

Company registration number: 8139367
Charity registration numbers: 1149813
SCO47781

JUNCTION⁴²

**The Junction 42 Foundation
(a company limited by guarantee)**

**Trustees' report
and
financial statements**

for the year ended

31 March 2021

**The Junction 42 Foundation
(a company limited by guarantee)**

**Trustees' report and financial statements
for the year ended 31 March 2021**

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The Junction 42 Foundation
(a company limited by guarantee)

Legal and administrative information

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

**The Junction 42 Foundation
(a company limited by guarantee)**

**Report of the Trustees
for the year ended 31 March 2021**

The trustees present their report and the financial statements for the year ended 31 March 2021. These are prepared in accordance with the governing document, the recommendations of the Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the small companies' regime of the Companies Act 2006.

Reference and administrative details

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

The trustees, who are also directors for the purposes of company law, who served during the year and up to the date of this report are set out on page 3.

Structure, governance and management

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

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

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

Objectives and principal activities

The charitable objectives of the company are:

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

Risks

The trustees confirm that the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, have been identified and reviewed; and that systems are in place to mitigate those risks.

Strategic developments in risk management this year include:

- Creation of trustee subgroups to manage operational and financial risks;
- Initiation of an 'across-the-board' policy review;
- Introduction of panic-buttons and personal safety apps for outreach workers;
- Significant improvement in IT hardware and software.

**The Junction 42 Foundation
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**Report of the Trustees (*continued*)
for the year ended 31 March 2021**

Public benefit

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

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

Achievements and performance

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

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

Our values are:

- Journeying with
- Inspirational
- Relational
- Missional
- Creating opportunities

This is Junction 42's ninth year of operation

In a pandemic year we saw that our provision was as vital as ever and we endeavoured to continue supporting our clients. The year saw us adapt our existing provision and create various new tools to ensure we could support our clients whatever the lockdown status of the prison estate or community. A year of challenges was also a year of opportunity to serve the prison population, as we opened a production centre and launched the Stories of Hope programme, seeing our scope expand from our local prisons to resourcing prisons nationally.

Report of the Trustees (*continued*)
for the year ended 31 March 2021

Employability and entrepreneurship

During lockdown Junction 42 pivoted services to ensure we could continue supporting our clients. This required the creation of new tools and technology and also meant the service delivered to our clients was slightly different, but it remained centred around providing wholistic support across our '10 pathways' for those with criminal convictions. Added value was provided as staff were redeployed from other areas to help bolster our response in supporting our vulnerable clients in the community.

This has been Junction 42's sixth year partnering with the Department for Work and Pensions. We are delighted to have launched a Work Out Programme in the Durham Tees Valley area in addition to our existing programmes in Newcastle and Sunderland.

Clients on the Work Out programme receive 1:2:1 mentoring support and groupwork opportunities to improve their social and life skills, wellbeing, employability and engagement with statutory services. Junction 42 also ran a Work Out programme in Edinburgh this year.

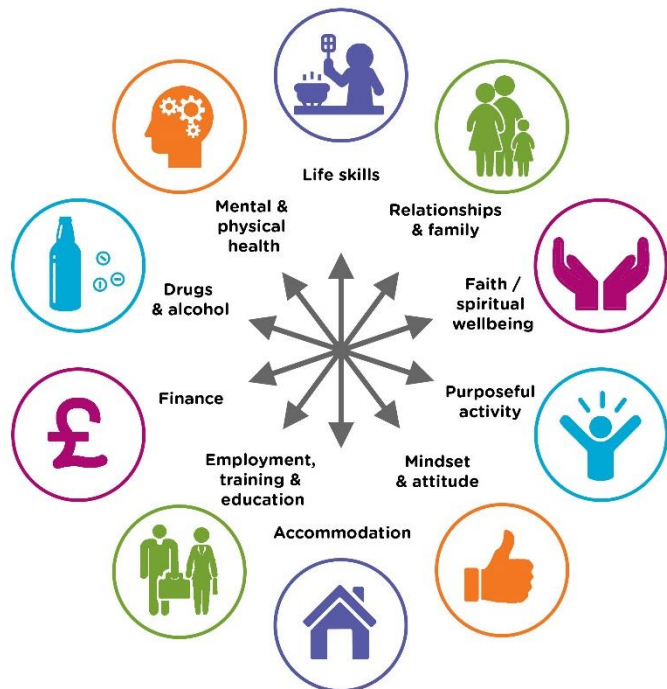
This year, 311 people engaged with our employability services with 143 completing the programme.

"No one has ever listened to me, treated me with respect or helped me understand how I can get help before I met you" – Work Out client

"I would like to thank you for everything you have done. It has given me hope that I can pull this off after all and it's thanks to people like you who go out of the way to help others." – Work Out client

Creative education and engagement

The prison estate spent most of the year on an internal lockdown. As a result, our provision was pivoted to an in-cell learning approach and a new Media – Pack – Personal model.



Report of the Trustees (*continued*)
for the year ended 31 March 2021

Creative Arts: the three-pronged approach

	Method:	Definition:	Tooling:
A three-pronged approach to Creative Arts delivery	Media resource	A 10 minute video tutorial played on A Way Out TV.	A DVD containing 3 – 15 minute tutorial of all 12 sessions. An illustrated instructions leaflet specific to each pack and project.
	Interactive kinesthetic packs	A pack of creative resources and tutor manual to help an individual learn a skill and create a project.	Creative in-cell learning packs containing all the materials needed to complete each of the independent projects, plus ideas for progression/development
	On-site support	Weekly feedback from the programme lead. Submission of weekly work and individual works for the Koestler awards.	This would be on-site support through the door, on the telephone or in small groups as appropriate.

Considerable resource was invested in pivoting to this new model over the year. We saw an increased demand for Junction 42's expertise and resources and as a result we were one of the main providers of high-quality, engagement provision in our local prisons. Feedback from men and women in prison showed they found the in-cell creative engagement gave them hope, a positive outlet and in many cases kept them going in a dark and difficult time.

"You can never underestimate the impact of giving someone who has very little just a small pack like this" – Prison Chaplain



Koestler Awards 2020

Men and women on our Creative arts courses in HMP Northumberland and HMP Low Newton won 18 and 26 awards respectively at the 2020 Koestler Awards for arts in criminal justice. We were delighted to see their talents acknowledged and for them to receive such positive feedback. A particular highlight was seeing our women's piece 'Hope' displayed at the Southbank Centre.

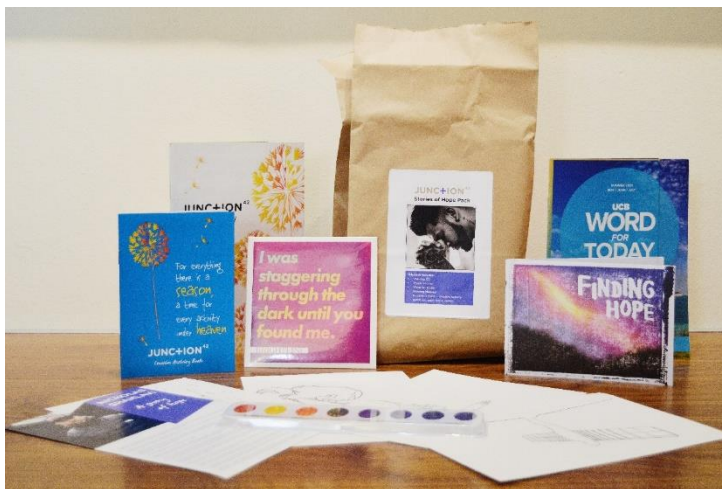
Report of the Trustees (*continued*)
for the year ended 31 March 2021

Faith

Stories of Hope

The learnings and success of pivoting our regional creative resources prompted the development of a national prison outreach 'Stories of Hope'. Initially a lockdown response, we sent 12,000 'faith packs' to prisons across the home nations. The value was seen by prisoners and prison chaplaincies alike, resulting Stories of Hope being established as a regular outreach programme spearheaded by Junction 42 in partnership with other third sector organisations across the country.

There are three elements to Stories of Hope: creative packs, media and personal discipleship.



Creative Packs

The aim of the packs was to provide something that is highly engaging which utilises tactile, auditory and visual learning to provide prisoners with a means to explore or engage with faith in their prison cell. Prison chaplains reported that the packs were highly valuable in equipping them to engage with prisoners when traditional means were not possible.

Junction 42 was uniquely placed as a recognised, experienced, criminal justice provider who understood the niche environment of prison; understanding what

would be valuable to people in their cells and possible to deliver with the prison system. We created national partnerships with other third sector organisation and were able to create the logistical networks to make it happen as we worked with Prison Chaplaincy HQ and opened communication lines with every prison in England, Wales, Scotland Northern Ireland. There was also significant added value as we were able to activate our volunteers network, the Connect community and some of our clients to help pack thousands of packs. This was valuable to them and us as it gave them purposeful activity and an ability to help during the lockdown months.

This year Junction 42 created, packed and distributed
90,894 Stories of Hope packs to 113 prisons

"I have spent most of the day giving out the faith packs from your organisation. The men have been delighted with them. It reassures them that they are not forgotten and that people on the outside do care and think of them. The resource you have put together and so kindly donated, will help the men deepen their faith too." – Prison Chaplain

Media

We have begun producing television and radio content to support the physical packs. These media pieces are broadcasted on National Prison Radio, A Way Out TV (in cell TV Channel) and by chaplains on localised channels. Both media pieces capture worship, testimonies and the Word from life on the outside, featuring those who have had criminal justice experience.

**The Junction 42 Foundation
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**Report of the Trustees (*continued*)
for the year ended 31 March 2021**



Personal Discipleship

We were able to adapt all our chaplaincy courses to an in-cell provision meaning the men and women were able to continue engaging and we could reach an audience that couldn't normally attend chapel groups. These adaptations included the development of in-cell resources for Alpha and launch of a letter-writing Bible study programme where people in prison were linked with a Junction 42 volunteer. The Alpha resources were initially developed for our local outreach workers but was then piloted across Scottish prisons with Alpha. Our outreach workers have been on the ground in five prisons supporting chaplaincy departments in delivering chaplaincy services and offering 1:2:1 support either in-person or by in-cell telephone.

Connect

Junction 42 continues to oversee the Connect Network. The Connect Network trains and supports the local church to provide a safe and welcoming space for those from the margins to grow in their faith. In this year Connects met mostly online and although in-person meetings were missed, at 31.03.21 there were 2,582 members of Connect online.

Further Developments

Seasonal Responses

Due to the popularity of creative and faith packs, we developed a regional response to ensure every prisoner in North East England and Scotland (totalling 11,180) received a Christmas gift pack. In some prisons we also made gifts to staff to recognise their service as hidden heroes. We recognised that due to lack of in-person presence, the message of care love and concern could be communicated as a physical, high quality, well-thought-out gift and card.

Prison induction and leaver packs

Junction 42 developed and implemented the roll-out of prison leaver hygiene packs in our local prisons. These included items from essential toiletries to towels and masks. Although Junction 42 already provided a resettlement support offering for prison leavers, we saw an increased need for hygiene and technology provision through the pandemic.

At HMP Low Newton, a staff initiative based on listening to the residents led to the development of hygiene induction packs and slippers. This initiative was cited by HM Chief Inspector of Prisons in their inspection report for HMP Low Newton.

"All women received an unusually good pack of toiletries from local faith charity Junction 42 on reception and again on discharge"

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**Report of the Trustees (*continued*)
for the year ended 31 March 2021**

Telephone befriending scheme

In early 2021 Junction 42 was onboarded by Volunteer Matters to offer a Telephone Befriending Service to people who are currently serving their sentences in the community either on a community sentence order or on a period on license. Junction 42 have been delighted to provide support to the most vulnerable by providing telephone calls to help those feeling isolated during this pandemic, providing general conversations and/or giving helpful tips on how to occupy time in a pro-social manner.

Financial review

The charity's total income for the financial year was £883,097 (2020 - £701,475), and the total expenditure was £732,387 (2020 - £511,135), giving net surplus of £150,710 (2020 – £190,340) and retained funds carried forward of £555,683 (2020 - £404,973).

Income for the year included successful funding from the Department for Work and Pensions, Her Majesty's Prison and Probation Service, Sodexo, Northumbria Crime Commissioner's Violence Reduction Unit, Sport England, Volunteer Matters and Trust funders.

The funds of the charity (inc £20,812 asset value), are £490,718 in unrestricted funds and £64,965 in restricted funds carried forward. The trustees review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

It has become common for Junction 42 to have six to eight months of unfunded provision due to the change in procurement processes within government, meaning contracts have become more short term in nature with uncertainty and gaps between renewals. This presents a risk to our financial stability and so the trustees' proposed a policy to hold a level of reserves, namely those not held for a specific purpose, which is equivalent to 32-weeks operating costs (£488,408) to help mitigate this risk and ensure ongoing provision to some of the most vulnerable.

Plans for future periods

Junction 42 plans to continue investing in developing its work in prisons and the community. In particular we will look to:

- Build on the successful launch of Teesside Work Out programme with more staff capacity
- Invest in increasing our provision in Scotland.
- Seek to develop our women's service, particularly in area of resettlement.
- Continue developing and delivering the Stories of Hope programme after a successful launch in 2020. In 2021 we plan for this to include the launch of a Kick-Start scheme to offer young people a work-placement in our production hub.
- Relaunch Connect communities, return to in-person meetings and train, support and resource local churches to establish new Connects.
- Increase stakeholder engagement and collaboration with other services in sector to increase efficiency, reduce duplication, remove barriers and developing problem solving.

Given the continued growth of the organisation, Junction 42 plans to continue investing in its operations function through expertise consultancy to ensure its current systems are fit for purpose and facilitate future growth. We plan for this to include improved financial software, the implementation of a CRM database and upgrading other tools to enable automation of key processes. Additionally we will carry out an across-the-board policy review. Financially the trustees are aiming to de-risk Junction 42's finances by securing longer-term funding to stabilise gaps between short-term contracts.

**The Junction 42 Foundation
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**Report of the Trustees (*continued*)
for the year ended 31 March 2021**

Trustees' responsibilities statement

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

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

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

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

Disclosure of information to auditors

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

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

This report was approved by the trustees on 17 November 2021 and is signed on its behalf by:

**Paul Cassidy
Trustee**

The Junction 42 Foundation
(a company limited by guarantee)

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

Opinion

We have audited the financial statements of The Junction 42 Foundation (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Auditor's responsibilities for the audit of the financial statements *(continued)*

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Key Management Personnel. The most significant identified that directly affect the financial statements include financial reporting legislation (including related companies' legislation), the Charities Act 2011 and UK taxation legislation. The company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and Safety, Employment Law and Data Protection regulations, recognising the nature of the company's activities.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquiries of Trustees and Key Management Personnel as to where they consider there to be susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override, including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

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

17 November 2021

The Junction 42 Foundation
(a company limited by guarantee)

Statement of financial activities
for the year ended 31 March 2021

Summary income and expenditure account

	Notes	Unrestricted funds		Restrict ed funds	Total	Total
		General	Buildin g		2021	2020
		£	£	£	£	£
Income from:						
Donations and legacies	2	139,664	0	187,076	326,740	156,633
Charitable activities	3	514,552	0	0	514,552	543,163
Other trading activities	4	0	0	0	0	1,369
Bank interest		1	0	0	1	11
Other	5	41,803	0	0	41,803	299
Total		696,021	0	187,076	883,097	701,475
Expenditure on:						
Raising funds						
Costs of fundraising	6	3,117	0	0	3,117	290
Charitable activities	7-9	511,095	0	218,175	729,270	510,845
Total		514,212	0	218,175	732,387	511,135
Net income		181,809	0	(31,099)	150,710	190,340
Transfers between funds		0	0	0	0	0
Net movement in funds		181,809	0	(31,099)	150,710	190,340
Total funds brought forward		264,971	43,938	96,064	404,973	214,633
Total funds carried forward		446,780	43,938	64,965	555,683	404,973

The notes on pages 18 to 25 form part of these financial statements.

The Junction 42 Foundation
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Balance Sheet at 31 March 2021

	Notes	2021	2020
Fixed assets			
Tangible assets	10	20,812	10,353
Investments	11	<u>1</u>	<u>1</u>
		20,813	10,354
Current assets			
Debtors	12	169,325	105,030
Cash in bank and in hand		<u>399,820</u>	<u>308,395</u>
		569,145	413,425
Creditors: amounts falling within one year	13	<u>34,275</u>	<u>18,806</u>
Net current assets		<u>534,870</u>	<u>394,619</u>
Total assets less current liabilities		<u>555,683</u>	<u>404,973</u>
Net assets		<u>£555,683</u>	<u>£404,973</u>
Funds			
Unrestricted funds - general	14	446,780	264,971
Unrestricted funds - designated	14	43,938	43,938
Restricted funds	15	64,965	96,064
Total funds		<u>£555,683</u>	<u>£404,973</u>

The notes on pages 18 to 25 form part of these financial statements.

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

These financial statements were approved by the Board and authorised for issue on 17 November 2021 and are signed on their behalf by:

Paul Cassidy
Trustee
Company registration number: 8139367

The Junction 42 Foundation
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**Cash flow statement
for the year ended 31 March 2021**

	2021	2020
	£	£
Reconciliation of net income to net cash flows from operating activities		
Net income for year	150,710	190,340
Bank interest	-1	-11
Depreciation	7,763	4,600
Increase in debtors	-64,295	-75,493
Increase in creditors	<u>15,469</u>	<u>8,619</u>
Net cash inflow from operating activities	109,646	128,055
Cash flows from investing activities		
Purchases of tangible fixed assets	-18,222	-400
Bank interest	<u>1</u>	<u>11</u>
Net cash flows from investing activities	-18,221	-389
Net increase in cash and cash equivalents	<u>91,425</u>	<u>127,666</u>
Cash and cash equivalents at start of period	308,395	180,729
Cash and cash equivalents at end of period	<u>399,820</u>	<u>308,395</u>
Cash and bank	399,820	308,395
Cash and cash equivalents	<u>399,820</u>	<u>308,395</u>

The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the charitable company have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice applicable to smaller entities.

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

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

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

1.2 Going concern

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

1.3 Income

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

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

Government grants that compensate the company for expenses incurred are recognised in the statement of financial affairs on a systematic basis in the same period in which the expenses are incurred.

1.4 Expenditure

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

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

The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2021

1. Accounting policies (*continued*)

1.5 Fund accounting

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

1.6 Tangible fixed assets

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

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

1.7 Impairment of fixed assets

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

1.8 Debtors and creditors due within one year

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

1.9 Taxation

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

1.10 Operating leases

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

1.11 Defined contribution plans

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

1.12 Voluntary assistance

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

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Notes to the financial statements
for the year ended 31 March 2021
(continued)

2. Donations and legacies

	General funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Donations and grants	120,937	113,633	234,570	30,399
Donations in respect of salaries	0	73,443	73,443	112,262
Gift aid tax reclaims	18,727	0	18,727	13,972
	<hr/> 139,664	<hr/> 187,076	<hr/> 326,740	<hr/> 156,633

3. Charitable activities

Prison education services	58,300	0	58,300	92,018
Employability education	284,320	0	284,320	352,770
Faith in the community	1,080	0	1,080	26,273
Creative education and engagement	47,567	0	47,567	72,103
Prison Faith Services	123,286	0	123,286	0
	<hr/> 514,552	<hr/> 0	<hr/> 514,552	<hr/> 543,164

4. Other trading activities

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

Coronavirus job retention scheme	41,792	0	41,792	0
Reimbursed expenses	11	0	11	299
	<hr/> 41,803	<hr/> 0	<hr/> 41,803	<hr/> 299

6. Costs of fundraising

Fund raising expenses	<hr/> 3,117	<hr/> 0	<hr/> 3,117	<hr/> 290
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The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2021
(continued)

7. Charitable activities – direct costs

	General funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Prison education services	29,900	3,900	33,800	55,192
Employability education	38,491	117,006	155,497	110,342
Faith in the community	2,067	7,500	9,567	28,903
Creative education and engagement	23,014	25,994	49,008	62,968
Incell learning production hub	186,106	0	186,106	0
	<u>279,578</u>	<u>154,400</u>	<u>433,978</u>	<u>257,406</u>

8. Charitable activities - support costs

Donations and contractual giving	5,438	0	5,438	1,103
Admin management staff costs	146,131	63,775	209,906	187,035
Office rent and rates	16,298	0	16,298	7,074
Insurance	5,204	0	5,204	5,511
Staff travel costs and subsistence	2,066	0	2,066	6,836
Office costs - telephone, printing, computers	21,855	0	21,855	10,354
Premises expenses and canteen	1,738	0	1,738	2,971
Motor and travel costs	5,155	0	5,155	6,081
Depreciation	7,763	0	7,763	4,600
Merchant services and bank charges	836	0	836	1,064
Staff training	3,662	0	3,662	9,792
Consultancy – media and publicity	318	0	318	697
Subscriptions and volunteer costs	734	0	734	1,225
Accountancy charges	5,829	0	5,829	0
Audit fees	1,710	0	1,710	1,650
Cleaning and Covid PPE	4,509	0	4,509	0
Other costs – legal and consultancy	2,270	0	2,270	7,445
	<u>231,517</u>	<u>63,775</u>	<u>295,292</u>	<u>253,439</u>

9. Staff costs and trustee disclosures

	2021	2020
	£	£
Gross salaries	404,119	331,051
Social security costs	24,630	21,437
Employer's pension contributions	10,372	6,374
	<u>439,121</u>	<u>358,862</u>

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Notes to the financial statements
for the year ended 31 March 2021
(continued)

9. Staff costs and trustee disclosures
(continued)

	2021	2020
Average number of employees:		
Direct charitable activities	18	13
Management and administration	7	7
	25	20

The salary of the chief executive officer for the year was £42,645. No employee received £60,000 pa or more.

The trustees and the ceo are considered to be key management personnel for the purposes of FRS102.

The trustees received no remuneration in the year (2020: £nil).

During the year, the charitable company received total donations of £50,483 from The Vardy Foundation (England and Wales charity no. 328415; Scotland SC051152). Richard Vardy is also a trustee of that charity.

10. Tangible fixed assets

	Fixtures and fittings	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2020	14,620	16,994	31,614
Disposals	0	0	0
Additions	18,222	0	18,222
At 31 March 2021	32,842	16,994	49,836
Depreciation			
At 1 April 2020	9,294	11,967	21,261
Charge for year	6,507	1,257	7,763
Disposals	0	0	0
At 31 March 2021	15,801	13,224	29,024
Net book amount			
At 31 March 2021	17,041	3,770	20,812
At 31 March 2020	5,326	5,027	10,353

All fixed assets are used for purposes of the charitable company.

The Junction 42 Foundation
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Notes to the financial statements
for the year ended 31 March 2021
(continued)

11. Investments

	Unlisted investments
Cost	£
	<u>1</u>
At 31 March 2021 and 31 March 2020	<u>1</u>

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

12. Debtors

	2021	2020
	£	£
Trade debtors	165,316	78,661
Prepayments and accrued income	<u>4,009</u>	<u>26,369</u>
	<u>169,325</u>	<u>105,030</u>

13. Creditors: amount falling due within one year

	2021	2020
	£	£
Trade creditors	1,601	2,521
Amounts due to subsidiary undertaking	1	1
Accruals and deferred income	22,000	7,000
Other taxes and social security	<u>10,673</u>	<u>9,284</u>
	<u>34,275</u>	<u>18,806</u>

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Notes to the financial statements
for the year ended 31 March 2021
(continued)

14. Unrestricted funds

	Balance at	Movement in resources			Balance at
	01 April 2020	Incoming	Outgoing	Transfers	31 March 2021
	£	£	£	£	£
General funds	264,971	696,021	514,212	0	446,780
Designated funds	43,938	0	0	0	43,938
	308,909	696,021	514,212	0	490,718

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

15. Restricted funds

	Balance at	Movement			Balance at
	01 April 2020	Income	Expenditure	Transfers	31 March 2021
	£	£	£	£	£
Salary Support fund ¹	19,962	73,443	84,963	0	5,442
Connect Network ²	7,500	0	7,500	0	0
Seedbed Trust ETS Grant ³	7,956	0	7,956	0	0
Sodexo grant ⁶	7,000	7,000	7,000	0	7,000
Faith in Your Future ⁸	646	0	646	0	0
Connectional Mission - The Methodist Church ¹¹	5,000	15,000	15,000	0	5,000
Northumbria Police & Crime Commissioner – VRU monies ¹²	45,000	53,813	74,110	0	24,703
Fiftyfour Two Foundation – Employability ¹⁴	6,000	0	6,000	0	0
Other – Sport England ¹⁵	0	7,820	0	0	7,820
Other – Volunteering matters ¹⁶	0	30,000	15,000	0	15,000
	96,064	187,076	218,175	0	64,965

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

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Notes to the financial statements
for the year ended 31 March 2021
(continued)

15. Restricted funds (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

¹⁵ The Sport England grant is for Angling training provision to clients.

¹⁶ The Volunteering matters grant is to provide a telephone befriending service to people who are currently serving their sentences in the community either on a community sentence order or on a period on license