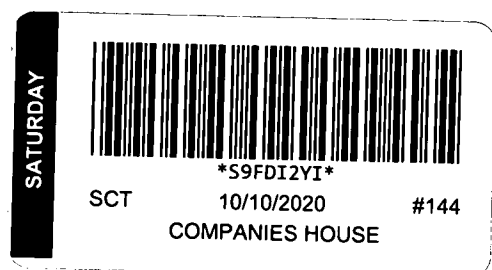


Company Number: SC126427
Charity Number: SC023879

APEX SCOTLAND
Report and Financial Statements
Year Ended 31 March 2020



APEX SCOTLAND
for the year ended 31 March 2020

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APEX SCOTLAND
for the year ended 31 March 2020

Trustees and advisers

Trustees	B J Fearon (Chairman)	(resigned 6 December 2019)
	G P Samson (Chairman)	
	M Anderson	(resigned 6 December 2019)
	D Asher	
	F Crowe	(resigned 6 December 2019)
	M Dickson	
	J H Hunter	
	K E Kelly	
	A L Landels	
	G E Robinson	
	F Taylor	
	<i>Observer:</i>	
	S Harper	

Chief Executive A Staff

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Bankers Clydesdale Bank plc
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EH2 3ES

Solicitors Morton Fraser LLP
Quartermile Two
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Auditors Geoghegans
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Company Number SC126427

Charity Number SC023879

APEX SCOTLAND

Trustees Report for the year ended 31 March 2020

Introduction

This report, as required by company law, provides an opportunity for the Trustees of Apex Scotland to present stakeholders with full information on all aspects of the organisation's performance in the financial year 2019-20 as well as outlining plans for 2020-21. Thanks, are given to Finance staff for their work in ensuring Apex Scotland complies with all necessary requirements and legislation and also to our Auditors, Geoghegans, for their advice, guidance and diligence during the audit process. These thanks are never more appropriate than in this year with the need for a remote digital audit due to the COVID-19 pandemic and the impact on all of our lives.

Structure Governance and Management

The organisation is a company limited by guarantee. It is recognised as a charity by the Office of the Scottish Charity Regulator and Her Majesty's Revenue and Customs, number SC023879 and is registered at Companies House, number SC126427. The governing document for the organisation is the Articles of Association as lodged at Companies House.

Trustees are appointed by the Board of Trustees and can serve for a maximum of 6 years, 3 years initially and then a further 3 years if so desired. The Chair is appointed for a period of 3 years, notwithstanding previous Board membership and can then, if he/she so wishes, become a Board member for a further 3 years. During the year to 31 March 2020 the following Board Members retired: Brian Fearon; Frank Crowe; Neil Archibald and Margaret Anderson. Thanks are due to them all for their contribution over the years of their membership, but in particular to Brian Fearon who has served Apex as interim Chief Executive, Board Member and Chair. His commitment and personality will be sorely missed. The position of Chair was taken on by Gordon Samson, an existing Board Member. The Scottish Government, as a funder of Apex Scotland, has an observer to the Board as a condition of grant.

Trustees are appointed with a significant degree of knowledge of the activities of Apex Scotland which is then enhanced through Trustee induction training. This primarily takes the form of discussion with the Chair, followed by discussions with the Corporate Management Team and an opportunity to visit our services around the country as well as attendance at our annual staff conference. This is augmented by attendance at periodic Board/Corporate Management Team "away days" where greater time is made available to discuss specific matters of interest and importance, as well as attendance at external bespoke Trustee training where appropriate. On a yearly basis the Trustees are requested to complete a Declaration of Interest form to ensure that there is no potential conflict of interest arising from their membership of the Board of Trustees of Apex Scotland.

The Board of Trustees has responsibility for setting the pay and remuneration of key management personnel. A number of years ago, the organisation undertook a remuneration review covering all staff which was accepted and approved by the Board. This created a spinal point system which has been adhered to since that date and is only impacted upon by decisions to award cost of living increases. The review took account of pay and remuneration in similar sized charities in an effort to create a benchmark.

At the quarterly Trustees meeting, the Trustees agree the broad strategy and areas of activity for the charity, including consideration of reserves, risk management, operational direction and development, financial/contractual performance and policies. The day to day administration of the charity is delegated to the Chief Executive who, along with the Director of Finance and Corporate Development, Director of Operations and Depute Director of Operations, comprise the Corporate Management Team.

APEX SCOTLAND

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

Risk Management

The Board of Trustees, along with the Corporate Management Team, has considered the major risks to which the charity is exposed and has established systems and procedures to manage those risks. This takes the form of a risk register which is updated on a quarterly basis and considers the probabilities of any identified risk occurring and the impact should any of those risks materialise.

During the financial year 2019-20 this was enhanced by the introduction of an additional financial risk register which considered those risks which could have a financial impact on the organisation. During the vast majority of the period to 31 March 2020 the economic climate and an increasingly competitive environment continued as the greatest risk to the organisation. At the very end of that financial year, and looking forward, this has been added to by the continuing COVID-19 pandemic. Apex like all other entities have been impacted by this and more will be mentioned elsewhere in this report as to that impact and our response to it. Steps have been, and continue to be, taken to protect the interests of Apex, its staff and service users through these continuing difficult times. Similarly, discussions continue to take place in an effort to allow Apex to best deal with the increasingly competitive environment within which we work, whilst remaining true to our charitable objectives.

The 2019-20 financial year produced an operating surplus for the charity. This has been contributed to, in the main, by an improved funding model related to our European Social Fund STEPS service and an impressive performance in terms of utilising Individual Training Account opportunities for many of our beneficiaries. This is despite static or reduced funding from many Local Authorities, in light of public sector funding pressures, and a continuing inability to fully recover all costs essentially incurred in the local management and co-ordination of services. Praise must once again be given to our loyal and dedicated staff, many of whom have only joined Apex during the last two or three financial years, who have worked tirelessly to provide high quality service to our service users in this climate whilst expanding the range of services.

The financial year saw a significant number of applications for funding being submitted, either through open tender process or applications to independent funding bodies. This is over and above the continuation of existing services and reflects the importance placed upon the creation of new funded services by the Board and Corporate Management Team. Disappointingly there are fewer opportunities open to Apex and other, similar, organisations and is felt to be the result of reductions in funding available in recent years or of a move towards large scale contracts which can dilute the role of many agencies within the Third Sector. Many of these applications are relatively small scale and are submitted to add value to existing initiatives or to enable small scale services to commence. We also continue to attempt to engage with larger scale initiatives whenever possible and a number of applications/tenders are being considered at this time. We have also suffered from the requirement to reduce support staffing in past years which has impacted on our ability to engage more fully with emerging opportunities. This was addressed, in part, by the introduction of the post of Deputy Director of Operations at the end of the 2017-18 financial year which has increased capacity to oversee existing services whilst also examining new opportunities. However, greater monitoring and evidence requirements by funders, whilst wholly appropriate, impacts on the ability of this increased capacity to continually develop new opportunities.

We recognise that the public sector funding pressures may continue to impact upon the financial position of Apex and we will continue in our efforts to mitigate this through lessening our reliance on those public-sector funded services. This will include the development of appropriate social enterprises, social investment and the continuing development of Individual Training Accounts, should these opportunities be available and can be resourced.

APEX SCOTLAND

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

Objectives and Activities

The primary activity of the organisation is to work with people with convictions and those at risk. Our objective is, by the provision of support and employability training, to help individuals to stabilise their lives and gain the skills employers want and support them in progressing to employment or an employment related activity. It is recognised that by gaining employment, the likelihood of re-offending reduces by between one third and one half, thereby confirming our contribution to Scottish Government strategy and a safer society.

In short, we encourage service users to AIM HIGHER, BEHAVE DIFFERENTLY AND CHANGE THEIR FUTURE. This message has been designed to neatly encapsulate the breadth of the services we offer to a variety of service user groups.

We have increasingly seen a need for Apex to contribute to pre-employment activity and support where, at times, the outcome may not in itself be employment but may be the gaining of skills that will enable individuals to consider a future involving employment. Apex has significant skills and expertise in this area and has sought to position itself as a partner of choice in this regard. This includes our work with school age and post school clients. This does not diminish the work we undertake which is more directly employment related.

Equally, our aim is to be a leading not for profit organisation working with people of all ages and backgrounds who are the most disadvantaged and disengaged from society, and who are at risk of (re)offending, in a way which promotes desistance and enables them to re-engage and work towards a positive future.

We aim to achieve that vision through the following approaches:

- Developing early intervention services designed to reduce the likelihood of people gaining convictions.
- Developing desistance-based services which reduce the likelihood of re-offending.
- Developing social enterprises designed to be self-sustaining models which create opportunities for employment and other meaningful activity and social re-integration.
- Undertaking influence-based activities designed to promote social, economic and political change in accordance with our vision.
- Creating and nurturing strategic partnerships which allow more effective or efficient use of resources and opportunity to achieve our purpose.

The organisation looks to achieve its strategic aims and carry out its operational objectives through partnerships with a variety of statutory and non-statutory partners. This is done particularly with Local Authorities, Community Planning Partnerships, Scottish Government, Schools, Skills Development Scotland, Jobcentre Plus, Department for Work and Pensions, Community Justice Scotland, Alcohol and Drug Partnerships, independent funders and a range of voluntary sector partners. Evidence of the success of our work is varied and dependent upon the needs of funders, but is enhanced through utilisation of our A Positive Future assessment tool which can evidence the progression of each of our service users across a range of factors. Apex recognises the importance of evidencing the success of what we do and providing clarity of work undertaken to our funders. The nature of that evidence is further explained in Achievements and Performance below but is an area where we have a belief that we can evidence real progression for our service users. This is underpinned by our continued investment in our ASSET database, with the support of the Scottish Government, which will enable us to record greater amounts of data and produce a broader range of informative reports which will be of significant use to us, our funders and to wider stakeholders.

APEX SCOTLAND

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

Objectives and Activities (continued)

As well as an incredibly talented and committed workforce, Volunteers are playing a prominent role in our activities alongside a continuing and significant involvement in the Community Jobs Scotland initiative funded by the Scottish Government. In both areas we believe that we provide support and training for those individuals working with us and in return we receive highly motivated and increasingly skilful individuals who enable us to enhance our service delivery. We anticipate that the use of volunteers will continue to grow in the coming months and years.

Achievements and Performance

The main area of the organisation's work continues to be the provision of employability focused personal development training to people with convictions and those at risk.

Employability Training can take many forms and is delivered on behalf of a diverse range of funders. It can be delivered on our own premises or on an outreach basis; on a 1:1 or groupwork basis; delivered solely by Apex or in partnership with other agencies; within prison or in the community.

Performance is often measured by considering the numbers of service users who progress into the hard outcomes of employment, voluntary work, further training, further education or accessing the intermediate labour market. Pleasingly, greater importance is being placed upon the achievement of "soft skills" including reliability, self-esteem, team working, conflict resolution, rehabilitation period calculation, letters of disclosure, etc. In current political parlance this is recognised as progression along the employability pipeline. This has particularly been the case with our European funded STEPS service whereby we generally work with people at Stages 1 or 2 of the employability pipeline with the primary progression being to Stage 3 of the pipeline with another provider.

Apex is well placed to evidence the improvement in those soft skills through the use of our *A Positive Future* assessment tool which considers the areas of critical importance in an individual's life. At the commencement of their time with us the service user and staff member will assess the barriers to be overcome which will inform the personal action plan. This is then periodically reviewed and progress can be measured against those areas. This is underpinned by the utilisation of our ASSET information management portal. This portal evidences the work undertaken with each client. This enables us to have up to date, comprehensive information on the work we are carrying out both for our own purposes and for those of our funders. In our schools-based work we utilise the SHANARRI Well Being indicators, evidencing that the young person has the opportunity to be Safe; Healthy; Achieving; Nurtured; Active; Responsible; Respected and Included. This is graphically evidenced through use of the Well Being Web.

Apex provided services in, or worked with, 15 Local Authorities. In the main this is in the form of an Employability service but also includes, in certain areas, involvement in the provision of the Community Payback Order. By and large engagement with Apex is voluntary and it is testament to the work of our staff that service users continue to choose to engage with our services when there is no compulsion to do so.

We also continued to be a deliverer of Stage 2 of the Employability Fund on behalf of Skills Development Scotland.

APEX SCOTLAND

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

Achievements and Performance (continued)

A significant element of our delivery continued through our European Funded STEPS service, delivered as part of the National Third Sector Consortium. This has enabled us to maintain a significant presence and service in 10 of the Local Authority areas in which we operate. Primarily this service is for individuals who are assessed as being at Stage 1 or Stage 2 of the Employability Pipeline. Our work is therefore to enable those individuals to be able to progress onto further stages of the Employability Pipeline in a more sustainable manner than may have otherwise been the case. This service is of particular significance, or should be, to Local Authorities who, through our ability to bring in supplementary funding, benefit from an increased resource and support mechanism for many of their most disadvantaged individuals.

The financial year 2019-20 saw a change in the funding model employed and greater consistency of the funding of our services as from July 2019. Previously we had been in a position where funding was purely on a performance basis for all of our areas of delivery with the exception of the Highlands. This placed a considerable financial risk on the organisation. Thankfully as from July 2019 it has moved onto an expenditure reimbursement basis, informed and supported by performance. This model reduces the financial risk but retains the right of the Managing Authority to withdraw funding should performance not meet agreed standards. The Managing Authority and SCVO, as lead partner for the Third Sector Consortium, are to be congratulated for this move to a shared risk approach.

Whilst that move was welcomed there is no doubt that the delay in deciding on the continuation of ESF funding across all of Scotland had a hugely unsettling effect on staff, service users and organisations. During that period of uncertainty, we lost a number of staff who were concerned about their future employment. We thank them for their contribution to this service and, equally, thanks are due to those who stayed with us and to those new members of staff who came in and have performed so well in the early months of Phase 2 of this initiative.

Phase 2, which commenced in July 2019, also saw us finalise a partnership with YPeople in relation to our STEPS initiative. We believe that this has enabled us to support many more people than would otherwise have been possible. In the case of the YPeople clients, as well as the fantastic support they receive from YPeople we have been able to add a personalised employability service to their support, at no cost to YPeople. This, we believe, is a strong example of the benefits of partnership working and a model we are keen to explore in the future.

We continued our delivery in a relatively small number of schools which is part funded by the Children and Young People's Early Intervention Fund and the schools themselves, along with support from Diageo for one particular school. Whilst not as significant as we would have hoped for in terms of the number of schools worked with, we continue to make headway in developing a track record of delivery which is flexible, responsive to the needs of the schools and reflective of emerging thinking, particularly around the impact of adverse childhood experiences. Whilst the Pupil Equity Fund has not created as many opportunities as we would have hoped but we believe we are well placed to provide a worthwhile service that will be of real benefit to the schools and their pupils.

Apex continued to provide a number of one-off services to Local Authorities and other funders, evidencing our ability to develop services reflective of local need.

APEX SCOTLAND

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

Achievements and Performance (continued)

Apex continued, in the past 12 months, to utilise the opportunities offered through the Individual Training Account scheme administered by Skills Development Scotland on behalf of the Scottish Government. Primarily services were focused around the gaining of the CSCS card which enables individuals to gain employment on building sites as well as Portable Appliance Testing. Apex is accredited by Skills Development Scotland, the Scottish Qualifications Authority and the Construction Industry Training Board to deliver a range of courses to individuals. This has proven to be hugely popular with our service users and with existing funders. For service users, they can gain independent, industry recognised, qualifications which can only aid and enhance their job search. For existing funders this provision is seen as providing real added value to their core funding. We are keen to develop our range of ITA courses in the future, whilst being aware of the possibility of others attempting to deliver this kind of service. 2019-20 saw further suspensions in this initiative during 2019-20, making it very difficult to predict, with any certainty, as to level of contribution this could make to the organisation and also detracts from the opportunities we can offer to our service users. We remain hopeful for the future of ITAs as it is an invaluable resource to our client group and enables us to build upon much of the critical personal development work our frontline staff undertake.

Apex had previously also taken the strategic decision to develop its own social enterprise, All Cleaned Up, as the first step towards attempting to reduce our reliance on grant or public sector funding. Greater detail will be provided on All Cleaned Up later in this report.

2019-20 also saw the commencement of trading for a second social enterprise, Track2Train Ltd, with which we were heavily involved and committed to. Unfortunately, due to external drainage problems which could not be rectified by Track2Train as it was outwith their responsibility, and resulted in continued flooding, Track2Train had to cease trading at the end of September 2019. That organisation, supported by Apex, endeavoured over many months to seek a fair resolution, without success. The impact of COVID-19 then also became a major factor, particularly as the social enterprise revolved around a café/bistro. The impact of both of these events has led the Board of Track2Train to decide that there is no alternative but to liquidate that entity. This is hugely disappointing for all those involved and particularly for the workforce which included a number of Apex service users.

We also continued to contribute to the discussions around the development of alternative funding models, whether that be PSP's, Social Investment or other methods. Whilst progress has been slow on this front, we remain confident that this approach will provide some real success for us in the future and once again shows our commitment to reducing our reliance on more traditional forms of funding as we seek to source a more sustainable future. This allied with our policy influencing role shows the important role Apex has to play in developing a fairer Scotland.

Apex also continued to be a member of the Community Jobs Scotland initiative created by the Scottish Government. We have benefitted from the enthusiasm and skills of the young people we have employed through this initiative and feedback from them suggests that they have gained significant work experience and training from their time with Apex.

2019-20 saw the continuing development of the wholly owned subsidiary of Apex, All Cleaned Up. This has been set up as a social enterprise with a dual aim, being to generate profits which can be gifted to the charity in order to allow us to further our charitable objectives and have less reliance upon grant funding, and also, where possible, to create employment opportunities for our client group. That latter point has been achieved as a significant number of the employees of ACU, past and present, have been typical of the client group that Apex has worked with over the years.

APEX SCOTLAND

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

Achievements and Performance (continued)

All Cleaned Up was set up to deliver close cleaning and waste removal services to a commercial market and, hopefully, to public bodies. All Cleaned Up recorded a loss in the sum of £27,962 during 2019-20. This is a reminder of the competitive market within which All Cleaned Up operates and every effort is being made to strengthen the organisation to enable it to be a success in future years. Changes and improvements continue to be made in an effort to ensure the organisation has a positive future and 2019-20 saw a significant growth in the number of contracts and numbers of staff employed – with a large number being service users. We are hopeful of these changes and developments leading to future profitability. COVID-19 had a detrimental impact on All Cleaned Up in the early months of lockdown, but has, since then, also provided further opportunities as more organisations looked to a return to work. Whilst these efforts have not produced a profit in this year, we are increasingly confident that this approach will pay off in the coming months and years ensuring that we provide a high-quality service to customers which also retains its social roots. All Cleaned Up has continued to contribute to the Secret Jobs initiative of City of Edinburgh Council and they are to be thanked for their faith in this initiative. Staff at All Cleaned Up are to be thanked for their commitment and enthusiasm to developing and stabilising this entity. Looking forward to 2020-21 we are hopeful that the increased presence, as a result of COVID-19, continues and enables the name and growing good reputation of All Cleaned Up to produce a profitable return. Social Investment Scotland and the Big Invest are both to be thanked for their continued support of this enterprise.

It is important to note that this enterprise has been set up as a separate legal entity to ensure no potential liability passes to Apex Scotland.

During 2014-15 Apex made the decision not to increase the loan made to All Cleaned Up, ensuring that the subsidiary was required to survive and prosper within its own funding. That has been achieved and that performance, allied with aspirations for 2020-21 evidencing a continuing positive cash position, provides comfort to the Board of ACU, and the Board of Apex, that ACU is a viable entity moving to a point of profitability and can be viewed as a going concern.

Financial Review

Apex has been forced to continue to work within an environment of reduced funding, no inflationary uplift, increased competition and the retention of fixed costs. All of these factors, allied with the disappointing norm of short-term funding and less than full cost recovery, have contributed to a financial position in recent years where use of our reserves has been necessary in order to enable us to deliver our charitable objectives. Given that environment it is pleasing to report a surplus of £15,459. Importantly we have continued to support more individuals than in recent years and have shown an ability to participate in and manage a sizeable European contract. We were successful with our application to the second round of funding under this European funding stream and will continue to contribute to discussions for the extension of that two-year second Phase and any post Brexit successor programmes. However, the impact of Brexit and COVID-19 cannot be underestimated, and worryingly difficult to quantify. Equally, we remain acutely aware of the volatility and vulnerabilities of annual funding faced by so many in our sector.

It should be noted that the consolidated accounts of Apex Scotland and our trading subsidiary, social enterprise, All Cleaned Up, show a deficit for the year in the sum of £12,505 (after taking consolidation adjustments into account), an improvement on the previous year. As ever, Apex is not funded in a manner which will cover redundancy costs or lease commitments and, as such, severance and dilapidation payments can impact upon the performance evidenced in any financial year. This highlights the need for relatively significant reserves being held, or aspired to. Whilst we are not at the level we would want; Apex is confident that it can meet all responsibilities and contractual obligations to staff.

APEX SCOTLAND

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

Financial review (continued)

Overall income for the charity increased by 4.6%, or £120,603 when compared to 2018-19. Despite the long-standing problem of certain services being underfunded and for a fourteenth year, we received no inflationary uplift on any of our funding from the majority of our funders we believe this to be an impressive performance. Much of that performance is related to the changed funding model for our European funded STEPS service, moving from a payments-by-results to an expenditure reimbursement basis on the basis of agreed expenditure and achievements. ITA involvement also contributed to this position

The reserves we have accumulated over previous years whilst prioritising high quality service delivery have allowed us to withstand this financial pressure in the short term but the Trustees and Corporate Management recognise the need to ensure that Apex lives within its means by both bringing in new sources of funding and ensuring appropriate payment for services delivered. The steps mentioned elsewhere in this report give an indication of the steps being taken to ensure that is achieved.

Apex always attempts to provide services within agreed funding limits but the changing behaviour of some funders, or altered internal circumstances, may, on occasion, mean that this is not always possible. As such this may necessitate transfers between Unrestricted and Restricted funds. The fact that we are able to do this says much for Apex's ability to have built up reserves over a prolonged period of time.

Reserves Policy

The Board of Trustees has examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy, to date, that all unrestricted funds be held in a general unspecified fund for the benefit of the organisation. This allows us to utilise the funds effectively in ever changing conditions whilst not sending out confusing messages to funders and supporters alike. It is also reflective of the fact that as a labour-intensive organisation, significant funds require to be retained to fund ongoing operations. The positive performance in 2019-20 does not negate the relevance of this approach. Funding pressures are expected to continue and Apex has to be aware of the potential need to access such unrestricted funds to conduct an orderly wind down of services should restricted funds be limited, or withdrawn. Whilst we remain confident as to the ability of Apex to cope with the economic uncertainty there must be recognition of the costs which would be associated with any wind down of the organisation. The contingency for costs which may be required to conduct such an exercise amounts to approximately £290,000 and reflects both redundancy costs and retention of fixed, primarily premises, costs.

At the end of 2019-20 Apex holds £595,180 in reserves made up of £99,035 in restricted funds and unrestricted funds of £496,145. The free reserves are £395,098. This level of free reserves equates to 8.9 weeks of current expenditure. This falls below our stated intention of 14 weeks of expenditure being covered by free reserves and as such we recognise the need to redouble our efforts to ensure that the organisation can deliver its charitable aims in a sustainable manner. It is our intention to review our Reserves Policy as part of the strategic planning process, and will be a significant piece of work for the Finance and Audit Committee, so that we satisfy ourselves that any target level of reserves remains appropriate. It is, however, recognised that it will take a number of years to reach the desired level of free reserves.

Investment Policy

Surplus funds, generally held in the form of cash, are invested in a variety of higher interest accounts in an effort to produce the best returns for the organisation with minimal risk. This policy is reviewed on an annual basis to determine its suitability to the organisation and its requirements and, whilst the return on such investments is low given the prevailing interest rate, it is felt that this approach remains the most appropriate for the organisation at this time.

APEX SCOTLAND

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

Miscellaneous Matters

Apex recognises its contribution to the aim of a fairer Scotland, in the widest sense and as such has continued to work to ensure that we are compliant with the new General Data Protection Regulations which came into effect in early 2018-19. This has resulted in work being undertaken in relation to the information we hold on staff, service users and other legitimately interested parties. Similarly, we have registered as a Lobbying organisation as part of the Lobbying Act which came into effect towards the end of financial year 2017-18. Whilst we are not required to do so, we have examined our salary structure to determine any potential gender pay gap. Apex pays the living wage as a minimum and is very clear that all posts are remunerated at the same level regardless of sex. At present, in overall terms, we are reporting a gender pay gap in favour of male employees. However, it should be noted that is entirely reflective of the fact that during 2019-20 3 of the 4 members of Corporate Management were male. Should the position be reversed then we would see an equal gender pay gap in favour of female employees. We have also reviewed the number of staff who are EU citizens in an effort to determine the potential risk we face upon the UK leaving the EU. As at the end of 2019-20 we had only 6 employees who considered themselves to be EU citizens, which is broadly in line, as a percentage, with the rest of the Third Sector in Scotland. As such the impact of the UK leaving the EU on our workforce is likely to be negligible but we want all of those members of staff who may be worried by this upheaval to recognise that they are valued members of staff.

Impact of COVID-19 and Plans for Future Periods

As with all areas of society Apex has been severely impacted by the COVID-19 global pandemic. Whilst that impact began to be felt at the very end of financial year 2019-20 its significance and potentially ongoing effect merits consideration in this report.

Significant work was undertaken by the Corporate Management Team and Human Resources Officer to inform the response from the organisation. We ensured that the vast majority of our income for the financial year 2020-21 would remain as anticipated. This enabled us to continue providing services, albeit in a different manner, around the country. Due to the impact of lockdown and the state of the economy, much of our face to face work moved to telephone, email and zoom support to service users. The nature of that support also altered, to a degree. Whilst our focus is normally on improving the employment prospects of individuals through improving their employability skills, we found that we increasingly had to engage in lower level mental health support to service users. This action, whilst necessary for the wellbeing of the individual still fitted with our aim of providing personal development support to those in need.

The three main areas where we have seen a negative impact is in the delivery of our ITA service, our offerings to Department of Work and Pensions and the provision of our Virtual Visits service to Scottish Prison Service. In ITA whilst we had no staff in our offices, other than those providing our Foodbank services, we were unable to offer this service. When lockdown restrictions began to ease, we ensured that we were able to provide this service through the introduction of screens and other personal protective equipment. As such, we are now delivering ITAs again but in a manner, which means we have a reduced number of service users undertaking their qualification at any one time. In terms of the Department of Work and Pensions and Jobcentre Plus we have seen a reduction in referrals and a limited opportunity to utilise their premises. We are hopeful of this improving over the coming months. Similarly, our Virtual Visits service has been impacted upon by the closure of our offices for a period of time and then the decision of SPS to suspend Virtual Visits to ensure consistency with physical visit restrictions.

APEX SCOTLAND

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

Impact of COVID-19 and Plans for Future Periods

The recognition of this enabled Apex to submit a successful application to the Scottish Government's Third Sector Resilience Fund. From that we received funding of £74,296 which reduced the number of staff who would need to be furloughed. A total of 14 staff were furloughed, with the vast majority for only 1 month and prior to utilisation of that Fund. This has meant that we have been able to provide an altered form of service throughout lockdown and have also been able to ensure that the organisation continues to develop its strategic thinking and to governmental policy formulation and implementation.

As well as the Third Sector Resilience Fund, we also submitted a successful application to the Scottish Government Wellbeing Fund. We received £39,084 from that fund and it has enabled us to amend our service delivery to our beneficiaries and to ensure their ongoing support. Primarily this allowed us to develop an online training platform for both service users and staff as well as allowing us to purchase tablets and phones for use by our service users. This funding support has been crucial in enabling us to provide that ongoing support at a time when it has been needed more than ever.

The charity does not intend to dramatically alter the nature of its offering; however, it is anticipated that ongoing change will be necessary to allow Apex to continue operating in a financially viable manner. This is a necessity given the impact of public sector funding pressures being encountered. The aim is for Apex to maintain its profile, presence and quality of service delivery throughout what is undoubtedly a challenging time.

Development of new areas of work will continue to be given a high priority in the coming months, where it is appropriate for Apex to be involved. This may include services in new geographic areas as well as an attempt to increase our range of provision in existing areas. It is also opportune for us to revisit the ongoing mode of delivery and, particularly, the need for premises as a base for delivery. We are finding that more and more of our delivery is on an outreach and one to one basis. We have also found that since the emergence of COVID-19 we can deliver services in a different manner.

Particular areas of work being pursued include, as mentioned elsewhere:

- Continued development of our European Union funded STEPS service, adding value to our existing services should we be successful in our application to the second round of funding.
- Continued development of new desistance-based services to reduce re-offending.
- Development of social enterprises designed to be self-sustaining models which create opportunities for employment and other meaningful activity and social re-integration.
- Undertaking influence-based activities designed to promote social, economic and political change in accordance with our vision.
- Creating and nurturing strategic partnerships which allow more effective or efficient use of resources and opportunity to achieve our purpose.
- Exploration of alternative funding models, including accessing private sector funding.
- Continued development of our ITA provision, should funding be made available by the Scottish Government and Skills Development Scotland.
- Increased involvement in the Scottish Government and UK Government Employability Programmes where appropriate.

APEX SCOTLAND

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

Responsibilities of the Board of Trustees

The Trustees (who are also directors of Apex Scotland for the purposes of company law) are responsible for preparing the Trustees' 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 Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the income and expenditure of the charitable company, for that period. In preparing those financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and 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 assume that the charitable company will continue in operation.

The Board of Trustees is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Board of Trustees is 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.

In so far as the trustees are aware:

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

Approval

At the time of approving this report, the Trustees are aware of no relevant audit information of which the company's auditors are unaware and have taken all steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Trustees on 24 September 2020 and signed on their behalf by:



G Samson
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND

Opinion

We have audited the financial statements of Apex Scotland ("the parent charitable company") and its subsidiary ("the group") for the year ended 31 March 2020 which comprise the group and parent charitable company Statement of Financial Activities, the group and parent charitable company Balance Sheet, the group and parent charitable company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure for the year 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 Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 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 group's or parent 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, incorporating the directors' report for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND (CONTINUED)

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the group's and parent 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 group or the parent 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the report

This report is made solely to the group's and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the group's and parent charitable company's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the group's and parent charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and its trustees as a body for our audit work, for this report, or for the opinions we have formed.



Paul Marshall (Senior Statutory Auditor)
For and on behalf of Geoghegans, Statutory Auditor

24 September 2020

6 St Colme Street
Edinburgh
EH3 6AD

Geoghegans is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

APEX SCOTLAND

Consolidated statement of financial activities (Incorporating Income and Expenditure Account) for the year ended 31 March 2020

		Year ended 31 March 2020			Year ended 31 March 2019		
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Income from:							
Donations and legacies	2	415,453	118,735	534,188	412,513	55,703	468,216
Income from investments	3	496	-	496	537	-	537
Other trading activities	4	295,467	-	295,467	166,175	-	166,175
Charitable activities	5	<u>1,593,633</u>	<u>694,338</u>	<u>2,287,971</u>	<u>1,302,251</u>	<u>889,207</u>	<u>2,191,458</u>
Total income		<u>2,305,049</u>	<u>813,073</u>	<u>3,118,122</u>	<u>1,881,476</u>	<u>944,910</u>	<u>2,826,386</u>
Expenditure on:							
Raising funds	6	423,888	-	423,888	289,061	6,668	295,729
Charitable activities	7	<u>1,967,585</u>	<u>739,154</u>	<u>2,706,739</u>	<u>1,723,215</u>	<u>848,847</u>	<u>2,572,062</u>
Total expenditure		<u>2,391,473</u>	<u>739,154</u>	<u>3,130,627</u>	<u>2,012,276</u>	<u>855,515</u>	<u>2,867,791</u>
Net (expenditure)/income		(86,424)	73,919	(12,505)	(130,800)	89,395	(41,405)
Transfers							
Transfers between funds		<u>32,668</u>	<u>(32,668)</u>	<u>-</u>	<u>72,153</u>	<u>(72,153)</u>	<u>-</u>
Net movements in funds	18	(53,756)	41,251	(12,505)	(58,647)	17,242	(41,405)
Reconciliation of funds							
Total funds brought forward	18	<u>405,898</u>	<u>57,784</u>	<u>463,682</u>	<u>464,545</u>	<u>40,542</u>	<u>505,087</u>
Total funds carried forward	18	<u>352,142</u>	<u>99,035</u>	<u>451,177</u>	<u>405,898</u>	<u>57,784</u>	<u>463,682</u>

The statement of financial activities includes all gains and losses recognised in the year.

All results in the current year relate to continuing activities.

APEX SCOTLAND

Company statement of financial activities (Incorporating Income and Expenditure Account) for the year ended 31 March 2020

		Year ended 31 March 2020			Year ended 31 March 2019		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Note	£	£	£	£	£	£
Income from:							
Donations and legacies	2	415,453	118,735	534,188	412,513	55,703	468,216
Income from investments	3	496	-	496	537	-	537
Other trading activities	4	7,560	-	7,560	9,935	-	9,935
Charitable activities	5	<u>1,487,465</u>	<u>694,338</u>	<u>2,181,803</u>	<u>1,235,549</u>	<u>889,207</u>	<u>2,124,756</u>
Total income		<u>1,910,974</u>	<u>813,073</u>	<u>2,724,047</u>	<u>1,658,534</u>	<u>944,910</u>	<u>2,603,444</u>
Expenditure on:							
Charitable activities	7	<u>1,969,434</u>	<u>739,154</u>	<u>2,708,588</u>	<u>1,724,110</u>	<u>848,847</u>	<u>2,572,957</u>
Total expenditure		<u>1,969,434</u>	<u>739,154</u>	<u>2,708,588</u>	<u>1,724,110</u>	<u>848,847</u>	<u>2,572,957</u>
Net (expenditure)/income		(58,460)	73,919	15,459	(65,576)	96,063	30,487
Transfers							
Transfers between funds		<u>32,668</u>	<u>(32,668)</u>	<u>-</u>	<u>72,153</u>	<u>(72,153)</u>	<u>-</u>
Net movements in funds	18	(25,792)	41,251	15,459	6,577	23,910	30,487
Reconciliation of funds							
Total funds brought forward	18	<u>521,937</u>	<u>57,784</u>	<u>579,721</u>	<u>515,360</u>	<u>33,874</u>	<u>549,234</u>
Total funds carried forward	18	<u>496,145</u>	<u>99,035</u>	<u>595,180</u>	<u>521,937</u>	<u>57,784</u>	<u>579,721</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing operations.

APEX SCOTLAND

Consolidated balance sheet at 31 March 2020

	Note	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	11		3,600		7,200
Tangible assets	12		<u>26,168</u>		<u>3,600</u>
			29,768		10,800
Current assets					
Stock	14	11,371		5,157	
Debtors and prepayments	15	440,304		455,020	
Cash at bank and in hand		<u>336,162</u>		<u>250,190</u>	
		787,837		710,367	
Creditors: amounts falling due within one year	16	<u>(299,287)</u>		<u>(201,583)</u>	
Net current assets			<u>488,550</u>		<u>508,784</u>
Total assets less current liabilities			518,318		519,584
Creditors: amounts falling due after more than one year	17		<u>(67,141)</u>		<u>(55,902)</u>
Net assets			<u>451,177</u>		<u>463,682</u>
Funds					
Unrestricted	18,19	352,142		405,898	
Restricted	18,19	<u>99,035</u>		<u>57,784</u>	
		<u>451,177</u>		<u>463,682</u>	

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved and authorised for issue by the trustees on 24 September 2020 and are signed on their behalf by:



G Samson
Trustee

APEX SCOTLAND
Company balance sheet
at 31 March 2020

	Note	2020		2019	
		£	£	£	£
Fixed assets					
Intangible fixed assets	11		3,600		7,200
Tangible fixed assets	12		3,976		3,600
Investments	13		<u>1</u>		<u>1</u>
			7,577		10,801
 Current assets					
Stock	14	11,371		5,157	
Debtors and prepayments	15	485,110		477,248	
Cash at bank and in hand		<u>322,970</u>		<u>246,351</u>	
		819,451		728,756	
Creditors: amounts falling due within one year	16	<u>(231,848)</u>		<u>(159,836)</u>	
Net current assets			<u>587,603</u>		<u>568,920</u>
Net assets			<u>595,180</u>		<u>579,721</u>
 Funds					
Unrestricted	18,19	496,145		521,937	
Restricted	18,19	<u>99,035</u>		<u>57,784</u>	
		595,180		579,721	

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved and authorised for issue by the trustees on 24 September 2020



G Samson
Trustee

Company Registration Number: SC126427

APEX SCOTLAND
Consolidated statement of cash flows
for the year ended 31 March 2020

	Group 2020 £	Group 2019 £
Cash flows from operating activities		
Net (expenditure) for the year (as per the SOFA)	(12,505)	(41,405)
Adjustments for:		
Income from investments	(496)	(537)
Depreciation and amortisation charges	11,144	14,696
(Gain) on disposal of assets	-	(4,480)
(Increase) in Stock	(6,214)	(734)
Decrease/(increase) in debtors	14,716	(160,015)
Increase in creditors	96,281	11,960
	<u>102,926</u>	<u>(180,515)</u>
Net cash flow provided by/(used in) operating activities		
Cash flows from investing activities		
Interest received	496	537
Payments to acquire fixed assets	(30,112)	-
Receipts from sales of tangible fixed assets	-	4,480
	<u>(29,616)</u>	<u>5,017</u>
Net cash provided by/(used in) investing activities		
Cash flows from financing activities		
New loans	20,000	30,000
Loan repayments	(7,338)	(6,758)
	<u>12,662</u>	<u>23,242</u>
Net cash provided by financing activities		
Change in cash and cash equivalents in the year	85,972	(152,256)
Cash and cash equivalents at beginning of year	<u>250,190</u>	<u>402,446</u>
Cash and cash equivalents at end of year	<u><u>336,162</u></u>	<u><u>250,190</u></u>

APEX SCOTLAND**Company statement of cash flows
for the year ended 31 March 2020**

	2020	2019
	£	£
Cash flows from operating activities		
Net income for the year (as per the SOFA)	15,459	30,487
Adjustments for:		
Income from investments	(496)	(537)
Depreciation and amortisation charges	6,023	7,748
(Gain) on disposal of assets	-	(4,480)
(Increase) in stock	(6,214)	(734)
(Increase) in debtors	(7,862)	(148,637)
Increase in creditors	72,012	3,322
	<u>78,922</u>	<u>(112,831)</u>
Net cash flow provided by/(used in) operating activities		
	<u>78,922</u>	<u>(112,831)</u>
Cash flows from investing activities		
Interest received	496	537
Payments to acquire fixed assets	(2,799)	-
Receipts from sales of tangible fixed assets	-	4,480
	<u>-</u>	<u>4,480</u>
Net cash (used in)/provided by investing activities	<u>(2,303)</u>	<u>5,017</u>
Change in cash and cash equivalents in the year	76,619	(107,814)
Cash and cash equivalents at beginning of year	<u>246,351</u>	<u>354,165</u>
Cash and cash equivalents at end of year	<u>322,970</u>	<u>246,351</u>

APEX SCOTLAND

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

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

(a) Basis of preparation

Apex Scotland is a charitable company limited by guarantee, incorporated in Scotland. The address of the registered office is given on page 1 of these financial statements.

The financial statements prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction values unless otherwise stated in the relevant notes to the financial statements. The financial statements are presented in Sterling which is the functional currency of the charitable company and rounded to the nearest £.

The charitable company constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and UK Generally Accepted Accounting Practice.

Going Concern

The financial statements are prepared on a going concern basis. Trustees regularly monitor the funding streams and evaluate the projected expenditure and the free reserves which are available and have concluded that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(b) Group financial statements

These financial statements consolidate on a line by line basis the results of the charitable company and the results of its wholly owned subsidiary, All Cleaned Up (Scotland) Limited. The subsidiary was incorporated on 24 October 2011 and commenced trading on 1 April 2012.

(c) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies income is received by way of grants where entitlement is not conditional on the delivery of a specific performance by the charitable company, and is included in the statement of financial activities in the period in which they are receivable, which is when the charitable company becomes entitled to that resource.

APEX SCOTLAND

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

1 Accounting policies (continued)

(c) Income (continued)

Income from charitable activities include grants where these are related to performance and specific deliverables, and also includes contract and other income. Grants are included in the statement of financial activities when the charitable company is entitled to those funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably. Any grant income which may be repayable to the donor is treated as a creditor and is included in 'Other Creditors'. Where the donor has stipulated application of the money in a future year or where amounts have been received in advance for services not yet provided this is included in Deferred Income.

Any income by way of a grant awarded but not yet received is included in debtors as 'Grant income receivable' provided all conditions for entitlement have been met.

Capital grants are credited to the statement of financial activities when the charitable company receives or becomes entitled to that money.

Donations in kind are not recognised in the financial statements unless material.

Contract and other similar income based on the provision of services, is included in the statement of financial activities when earned. Any contract income which may be repayable to the contractor is treated as a creditor and is included in 'Other Creditors'. Amounts received in advance for services not yet provided are treated as deferred income.

(d) Expenditure

Expenditure is recognised on an accruals basis 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.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned based on the management charge that is charged from Head Office. The allocation of overhead and support costs is analysed in note 7.

Expenditure on raising funds includes costs associated with yearly income for the charitable company through the trading subsidiary. Expenditure on charitable activities includes cash costs incurred in supporting the charitable company and its objectives.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them and an allocation of governance costs.

Support costs are allocated between governance costs and other support costs. Governance costs comprise these costs involving the public accountability of the charitable company and its compliance with regulations and good practice. They therefore include the costs of statutory audit and costs related to the strategic management of the charitable company. Other support costs relate to the administrative costs of running the charitable company.

APEX SCOTLAND

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

1 Accounting policies (continued)

(e) **Intangible fixed assets**

Intangible fixed assets are included in the accounts at cost. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost by equal instalments over the useful economic life as follows:

Management information system	- over 5 years
-------------------------------	----------------

(f) **Tangible fixed assets and depreciation**

Tangible fixed assets are included in the accounts at cost. Those costing below £1,000 are not capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost by equal instalments over the useful economic life, as follows:

Fixtures and fittings	- over 5 years
Tenant's improvements	- over 5 years
Training and IT equipment	- over 4 years
Motor vehicles	- over 4 years

(g) **Food bank stock**

Stock of donated food is weighed at the year-end and valued based on an agreed value per kilo of £1.75 used by The Trussell Trust for foodbank monitoring. Disbursed foodbank stock during the financial year is assessed and is not recognised in the financial statements unless material. Stock of donated hygiene items is not recognised in the financial statements unless material.

(h) **Debtors**

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

(i) **Cash at bank and in hand**

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

(j) **Creditors and provisions**

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

(k) **Funds received as Agent**

Monies received in acting as agents where the charitable company has no responsibility for the ultimate application of the funds, are not recognised in the statement of financial activities.

(l) **Training allowances**

Amounts received from funders to distribute on their behalf for training allowances are recognised on a receivable basis net of expenditure as these are not considered to be monies within the charitable company's control.

APEX SCOTLAND

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

1 Accounting policies (continued)

(m) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company. Monies earned from contracts for services are treated as unrestricted funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by funders. Disclosure is made of separate restricted fund balances at the year-end where these exceed £10,000.

Transfers between restricted funds and unrestricted funds are made where appropriate to account for expenditure previously met from unrestricted funds at the year end. Where other transfers are required the reasons are noted in the appropriate funds note.

(n) Taxation

No provision has been made for income tax. The charitable company is recognised by HM Revenue & Customs as a charity for the purpose of the Corporation Tax Act 2010 part II and is exempt from income and corporation tax on its charitable activities.

(o) Pensions

The charitable company operates a defined contribution pension scheme. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

(p) Redundancy payments

Compensation for loss of employment due to redundancy is based on the current statutory entitlement, however the payment will be calculated using the employee's actual salary and is not subject to the earnings ceiling.

Employees with less than two years' service are not entitled to statutory redundancy pay, they will however receive an ex-gratia payment of two weeks salary.

(q) Operating leases and hire purchase contracts

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Assets obtained under hire purchase contracts are recorded in the balance sheet as tangible fixed assets and are depreciated with the policy on depreciation. Future instalments, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element and the capital element. The finance element is charged to the Statement of Financial Activities evenly over the period of each contract at the rate applicable at the date of the commencement of the contract. The capital element reduces the outstanding obligation for future instalments.

APEX SCOTLAND

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

2 Donations and legacies

	Group and Company 2020 £	Group and Company 2019 £
Scottish Government Donations	422,429 <u>111,759</u>	412,429 <u>55,787</u>
	<u>534,188</u>	<u>468,216</u>

3 Income from investments

	Group and Company 2020 £	Group and Company 2019 £
Bank interest	<u>496</u>	<u>537</u>

4 Other trading activities

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Training and consultancy	3,270	3,270	2,740	2,740
Other income	4,290	4,290	7,195	7,195
Turnover – All Cleaned Up	<u>287,907</u>	<u>-</u>	<u>156,240</u>	<u>-</u>
	<u>295,467</u>	<u>7,560</u>	<u>166,175</u>	<u>9,935</u>

APEX SCOTLAND

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

5 Income from charitable activities

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
<i>Grants</i>				
Scottish Government	87,000	87,000	94,000	94,000
Local Authorities	282,476	282,476	322,016	322,016
European Union	36,603	36,603	129,914	129,914
	<u>406,079</u>	<u>406,079</u>	<u>545,930</u>	<u>545,930</u>
<i>Contracts</i>				
Local Authorities & Community Justice Authorities	93,925	93,925	171,054	171,054
European Union	912,334	912,334	592,520	592,520
Job Centre Plus	12,225	12,225	59,215	59,215
Community Jobs Scotland	35,577	35,577	28,632	28,632
Skills Development Scotland	16,372	16,372	19,208	19,208
Alcohol and Drug Partnership	85,225	85,225	82,457	82,457
Scottish Prison Service	31,020	31,020	31,020	31,020
Partnership income	308,830	308,830	343,147	343,147
	<u>1,495,508</u>	<u>1,495,508</u>	<u>1,327,253</u>	<u>1,327,253</u>
<i>Other income</i>				
SDS ILA/ITA income	135,959	135,959	171,286	171,286
Partnership income	59,172	59,172	15,776	15,776
Robertson Trust	12,500	12,500	-	-
Hollywood Trust	71,628	71,628	62,291	62,291
Other income	107,125	957	68,922	2,220
	<u>386,384</u>	<u>280,216</u>	<u>318,275</u>	<u>251,573</u>
	<u>2,287,971</u>	<u>2,181,803</u>	<u>2,191,458</u>	<u>2,124,756</u>

6 Expenditure on raising funds

	Group and Company 2020 £	Group and Company 2019 £
Trading: All Cleaned Up – Cost of goods sold and other costs	<u>423,888</u>	<u>295,729</u>

APEX SCOTLAND

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

7 Expenditure on charitable activities

	Employability Training Direct Costs	Support Costs	Group 2020 Total	Company 2020 Total	Group 2019 Total	Company 2019 Total
2019/20	£	£	£	£	£	£
Payments on behalf of						
Social Enterprises	-	101,154	101,154	101,154	509	509
Foodbank	73,196	-	73,196	73,196	41,036	41,036
Premises	160,399	49,264	209,663	215,112	198,426	202,826
Operating	56,286	31,543	87,829	87,829	82,814	82,814
Professional/Financial	39,485	36,414	75,899	75,899	62,923	62,923
Promotions/Publications	1,301	10,257	11,558	11,558	19,416	19,416
Trainee Costs	58,567	1,509	60,076	60,076	92,722	92,722
Travel Costs	107,192	21,944	129,136	129,136	142,796	142,796
Staff Costs	1,471,652	424,984	1,896,636	1,896,636	1,872,406	1,872,406
Governance costs (note 8)	61,592	-	61,592	57,992	59,014	55,509
	<u>2,029,670</u>	<u>677,069</u>	<u>2,706,739</u>	<u>2,708,588</u>	<u>2,572,062</u>	<u>2,572,957</u>

Support costs are pro-rata apportioned Management fee.

	Employability Training Direct Costs	Support Costs	Group 2019 Total	Company 2019 Total	Group 2018 Total	Company 2018 Total
2018/19	£	£	£	£	£	£
Payments on behalf of						
Social Enterprises	-	509	509	509	1,650	1,650
Foodbank	41,036	-	41,036	41,036	33,954	33,954
Premises	144,399	54,027	198,426	202,826	197,463	199,687
Operating	58,164	24,650	82,814	82,814	76,986	76,986
Professional/Financial	38,039	24,884	62,923	62,923	60,041	60,041
Promotions/Publications	3,045	16,371	19,416	19,416	21,343	21,343
Trainee Costs	92,538	184	92,722	92,722	98,052	98,052
Travel Costs	114,347	28,449	142,796	142,796	119,713	119,713
Staff Costs	1,430,535	441,871	1,872,406	1,872,406	1,717,009	1,718,567
Governance costs (note 8)	59,014	-	59,014	55,509	58,350	54,750
	<u>1,981,117</u>	<u>590,945</u>	<u>2,572,062</u>	<u>2,572,957</u>	<u>2,384,561</u>	<u>2,384,743</u>

APEX SCOTLAND

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

8 Governance costs

		Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
	Basis of allocation				
Management team costs	20% salary costs	46,184	46,184	44,049	44,049
Audit fees: Company	Direct	11,808	11,808	11,460	11,460
Subsidiary		3,275	-	3,180	-
Other fees: Subsidiary		325	-	325	-
		<u>61,592</u>	<u>57,992</u>	<u>59,014</u>	<u>55,509</u>

9 Staff emoluments and numbers

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Gross wages and salaries	2,061,105	1,750,113	1,900,787	1,711,660
Employer's National Insurance	145,979	134,841	143,068	134,434
Pensions contributions	54,844	50,048	47,180	44,435
	<u>2,261,928</u>	<u>1,935,002</u>	<u>2,091,035</u>	<u>1,890,529</u>
Recruitment and training	<u>7,818</u>	<u>7,818</u>	<u>25,926</u>	<u>25,926</u>
	<u>2,269,746</u>	<u>1,942,820</u>	<u>2,116,961</u>	<u>1,916,455</u>
	Group 2020 No	Company 2020 No	Group 2019 No	Company 2019 No
Average number of employees	<u>146</u>	<u>99</u>	<u>123</u>	<u>104</u>

Staff emoluments for the subsidiary company are included within cost of generating funds.

There was 1 employee (2019: 1) whose emoluments were between £60,000 - £70,000.

There were 2 employee (2019: 1) whose emoluments were between £70,000 - £80,000.

Total remuneration and benefits of the key management personnel of the charitable company were £251,694 (2019: £237,586) and also employer payments made to a defined contribution pension scheme for these personnel were £17,186 (2019: £16,398).

Included in gross wages and salaries is redundancy payments of £13,338 (2019: £1,954).

10 Taxation

No group liability to UK corporation tax arose from the ordinary activities of the trading subsidiary All Cleaned Up for the year to 31 March 2020.

APEX SCOTLAND

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

11 Intangible fixed assets: Group and company

	Management Information system £
Cost	
At beginning and end of year	<u>18,000</u>
Amortisation	
At beginning of year	10,800
Charge for year	<u>3,600</u>
At end of year	<u>14,400</u>
Net book value	
At 31 March 2020	<u>3,600</u>
Net book value	
At 31 March 2019	<u>7,200</u>

12 Tangible fixed assets: Group

	Tenant's improvements £	Fixtures and fittings £	Training equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	38,693	37,834	63,221	111,749	251,497
Additions in year	<u>-</u>	<u>-</u>	<u>2,799</u>	<u>27,313</u>	<u>30,112</u>
At end of year	<u>38,693</u>	<u>37,834</u>	<u>66,020</u>	<u>139,062</u>	<u>281,609</u>
Depreciation					
At beginning of year	35,882	37,834	62,432	111,749	247,897
Charge for year	<u>934</u>	<u>-</u>	<u>1,489</u>	<u>5,121</u>	<u>7,544</u>
At end of year	<u>36,816</u>	<u>37,834</u>	<u>63,921</u>	<u>116,870</u>	<u>255,441</u>
Net book value					
At 31 March 2020	<u>1,877</u>	<u>-</u>	<u>2,099</u>	<u>22,192</u>	<u>26,168</u>
Net book value					
At 31 March 2019	<u>2,811</u>	<u>-</u>	<u>789</u>	<u>-</u>	<u>3,600</u>

APEX SCOTLAND

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

12 Tangible fixed assets: (continued)

Company

	Tenant's improvements £	Fixtures and fittings £	Training equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	38,693	37,834	57,896	84,699	219,122
Additions in year	-	-	2,799	-	2,799
At end of year	38,693	37,834	60,695	84,699	221,921
Depreciation					
At beginning of year	35,882	37,834	57,107	84,699	215,522
Charged for year	934	-	1,489	-	2,423
At end of year	36,816	37,834	58,596	84,699	217,945
Net book value					
At 31 March 2020	1,877	-	2,099	-	3,976
Net book value					
At 31 March 2019	2,811	-	789	-	3,600

13 Fixed asset investments

Investments (neither listed nor unlisted) were as follows:

Group and Company	Company 2020 £	Company 2019 £
Investment in All Cleaned Up (Scotland) Limited	1	1

13 Fixed asset investments (continued)

At 31 March 2020 Apex Scotland owned 100% of the issued share capital of All Cleaned Up (Scotland) Limited, a company incorporated in Scotland on 24 October 2011 with a share capital of £1.

The principal activity of All Cleaned Up (Scotland) Limited is to create real jobs for the people that Apex Scotland support who are often deemed disadvantaged in the employment market. The social enterprise firm provides cleaning and clearing services.

	Net liabilities £	Turnover £	Expenditure £	Loss £
All Cleaned Up (Scotland) Limited	409,001	399,525	427,487	27,962

APEX SCOTLAND

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

14 Stock

	Group and Company 2020 £	Group and Company 2019 £
Stock held for foodbanks	11,371	5,157

15 Debtors

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Grant income receivable	373,335	373,335	389,390	389,390
Other debtors	48,364	96,634	46,371	71,676
Prepayments	18,605	15,141	19,259	16,182
	<u>440,304</u>	<u>485,110</u>	<u>455,020</u>	<u>477,248</u>

A balance of £265,000 (2019: £265,000) is due from the subsidiary company, All Cleaned Up (Scotland) Limited but a full provision has been made against this balance as recovery is considered remote.

16 Creditors: Amounts falling due within one year

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
<i>Amounts falling due within one year</i>				
Trade creditors	38,640	25,238	31,047	20,057
Tax and social security	67,659	38,289	44,460	35,060
Other creditors	32,391	21,585	17,658	9,807
Accruals and deferred income	160,597	146,736	108,418	94,912
	<u>299,287</u>	<u>231,848</u>	<u>201,583</u>	<u>159,836</u>

17 Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Other creditors	67,141	55,902

APEX SCOTLAND

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

18 Analysis of movement in funds

Group 2019/20	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	405,898	(53,756)	352,142
Restricted			
Partnership - Diageo	10,000	(7,500)	2,500
Local Authority	-	11,025	11,025
Donations	9,528	24,043	33,571
Other (balances <£10,000)	38,256	13,683	51,939
	57,784	41,251	99,035
Total	463,682	(12,505)	451,177
Group 2018/19	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	464,545	(58,647)	405,898
Restricted			
Scottish Government	10,800	(3,600)	7,200
Partnership - Diageo	-	10,000	10,000
Capital grants	6,668	(6,668)	-
Other (balances <£10,000)	23,074	17,510	40,584
	40,542	17,242	57,784
Total	505,087	(41,405)	463,682

APEX SCOTLAND

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

18 Analysis of movement in funds (continued)

Company 2019/20	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	521,937	(25,792)	496,145
Restricted			
Partnership - Diageo	10,000	(7,500)	2,500
Local Authority	-	11,025	11,025
Donations	9,528	24,043	33,571
Other (balances <£10,000)	38,256	13,683	51,939
	57,784	41,251	99,035
Total	579,721	15,459	595,180
Company 2018/19	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	515,360	6,577	521,937
Restricted			
Scottish Government	10,800	(3,600)	7,200
Partnership - Diageo	-	10,000	10,000
Other (balances <£10,000)	23,074	17,510	40,584
	33,874	23,910	57,784
Total	549,234	30,487	579,721

APEX SCOTLAND

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

19 Analysis of net assets between funds

Group	Unrestricted £	Restricted £	Total £
Fixed assets	29,768	-	29,768
Net current assets	389,515	99,035	488,550
Long term liabilities	(67,141)	-	(67,141)
Total net assets at 31 March 2020	<u>352,142</u>	<u>99,035</u>	<u>451,177</u>

	Unrestricted £	Restricted £	Total £
Fixed assets	10,800	-	10,800
Net current assets	451,000	57,784	508,784
Long term liabilities	(55,902)	-	(55,902)
Total net assets at 31 March 2019	<u>405,898</u>	<u>57,784</u>	<u>463,682</u>

19 Analysis of net assets between funds

Company	Unrestricted £	Restricted £	Total £
Fixed assets	7,577	-	7,577
Net current assets	488,568	99,035	587,603
Total net assets at 31 March 2020	<u>496,145</u>	<u>99,035</u>	<u>595,180</u>

	Unrestricted £	Restricted £	Total £
Fixed assets	10,801	-	10,801
Net current assets	511,136	57,784	568,920
Total net assets at 31 March 2019	<u>521,937</u>	<u>57,784</u>	<u>579,721</u>

APEX SCOTLAND

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

20 Commitments

Total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

	2020		2019	
	Group £	Company £	Group £	Company £
Not later than one year	56,701	55,201	62,351	55,151
Later than one year and not later than five	96,085	96,085	119,185	117,685
Over five years	-	-	7,200	7,200
	<u>152,786</u>	<u>151,286</u>	<u>188,736</u>	<u>180,036</u>
Lease payments recognised as an expense	<u>139,941</u>	<u>131,760</u>	<u>132,190</u>	<u>124,329</u>

21 Analysis of changes in net funds - Group

	1 April £	Cashflows £	Non-cash Movements £	31 March £
2019/20				
Long term borrowings	(55,902)	(20,000)	8,761	(67,141)
Short term borrowings	(7,340)	7,338	(8,761)	(8,763)
Total borrowings	(63,242)	(12,662)	-	(75,904)
Cash and cash equivalents	250,190	85,972	-	336,162
Total net funds	<u>186,948</u>	<u>73,310</u>	<u>-</u>	<u>250,258</u>
2018/19				
Long term borrowings	(33,243)	(20,000)	7,341	(55,902)
Short term borrowings	(6,757)	6,758	(7,341)	(7,340)
Total borrowings	(40,000)	(23,242)	-	(63,242)
Cash and cash equivalents	402,446	(152,256)	-	250,190
Total net funds	<u>362,446</u>	<u>(175,498)</u>	<u>-</u>	<u>186,948</u>

APEX SCOTLAND

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

21 Analysis of changes in net funds - Company	1 April	Cashflows	Non-cash	31 March
	£	£	Movements	£
2019/20				
Borrowings	-	-	-	-
Cash and cash equivalents	246,351	76,619	-	322,970
Total net funds	<u>246,351</u>	<u>76,619</u>	<u>-</u>	<u>322,970</u>
2018/19				
Borrowings	-	-	-	-
Cash and cash equivalents	354,165	(107,814)	-	246,351
Total net funds	<u>354,165</u>	<u>(107,814)</u>	<u>-</u>	<u>246,351</u>

22 Related party transactions

Partnership income totalling £10 (2019: £983) was received from Care Farming Scotland during the year for consultancy costs. Alan Staff (Chief Executive) was a secretary of Care Farming Scotland until it was dissolved on 14 January 2020.

Trustees received no remuneration in the current or prior period. Three trustees (2019: none) received reimbursement of expenses amounting to £385 (2019: £Nil). Trustee indemnity insurance of £1,175 (2019: £1,120) was paid during the year.