

Company registration number: 8139367
Charity registration number: 1149813
SCO47781

The Junction 42 Foundation

(A company limited by guarantee)

Trustees Annual Report and Accounts

Year Ended 31st March 2022

JUNCTION⁴²

The Junction 42 Foundation

Year Ended 31st March 2022

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The Junction 42 Foundation

Year Ended 31st March 2022

Legal and Administrative Information

Reference

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).

Registered Charity Numbers	1149813 SCO47781	England and Wales Scotland
Registered Company Number	8139367	
Registered Office	Brunswick Methodist Church Brunswick Place Newcastle upon Tyne NE1 7BJ	
Website	www.junction42.org	
Trustees	Mr Richard Vardy Bishop Francis White Dr Paul Cassidy Mrs Alison Edwards Mrs Sarah Wade	
Chief Executive Officer	Joanne O'Connor	
Primary 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

Year Ended 31st March 2022

Trustees' Annual Report

The trustees present their report and the financial statements for the year ended 31 March 2022. 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 1.

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.

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

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:

- 37 policy documents either reviewed or written. Including particular attention to Information Governance
- First Aid training for 12 staff
- Improvement in financial controls

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.

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

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

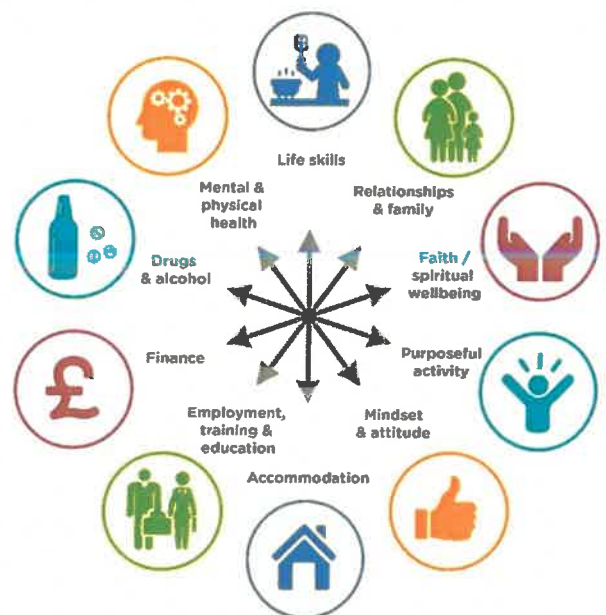
This is Junction 42's 10th year of operation

Introduction

As we exited lockdown restrictions this year, we were able to re-launch projects with renewed vigour and were successful in consolidating the programmes we had started during the pandemic, as part of our ongoing and regular services.

Employability and entrepreneurship

155 individuals completed our 'Work Out' programme in 2021-22 and we provided additional support to another 188 individuals across Tyne and Wear, Durham/Tees Valley and Edinburgh. 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 have been amazing... I've been too unfit to do the majority of manual handling that is required for labouring, so they've got me doing football and the gym to build my energy up, which it has. Through Junction 42 I've done a bit of volunteer work they've helped me sort everything out with my CSCS card and they are applying for my provisional licence. They've helped me better than any one I've ever had and I couldn't ask for more off them" – Client Feedback

"I have spoken to my customer today who cannot speak highly enough of Junction 42, he is over the moon with the support he is getting" – Job Coach Feedback

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

Creative Education and Engagement

The success of the in-cell learning we developed during lockdown led to increased demand from our local prisons for our Creative Arts provision. We provided 4 areas of creative engagement:

<p>IN-CELL <i>Creative Arts</i> COURSE</p> <p>13 Weeks of in-cell art provision delivered up to 20 Learners per course. In person support, competitions and group projects</p> 	<p>PRISON WIDE <i>Creative Arts</i> MONTHLY PACKS</p> <p>A creative arts pack offered to the prison population for in cell work. These packs improve and grow skills and help to create home and community ties.</p> 
<p>ADDED VALUE <i>Creative Arts</i> DISTRACTION PACKS</p> <p>A creative arts distraction pack offered to those in need of additional support or activity for in cell work. These packs improve and grow skills and help to create home and community ties</p> 	<p>DISPLAYS, GALLERIES <i>Competitions</i> KOESTLER</p> <p>Added value across streams 1-3. Creating an impact in the prison and the wider community through artwork displays and performances.</p> 

In our women's prison, HMP Low Newton, across these streams we provided at total of 44,100 hours of in-cell learning for the women. In HMP Northumberland we also introduced a Ukulele course.

D's Story - Although she was struggling with her mental health, D engaged with our creative arts course. Our Junction 42 worker was able to visit her and spend some time showing her how to make origami butterflies, D was then joined by N on the wing who also wanted to learn. D and N then began to teach others how to make butterflies and many began to ask for origami paper to try this out to brighten their rooms. This really transformed D as she found a sense of purpose and self-worth as she helped others on the wing

"Working in partnership with the brilliant staff at Junction 42 was successful due to their care, compassion and always going the extra mile to help anyone who engaged with them. Seeing the essential help and support provided for ex-offenders and offenders pre-release is so necessary to enhance their lives and give them the skills to live a better life, find employment, housing and access pastoral support" – Prison Feedback

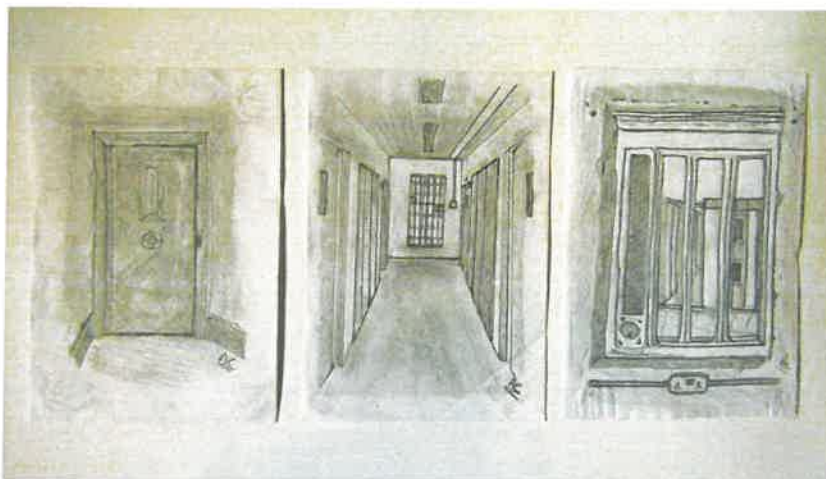
The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

Koestler Awards 2021

Men and women on our Creative arts courses in HMP Northumberland and HMP Low Newton won 13 and 5 awards respectively at the 2021 Koestler Awards for Arts in Criminal Justice. We were delighted to see their talents acknowledged and for them to receive such positive feedback.



Left: In A Lonely Place, Right: Origami Swan

Faith

The national Stories of Hope programme continued as a regular outreach, spearheaded by Junction 42, in partnership with other third sector organisations across the country.

Stories of Hope Packs

Our Stories of Hope packs contain highly engaging resources which utilise tactile, audio, and visual learning to provide prisoners with a means to explore or engage with faith in their prison cell. This year, we completed our 5th, 6th, 7th and 8th quarterly waves of packs.



**In 2021-22, Junction 42 created, packed and distributed
75,424 Stories of Hope packs to 119 prisons**

"They have helped me stay connected to God, stirred my spirit up. Built me up a bit each day." - Prisoner

"the packs have become part of prison culture" – Prison Chaplain

We are grateful to those who have partnered with us 2021-22 on this programme. Partners included UCB, Prison Chaplaincy HQ, Lifewords, The Message Trust, Bethel Music, Prisons Week and Guvna B.

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

Media

This year we built on our relationship with Prison Chaplaincy HQ to continue providing Sunday Services to be aired on National Prison Radio. Wayout TV, an in-prison TV channel, also increased their use of our Stories of Hope video pieces. Like the Stories of Hope packs, our media pieces capture worship, testimonies and the Word from life on the outside, featuring those who have had criminal justice experience.

Personal Discipleship

Our in-cell faith provision continues to provide men and women with an opportunity to explore and practice faith from their cells with 1-2-1 support from our outreach workers while group settings continued to be restricted in prisons. Most of our engagement was through Alpha, with lots of demand and engagement seen across our local prisons. A small number also took part in the pilot of our Letters of Hope Scheme, a volunteer-led letter-writing Bible study programme.

Connect

Junction 42 oversees 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. This year [Connect communities re-started meeting in person after meeting mostly online in 2020-2021](#). Connect communities continuing this year were in Newcastle, Durham and Stockton, Edinburgh and Glasgow, and we were delighted to re-launch Middlesbrough Connect and start a new Connect in Gateshead.

Seasonal Responses

Being aware of how difficult Christmas can be for people in prison, this year we provided 6,300 Christmas gift packs to all prisoners in Scotland and all prisoners in our local prisons in North-East England. The packs contained an origami kit to make Christmas decorations, chocolate, Christmas reading, and a Hope Magazine. For our community clients we delivered 100 advent calendars, 100 Christmas gifts bags, 30 food hampers, and 6 turkey and vegetable packs.

For Easter, we produced 5,000 Easter packs to be distributed in prisons and the local community. Packs included a Hope magazine, chocolate, Easter card creative activity, and luxury hygiene products. We also delivered 100 Easter packs and 100 Easter eggs in the community to our clients.

Telephone befriending scheme

In early 2021, Junction 42 was onboarded by Volunteer Matters to offer a Telephone Befriending Service to people who were currently serving their sentences in the community. 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. This pilot project finished in July 2021, with 38 individuals being referred to the service and 382 phone calls being made by our staff and volunteers.

"Before the service I was lonely, I had no-one to speak to on a weekly basis. It is helpful to know that someone is thinking about me and has shown me respect." – Client feedback

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

Financial review

The charity's total income for the financial year was £963,063 (2021 - £883,096), and the total expenditure was £912,787 (2021 - £732,386), giving net surplus of £50,276 (2021 – £150,710) and retained funds carried forward of £605,959 (2021 - £555,683).

Income for the year included successful funding from the Department for Work and Pensions, His Majesty's Prison and Probation Service, Sodexo, Volunteering Matters and Trust funders.

The funds of the charity (including £13,301 fixed asset value), are £583,207 in unrestricted funds and £22,752 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.

The trustees proposed a policy that the charity should hold a level of reserves, namely those not held for a specific purpose, which is equivalent to no less than 32-weeks operating costs. It has become common practice for Junction 42 to have long periods 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 reserves policy was put in place to mitigate this risk our financial stability.

Since January 2022 we have been out of contract with the DWP and have used these reserves to ensure continuation of provision to our service users. This has taken us below 32 weeks' reserves, and **we anticipate being below 32 weeks in the coming year, but no lower than 12 weeks. We aim to restore our reserves level in the future by securing a wider portfolio of contractual opportunities.**

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:

- Invest in increasing our provision in Scotland.
- Seek to develop a specialist women's service.
- Increase our partnerships with local churches
- Increase our media presence, influence and voice, including launching a Stories of Hope media stream, telling the stories of those with experience of the criminal justice system.
- Establish a Connect Community in Darlington
- Improve our Impact Measurement function and launch our new CRM system

As stated in note 16 to the accounts, we have received confirmation that contracts held with the Department for Work and Pensions would not be renewed in the 2022/23 financial year. We have built up reserves in recent years to mitigate this potential loss of this income. Our plans for 2023/23 regarding this are to broaden our income streams to reduce our reliance on short term contracts and stabilise our income. We are doing this by growing our in-prison and probation contract opportunities and significantly increasing our grant income, having secured various grants for 2022/23 and some 3-year grants which will provide income through to 2025. We are also investing in increasing our regular donation income and use of fundraising campaigns.

The Junction 42 Foundation

Year Ended 31st March 2022

Trustees' Annual Report

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 19/12/2022 and is signed on its behalf by:

Paul Cassidy

Trustee



The Junction 42 Foundation

Year Ended 31st March 2022

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 2022 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 2022 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;
- 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 trustees' 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 trustees' 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

Year Ended 31st March 2022

Independent Auditor's Report to the Members of The Junction 42 Foundation

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

Year Ended 31st March 2022

Independent Auditor's Report to the Members of The Junction 42 Foundation

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
West 2, Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

Date: 19th December 2022

The Junction 42 Foundation

Year Ended 31st March 2022

Statement of Financial Activities

		Unrestricted Funds	2022 Restricted Funds	Total Funds	2021 Total funds
	Note	£	£	£	£
Income					
Donations and legacies		295,805	136,509	432,314	326,740
Charitable activities		529,283	-	529,283	514,553
Other trading activities		-	150	150	-
Other income		1,316	-	1,316	41,803
Total Income	2	<u>826,404</u>	<u>136,659</u>	<u>963,063</u>	<u>883,096</u>
Expenditure					
Raising funds	3	783	-	783	3,117
Charitable activities	4, 5	<u>733,132</u>	<u>178,872</u>	<u>912,004</u>	<u>729,269</u>
Total Expenditure		<u>733,915</u>	<u>178,872</u>	<u>912,787</u>	<u>732,386</u>
Net income / (expenditure)		<u>92,489</u>	<u>(42,213)</u>	<u>50,276</u>	<u>150,710</u>
Net income and net movement in funds					
Total funds brought forward	13	490,718	64,965	555,683	404,973
Transfers	13	-	-	-	-
Total funds carried forward	13	<u>583,207</u>	<u>22,752</u>	<u>605,959</u>	<u>555,683</u>

All income and expenditure derive from continuing activities.

The statement is a combined Statement of Financial Activities and Income and Expenditure Account for the purposes of meeting both companies act and charity SORP reporting requirements.

The notes on pages 16 to 30 form part of the financial statements.

The Junction 42 Foundation

Year Ended 31st March 2022

Statement of Financial Position

	Note	2022 £	2021 £
Fixed assets			
Tangible Fixed Assets	9	13,300	20,811
Investments	10	1	1
		<u>13,301</u>	<u>20,812</u>
Current assets			
Debtors	11	59,098	169,325
Cash at bank and in hand		561,122	399,821
		<u>620,220</u>	<u>569,146</u>
Creditors: amounts falling due within one year	12	<u>27,562</u>	<u>34,275</u>
Net current assets		<u>592,658</u>	<u>534,871</u>
Total assets less current liabilities		<u>605,959</u>	<u>555,683</u>
Net assets	14	<u>605,959</u>	<u>555,683</u>
Funds of the charity			
Restricted funds	13	22,752	64,965
Unrestricted funds	13		
Unrestricted General		446,024	446,780
Designated Funds		137,183	43,938
		<u>583,207</u>	<u>490,718</u>
Total charity funds		<u>605,959</u>	<u>555,683</u>

These financial statements for The Junction 42 Foundation (Company number: 8139367) have been prepared in accordance with the provisions applicable to companies subject to the small entities regime of the Companies Act 2006.

The notes on pages 16 to 30 form part of the financial statements.


Directors Responsibilities

These financial statements were approved by the board of trustees and authorised for issue :

Name of Trustee:

Dr Paul Cassidy

Signed on behalf of the Trustees:



Date of approval:

19/12/22

The Junction 42 Foundation

Year Ended 31st March 2022

Statement of Cash Flows

	2022 £	2021 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	161,290	109,646
	<u>161,290</u>	<u>109,646</u>
Cash flows from investing activities:		
Dividends and interest	11	1
Purchase of tangible fixed assets	-	(18,222)
Net cash provided by (used in) investing activities	<u>11</u>	<u>(18,221)</u>
Change in cash and cash equivalents in the reporting period	161,301	91,425
Cash and cash equivalents at the beginning of the reporting period	399,821	308,396
Cash and cash equivalents at the end of the reporting period	<u>561,122</u>	<u>399,821</u>

Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net movement in funds for the reporting period (as per the statement of financial activities)	50,276	150,710
Adjustments for:		
Depreciation charges	7,511	7,763
Dividends and interest from investments	(11)	(1)
(Increase) / decrease in debtors	110,227	(64,295)
Increase / (decrease) in creditors	(6,713)	15,469
Net cash provided by (used in) operating activities	<u>161,290</u>	<u>109,646</u>

Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank	561,122	399,821
Total cash and cash equivalents	<u>561,122</u>	<u>399,821</u>

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

1 Accounting Policies

1.1 Basis of Preparation

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 Assessment of Going Concern

Notwithstanding the post balance sheet event as disclosed in Note 16 of the financial statements, 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 Fund Accounting

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have set aside resources for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or the term of specific appeal.

Further explanation of the nature and purpose of each fund is included in Note 13 of the financial statements.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

1.4 Incoming Resources

All incoming resources are recognised once the charity has entitlement to the resources, it is probable that the resources will be received, and the monetary value of incoming resources can be measured with sufficient reliability.

- All voluntary income is recognised as donations and are included in full, with associated Gift Aid receivable in the Statement of Financial Activities.
- Grants where entitlement is not conditional on the delivery of specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.
- Income from fees for education, training and mentoring are accounted for when invoices are drawn up and the service has been provided (as the point of entitlement).
- Donated services and facilities are included at the value to the charity where this can be quantified.
- Gifts in Kind are accounted for at a reasonable estimate of their value to the charity or the amount actually realised.
- 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.
- Investment Income is included in the accounts when receivable.

1.5 Resources expended

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.

1.6 Governance Costs

Include costs of the preparation and examination of statutory accounts, the costs of the trustees' meetings and cost of any legal advice to trustees on governance or constitutional matters.

1.7 Liabilities Recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

1.8 Tangible fixed assets

All assets costing more than £1,000 are capitalised and at historic cost. Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on fixed assets which is written off on a straight-line basis over time estimated useful life of the asset.

Fixtures, fittings and furniture	20% Straight line
Motor vehicles	25% Reducing balance

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.

1.9 Pensions

The charity operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

1.10 Operating Leases

Rental charges payable under operating leases are charged on a straight line basis over the terms of the lease.

1.11 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.

1.12 Volunteer 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.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

2 Analysis of Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations and legacies			
Donations and grants	285,895	76,827	362,722
Donations in respect of salaries	-	59,682	59,682
Gift aid tax reclaims	9,910	-	9,910
	<u>295,805</u>	<u>136,509</u>	<u>432,314</u>
Charitable activities			
Prison education services	94,072	-	94,072
Employability education	361,720	-	361,720
Faith in the community	-	-	-
Creative education and engagement	-	-	-
Incell learning production hub	73,491	-	73,491
	<u>529,283</u>	<u>-</u>	<u>529,283</u>
Other trading activities			
Fund raising events	-	150	150
	<u>-</u>	<u>150</u>	<u>150</u>
Other income			
Coronavirus job retention scheme	570	-	570
Reimbursed expenses	735	-	735
Bank Interest	11	-	11
	<u>1,316</u>	<u>-</u>	<u>1,316</u>
Total Income	<u>826,404</u>	<u>136,659</u>	<u>963,063</u>

During the year a non-recurring, material unrestricted donation of £140,000 was received to further the work of the charity.

During the year £570 (2021: £41,792) of government grants was received from the Covid-19 job retention scheme.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

2 Analysis of Income (Continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations and legacies			
Donations and grants	120,937	113,633	234,570
Donations in respect of salaries	-	73,443	73,443
Gift Aid tax reclaims	18,727	-	18,727
	<u>139,664</u>	<u>187,076</u>	<u>326,740</u>
Charitable activities			
Prison education services	58,300	-	58,300
Employability education	284,320	-	284,320
Faith in the community	1,080	-	1,080
Creative education and engagement	47,567	-	47,567
Prison Faith services	123,286	-	123,286
	<u>514,552</u>	<u>-</u>	<u>514,553</u>
Other trading activities			
Fund raising events	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Other income			
Coronavirus job retention scheme	41,792	-	41,792
Reimbursed expenses	11	-	11
	<u>41,803</u>	<u>-</u>	<u>41,803</u>
Total Income	<u>696,019</u>	<u>187,076</u>	<u>883,096</u>

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

3 Cost of Fundraising

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Expenditure on raising funds	783	-	783
	<u>783</u>	<u>-</u>	<u>783</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Expenditure on raising funds	3,117	-	3,117
	<u>3,117</u>	<u>-</u>	<u>3,117</u>

4 Expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Prison education services	112,771	13,100	125,871
Employability education	114,801	112,533	227,334
Faith in the community	10,381	10,000	20,381
Creative education and engagement	295	3,349	3,644
Incell learning production hub	219,546	11,353	230,898
	<u>457,794</u>	<u>150,334</u>	<u>608,128</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Prison education services	29,900	3,900	33,800
Employability education	38,491	117,006	155,497
Faith in the community	2,067	7,500	9,567
Creative education and engagement	23,014	25,994	49,008
Incell learning production hub	186,106	-	186,106
	<u>279,578</u>	<u>154,400</u>	<u>433,978</u>

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

5 Expenditure on charitable activities support costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations and contractual giving	8,300	-	8,300
Admin management staff costs	176,872	16,967	193,839
Office rent and rates	16,925	-	16,925
Insurance	7,846	-	7,846
Staff travel costs and subsistence	4,727	-	4,727
Office costs - telephone, printing, computers	23,010	315	23,325
Premises expenses and canteen	102	-	102
Motor and travel costs	1,572	-	1,572
Depreciation	7,511	-	7,511
Merchant services and bank charges	-	-	-
Staff training	7,819	-	7,819
Consultancy – media and publicity	4,167	-	4,167
Subscriptions and volunteer costs	315	-	315
Accountancy charges	9,100	-	9,100
Audit fees	1,800	-	1,800
Cleaning and Covid PPE	2,258	-	2,258
Other costs – legal and consultancy	3,014	11,256	14,270
	<u>275,338</u>	<u>28,538</u>	<u>303,876</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations and contractual giving	5,438	-	5,438
Admin management staff costs	146,131	63,775	209,906
Office rent and rates	16,298	-	16,298
Insurance	5,204	-	5,204
Staff travel costs and subsistence	2,066	-	2,066
Office costs - telephone, printing, computers	21,855	-	21,855
Premises expenses and canteen	1,738	-	1,738
Motor and travel costs	5,155	-	5,155
Depreciation	7,763	-	7,763
Merchant services and bank charges	836	-	836
Staff training	3,662	-	3,662
Consultancy – media and publicity	318	-	318
Subscriptions and volunteer costs	734	-	734
Accountancy charges	5,829	-	5,829
Audit fees	1,710	-	1,710
Cleaning and Covid PPE	4,509	-	4,509
Other costs – legal and consultancy	2,270	-	2,270
	<u>231,516</u>	<u>63,775</u>	<u>295,291</u>

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

6 Statutory auditor fees

Fees payable to the statutory auditor for:

	2022	2021
	£	£
Statutory audit fee	1,800	1,710

7 Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022	2021
	£	£
Wages and salaries	526,007	404,119
Social security costs	31,247	24,630
Employer contributions to pension plans	16,029	10,372
	<u>573,284</u>	<u>439,121</u>

The average head count of employees during the year was as follows:

	2022	2021
Average Head Count		
Direct charitable activities	23	18
Management and administration	10	7
	<u>33</u>	<u>25</u>

Number of employees whom received employee benefits of more than £60,000 during the year was as follows:

	2022	2021
More than £60,000	-	-

Key Management Personnel

The trustees, CEO, head of operations and head of projects are considered to be key management personnel for the purposes of FRS102. The remuneration of the key management personnel for the year including employers national insurance and employers pension contributions was £111,984 (2021: £102,554). The increase in remuneration is due in part to an increase in working hours for the head of operations.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

8 Trustee remuneration, expenses and donations

The trustees received no remuneration in the year (2021: £Nil).

During the year the total aggregated donations made to the charity by the trustees £1,860.

9 Tangible Fixed Assets

	Fixtures and Fittings	Motor vehicles	Total
		£	£
Cost as at 1st April 2021	32,842	16,994	49,836
Additions	-	-	-
Cost as at 31st March 2022	<u>32,842</u>	<u>16,994</u>	<u>49,836</u>
Depreciation as at 1st April 2021	15,801	13,224	29,025
Depreciation Charge	6,568	943	7,511
Depreciation as at 31st March 2022	<u>22,369</u>	<u>14,167</u>	<u>36,536</u>
Net Book Value as at 31st March 2022	<u>10,473</u>	<u>2,827</u>	<u>13,300</u>
Net Book Value as at 31st March 2021	<u>17,041</u>	<u>3,770</u>	<u>20,811</u>

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

10 Investments

	Unlisted investments £
Cost	
31 March 2022 and 31 March 2021	<u>1</u>
	<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.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

11 Debtors

	2022	2021
	£	£
Trade debtors	57,324	165,316
Prepayments	1,774	4,009
	<u>59,098</u>	<u>169,325</u>

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	-	1,601
Amounts due to subsidiary undertaking	1	1
Accruals and deferred income	15,121	22,000
Other taxes and social security	12,440	10,673
	<u>27,562</u>	<u>34,275</u>

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

13 Analysis of Charitable Funds

	1 Apr 2021 £	Income £	Expenditure £	Transfers £	31 Mar 2022 £
Unrestricted Funds					
Unrestricted					
General funds	446,780	826,404	(728,915)	(98,245)	446,024
	<u>446,780</u>	<u>826,404</u>	<u>(728,915)</u>	<u>(98,245)</u>	<u>446,024</u>
Designated					
Building fund	43,938	-	-	-	43,938
Giving fund	-	-	(5,000)	19,245	14,245
Operations fund	-	-	-	29,000	29,000
Scotland fund	-	-	-	50,000	50,000
	<u>43,938</u>	<u>-</u>	<u>(5,000)</u>	<u>98,245</u>	<u>137,183</u>
Total Unrestricted	<u>490,718</u>	<u>826,404</u>	<u>(733,915)</u>	<u>-</u>	<u>583,207</u>
Restricted Funds					
Acts 435	-	12,019	(12,019)	-	-
Commissioner – VRU monies	24,703	-	(24,703)	-	-
Fiftyfour Two Foundation	-	15,000	(3,750)	-	11,250
JustSow	-	10,000	(9,167)	-	833
Methodist Church	5,000	15,000	(12,500)	-	7,500
Nepacs	-	1,125	427	-	1,552
Salary Support fund	5,442	59,682	(65,124)	-	-
Seedfield Trust	-	3,000	(3,000)	-	-
Sodexo grant	7,000	7,000	(14,000)	-	-
Sport England	7,820	-	(6,203)	-	1,617
The Triangle Trust	-	13,833	(13,833)	-	-
Volunteering Matters	15,000	-	(15,000)	-	-
Total Restricted	<u>64,965</u>	<u>136,659</u>	<u>(178,872)</u>	<u>-</u>	<u>22,752</u>
Total Funds	<u>555,683</u>	<u>963,063</u>	<u>(912,787)</u>	<u>-</u>	<u>605,959</u>

Fund Transfers

During the year three new designated funds were established by the the trustees designating £98,245 from the general funds.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

	1 Apr 2020 £	Income £	Expenditure £	Transfers £	31 Mar 2021 £
Unrestricted Funds					
Unrestricted					
General funds	264,971	696,021	(514,212)	-	446,780
	264,971	696,021	(514,212)	-	446,780
Designated					
Building fund	43,938	-	-	-	43,938
Giving fund	-	-	-	-	-
Operations fund	-	-	-	-	-
Scotland fund	-	-	-	-	-
	43,938	-	-	-	43,938
Total Unrestricted	308,909	696,021	(514,212)	-	490,718
Restricted Funds					
Acts 435	-	-	-	-	-
Connect Network	7,500	-	(7,500)	-	-
Commissioner – VRU monies	45,000	53,813	(74,110)	-	24,703
Faith in Your Future	646	-	(646)	-	-
Fiftyfour Two Foundation	6,000	-	(6,000)	-	-
JustSow	-	-	-	-	-
Methodist Church	5,000	15,000	(15,000)	-	5,000
Nepacs	-	-	-	-	-
Salary Support fund	16,962	73,443	(84,963)	-	5,442
Seedfield Trust	-	-	-	-	-
Seedbed Trust ETS Grant	7,956	-	(7,956)	-	-
Sodexo grant	7,000	7,000	(7,000)	-	7,000
Sport England	-	7,820	-	-	7,820
The Triangle Trust	-	-	-	-	-
Volunteering Matters	-	30,000	(15,000)	-	15,000
Total Restricted	96,064	187,076	(218,175)	-	64,965
Total Funds	404,973	883,097	(732,387)	-	555,683

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

Fund Descriptions

Designated Funds

Building fund	Money designated for the future purchase of a building.
Giving fund	Money designated to give away as per our policy of giving away some of our contractual income and unexpected gifts.
Operations fund	The trustees decided to designate some of the money received from Vertu Motors to invest in our operations function in the next year.
Scotland fund	The trustees decided to designate some reserves money towards developing our work in Scotland.

Restricted Funds

Acts 435	Acts 435 provide micro-grants for us to purchase items for our clients who are in financial hardship.
Connect Network	The Connect Network was funded by grants from Just Sow and was funded in the prior year by The Mercer's Company and Henry Smith.
Commissioner – VRU monies	The Northumbria Police and Crime Commissioner and Violence Reduction Unit (VRU) gave a grant to fund Employability work with VRU clients.
Fiftyfour Two Foundation	The Fiftyfour Two Foundation grant was received to support of Stories of Hope National Prison Initiative.
Methodist Church	The Methodist Church grant funded our employability support in Newcastle upon Tyne.
Nepacs	Nepacs provide micro-grants for us to purchase items for our clients who are in financial hardship.
Salary Support fund	The Salary Support Fund is for funding received from various sources towards the salary costs of our staff.
Seedfield Trust	The Seedfield Trust grant funded the the hall hire costs for our production Hub.
Sodexo grant	The Sodexo grant was received for the faith work in HMP Northumberland.
Sport England	The Sport England grant is for sports activites for clients.
The Triangle Trust	The Triangle Trust provided funds for the development of our CRM system.
Volunteering Matters	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.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

14 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Fixed assets	13,301	-	13,301
Current assets	597,468	22,752	620,220
Creditors less than 1 year	(27,562)	-	(27,562)
	<u>583,207</u>	<u>22,752</u>	<u>605,959</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Fixed assets	20,812	-	20,812
Current assets	504,181	64,965	569,146
Creditors less than 1 year	(34,275)	-	(34,275)
	<u>490,718</u>	<u>64,965</u>	<u>555,683</u>

15 Related party transactions

During the year, the charitable company received total donations of £12,000 (2021: £50,483) from The Vardy Foundation (England and Wales charity no. 328415; Scotland SC051152). The Vardy Foundation is a related party of trustee Richard Vardy.

There are no other related party transactions to disclose.

16 Post balance sheet events

Following the year end the organisation was received confirmation that contracts held with the Department for Work and Pensions would not be renewed in the 2022/23 financial year. The total estimated loss of annual income from the contract is £236,000.

The Junction 42 Foundation

Year Ended 31st March 2022

Notes to the Financial Statements

17 Prior year Statement of financial activities

	Unrestricted Funds £	2021 Restricted Funds £	Total Funds £
Income			
Donations and legacies	139,664	187,076	326,740
Charitable activities	514,552	-	514,552
Other trading activities	-	-	-
Other income	41,805	-	41,805
Total Income	696,021	187,076	883,097
Expenditure			
Raising Funds	3,117	-	3,117
Charitable activities	511,095	218,175	729,270
Total Expenditure	514,212	218,175	732,387
Net income / (expenditure)	181,809	(31,099)	150,710