceed. The amount of any commitment would be subject to negotiation as the validity of the lease is being disputed by the directors and they feel that disclosing an estimate of the amount potentially payable may be seriously prejudicial to the outcome of any negotiations.

18 Related party transactions

Catch22 Charity Limited (the ultimate parent company) made payments on behalf of Catch22 Social Enterprise Limited amounting to £56k (2015: £62k). Catch22 Social Enterprise Limited made payments of £36k (2015: £33k) on Catch22's behalf, which have been reimbursed. At the balance sheet date Catch22 Social Enterprise Limited owed Catch22 £538k (2015: £444k).

Loans made to the company by Bridges Social Entrepreneurs Fund LLP and outstanding interest have been forgiven amounting to £377k (see Note 3). At the balance sheet date the company owed £nil (2015: £374k) to Bridges.

19 Ultimate parent company

At 31 August 2016, 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.

20 Post balance sheet events

- a) The company ceased trading in November 2016 and the Paddock wood site was sold to a third party. Negotiations are ongoing in respect of the sale of the Gravesend site to a third party.
- b) After the balance sheet date Bridges Social Enterprise Fund LLP transferred its 37.5% shareholding in Catch22 Social Enterprise Limited to Catch22 Charity Limited