

Fedcap UK

Financial Statements

Fedcap UK

For the year ending 30 September 2021

Registered number: 10466370

Charity number: 1175737

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Fedcap UK**Reference and Administrative Details****Company Information**

Directors	Lorrie Lee Lutz (Resigned 22 nd December 2020) Kenneth Samuel Brezenoff Jeffries Richard Briginshaw Michael Friedman Carol Lynn Khoury (Appointed 22 nd December 2020)
Charity Registered number	1175737
Registered number	10466370
Registered office	Cleveland Business Centre, Oak Street, Middlesbrough, United Kingdom, TS1 2RQ
Independent auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Bankers	HSBC 60 Queen Street Victoria London EC4N 4TR
Solicitors	Shepherd and Wedderburn 1 Exchange Crescent Conference Square Edinburgh EH3 8UL

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Chair's Report

As chair of Fedcap UK, I am aware of the great strides forward made in the provision of our services in the UK employability market throughout 2020/21, in particular those provisions which have been in response to the continued pandemic which has impacted our daily lives and the wider economic environments during the reporting period. During this period, Fedcap UK has extended its services in pursuit of its charitable goals whilst continuing to successfully respond to a global pandemic, ensuring that our vital services continued to be delivered, uninterrupted, to those impacted most by the pandemic. We continued to grow our UK footprint whilst successfully delivering our contracts which activities fulfil our charitable goals within the UK.

Fedcap UK is a subsidiary of the Fedcap Group, a New York based charity. The Fedcap Group has an 87-year history of delivering scalable and innovative solutions to some of society's most pressing needs. Serving over 250,000 people each year, across an international footprint, the Fedcap Group provides services in four main practice areas.

- Educational Services for children, youth and adults
- Occupational Health Services that promote stable participation in the workforce
- Economic Development targeted to helping people and communities achieve economic equity
- Workforce Development to include job training and pre-employment support

These practice areas are all targeted to help people achieve long term self-sufficiency. Its aim in the UK is to serve UK people, providing services and a wealth of experience which has made us a large successful charity.

At the beginning of the reporting year, we continued to successfully deliver our contracts across England and Scotland. Within Fedcap Employment Limited our services continued through the Links to Work, EM3 and IPES contracts, held with the Department of Work and Pensions, our Journey to Work contracts held with G4S and a new subcontract with Shaw Trust – (JETS) Job Entry Targeted Support Contract. At the start of the year, in response to COVID-19, the Department for Work and Pensions offered incumbent providers the opportunity to extend the ESF funding contracts for an additional year. In April 2021, the extensions were confirmed with additional starts allowed on the contract until September 2021. Our Intensive Personalised Employment Support (IPES) contract continued to perform well whilst moving to a remote service in the first half of the year and moving to a blended offer in that last 6 months of the financial year.

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In response to the COVID-19 pandemic, funders had quickly enacted measures to transfer from traditional funding mechanisms, based on payment by results to cost payment models for all contracts held by Fedcap Employment Limited. These arrangements remained in place for the majority of contracts until 31st March 2021 and at year end all contracts had reverted to their original contractual funding models.

In addition to the changes in funding models, the global pandemic also led to the commissioning of a national large scale employment programme, by the Department for Work and Pensions, called Restart. Available to providers who hold a place on the Departments Commercial Agreement for the provision of Employment and Health Related Services (CAEHRS) Framework, Fedcap Employment Limited took the opportunity to bid for three Restart contracts in contract package areas covering Wales, Greater Manchester and South Central. On 13th April 2021 Fedcap Employment Limited was announced as a preferred bidder for South Central CPA, with contracts signed in May 2021 implementation for the contract began. On 28th June 2021, the Restart contract went live, with a target to provide services to 112,000 people over 4.5 years and a contract value of £200m. In addition, Fedcap Employment Limited also secured a Restart subcontract with G4S in the North West of England. The contract was valued at £30m and would support 20,000 customers also over 4.5 years.

Within Kennedy Scott Limited, following the restructure of the entity in 2019/20 the business began to stabilise and continued to deliver its two-remaining contracts, the Working Health Programme, a provision ultimately funded by the Department of Work and Pensions and provided via a subcontract arrangement with Seetec Pluss; and the ESF funded contract, Coast to Capital. In the previous year, the external events surrounding the COVID-19 pandemic led to a transfer from traditional funding mechanisms based on payment by results to cost payment models. These arrangements were quickly enacted by the Department of Work and Pensions and their supply chain to ensure that the key services delivered through their range of employability contracts could continue and the welfare to work market within the UK, was stabilised. During the reporting period, the ESF contract, Coast to Capital came to an end and the Working Health Programme remained on a cost payment mechanism as at year end with a confirmed exit date of 31st December 2021.

Good performance throughout the pandemic led the Department of Work and Pensions to ringfence additional funds for Work and Health programme providers and in October 2020, Kennedy Scott Limited was awarded a further £2.3m of funding to deliver a new intervention, Job Entry Targeted Support (JETS) aimed at newly unemployed people. This contract was implemented by the Department of Work and Pensions in response to the rising levels of unemployment due to the pandemic.

Kennedy Scott Limited has seen a significant reduction in its contract portfolio during the reporting period. During the year, the directors undertook a further business review, considering the strategic direction of the UK group and the possible role of Kennedy Scott Limited in the future. Based on

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the long-term strategy it was agreed to transfer the existing employability contracts operating in England to Fedcap Employment Limited, therefore consolidating all employability contracts aimed at long term unemployment, in one entity.

On 11th May 2021, a deed of novation was signed, between Kennedy Scott Limited and Seetec Pluss enabling the transfer of assets and liabilities including, the Work and Health Programme contract and people to Fedcap Employment Limited. This was part of an internal reorganisation within the UK group of companies, leaving sufficient cash on the balance sheet to cover any remaining liabilities. Kennedy Scott Limited's level of future activity will be determined by the UK group and new contract requirements in the future, with a particular focus for the entity on a new market entrance.

In Scotland, Start Scotland Limited continued to successfully deliver the Fair Start Scotland contract across three allocated lots, East, South West and North East. At the start of the year, the contracts continued on the cost payment models instigated by Scottish Government in response to the external events surrounding the COVID-19 pandemic. Fedcap Employment Scotland Limited has continued to successfully deliver the Fair Start Scotland contract across their allocated lots of East, North East and South West, of which Fedcap Employment Scotland Limited is the largest provider of services. These arrangements were quickly enacted by the Scottish Government earlier in 2020 to ensure that the key services delivered through the Fair Start Scotland contracts could continue and the welfare to work market within Scotland was stabilised. This payment model remained in place for a year and ceased with the end of three-year referral period relating to the original contract, on 31st March 2021. During this six-month period, 2,500 people joined the programme voluntarily with some of the highest starts in month the contract had seen.

On the 1st April 2021, the original contract referral period came to an end and those customers on programme would have a further year of support before this contract came to end. On this date, Scottish Government enacted an extension to the Fair Start Scotland contract, allocating an additional 11,244 starts to the programme, over an additional two-year referral period, with an estimated contract value of £26.8m across all Lot's.

With the onset of the extension contract, the funding model for all contracts returned to a payment by results basis. However, during the reporting year Covid restrictions remained in place in Scotland with the overall directive being work from home where you can. More recently, restrictions have been lifted further in Scotland allowing our people to return to working in offices and seeing customers on a face to face basis if that is there preference. The blended approach to delivery with services delivered in the main, virtually has led to savings on our direct delivery and overhead costs which has driven an improved financial position in the year. However, performance has remained strong also and ahead of budgeted volumes across the board.

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In review, the UK charities subsidiaries have experienced substantial growth during the period which enables the charity to extend its services and increase impact on those who need our services the most. Our services have been amplified across all contracts and through new contracts and funding streams taking our services into new geographical areas and increasing our employee base and adding social value to the areas we operate in.

In closing, myself and the trustees continue to be strongly committed to our UK mission and are excited at the future prospects of the UK Charity and the positive impact it can have on our society. We would like to offer a special thank you to everyone who has helped support our mission during the year with a particular thank you to our customers who access our programmes and have decided to make a change, we are here to help you at each step of your journey.



Kenneth Samuel Brezenoff
Chair

Date 18/7/2022

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Trustees' Report

The Trustees are pleased to present their annual Trustees' report together with the consolidated financial statements of the charity and its subsidiaries for the year ended 30 September 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: 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) (effective 1 January 2019).

Objectives and Activities

Purpose and Activity

The principle objectives and activity for the charity are:

- The advancement of social inclusion, by enabling economic independence, employment and opportunity to participate in society for socially and economically disadvantaged and disabled individuals through various workforce and economic development initiatives and programmes.
- The advancement of education for all ages including but not limited to, the fields of early education and intervention, vocational training, and adult and youth education programmes.
- The advancement of occupational health, including but not limited to, assisting individuals with physical, mental or emotional health difficulties which may include substance abuse disorders, that create or exacerbate barriers to economic stability or employment.

Main activities of the charity and activities undertaken to further the charitable purpose

Through our subsidiary entities we further our charitable purpose through the delivery of targeted and large scale employment programmes whose main aims are to support people to move into long term sustainable employment. This allows them to participate in society, provide economic stability to them and their families and improve their standards of living. Our customers range from those people who are diagnosed with a disability and need specialist support to achieve their employment aims, through to working with individuals who are subject to generational unemployment and providing the tools, confidence, individual support and guidance to break the cycle and improve the lives of themselves and their families. More recently our customer base has extended in response to the impact of the COVID-19 pandemic, as we work with individuals who have been directly

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impacted by the pandemic and whose employment has ceased or their sector has been significantly affected. As a charity, we are committed to advancement of individuals whatever their barrier may be, and this is realised through the initiatives and contracts we run.

Our funders are the UK government, governments of the devolved nations and leading employability providers with whom we work closely in partnership to deliver key public services. These services tackle unemployment and provide health and wellbeing support for those people whose barriers to unemployment are ill health. In the year to the 30th September 2021, the subsidiaries of the charity had provided services to 12,649 individuals and moved 5,071 people into employment.

It is our long-term aim to continue to successfully deliver our obligations through the 12 employability contracts that we hold. With the continued support of our parent, the Fedcap Group, a large US based charity, we are committed to growing our services to £65m in the next year and 100% growth year on year to a £100m business by 2023. This will allow us to expand the impact of our services, continuing to develop our relationships with our funders, apply for new contracts which align with our charitable purpose and measuring our success through achievement of key contract KPI's, such as number of people accessing the programmes and moving into long term sustainable work.

Public Benefit

The charity's aims and achievements are set out in this report. The activities in this report have been undertaken to further the Charity's charitable purposes for the public benefit. The directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the Directors have paid due regard to this guidance in deciding what activities the charity should undertake.

Employees

- a. The Directors have actioned during the financial year to introduce, maintain and develop arrangements aimed at:
 - Providing communications on business and employee matters, through two communication channels, an All People call and a CEO briefing
 - These communications allow for employee questions and feedback, which is then followed up by management
 - The executive team has instigated a company wide people engagement survey, to improve communication and will be actioned by the executive and senior teams
- b. Summarising:

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- During the financial year the Executive team, after discussions with employees instigated a full company sick pay for COVID-19 cases regardless of length of service
- Offered four times of salary life assurance for death in service for all people from start date.
- Established “We Care” health sessions to support the transition from office to home working due to the pandemic.

During our recruitment process we have full and fair consideration of all applications for employment made by disabled persons, currently 15% of our workforce are disabled. We are developing training and career development for all employees within our workforce, allowing for any needs that our people need to maintain and improve the services we offer to our customers.

Strategic Report

Achievements & Performance

During the year the charity, through its subsidiaries Fedcap Employment Limited, Fedcap Employment Scotland Limited, Kennedy Scott Limited and Start Scotland Limited has secured the future delivery of services of 12 employability contracts. The objectives of these contracts are to move people into long term sustainable employment by removing their personal barriers to employers. This objective is aligned to the charities purpose and main activities.

The services are underpinned by contractual obligations which we are committed to deliver. We have in the period, achieved the following.

- Continued to successfully deliver 12 contracts across our subsidiaries
- Successfully secured two new major contracts, the Restart contracts valued at £230m to provide employment services to 132,000 people over the next 4.5 years
- Successfully implemented four new contracts, the Restart South Central Contract with Department for Work and Pensions and Restart in North West with G4S went live on 28th June 2021 following a 13 week implementation period. In addition, implemented the JETS contracts with Seetec Pluss and Shaw Trust in October and November 2020 respectively.
- Secured extensions to all ESF contracts held by Fedcap Employment Limited, enabling starts on programme for an additional 12 months.
- Secured extension of the Fair Start Scotland contract in Start Scotland limited for 2 years valued at £26.8m
- Started 12,659 people onto all our employability programmes
- Moved 5,071 people into employment during this time
- Continued to deliver vital employability services to our customers throughout the pandemic including transitioning all our contracts from a payment by results funding basis to a cost recovery basis and also managed an effective transition back to traditional funding models

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- Successfully novated the employability contracts held within Kennedy Scott Limited along with all people, assets and liabilities to Fedcap Employment Limited.
- Successfully recruited an additional 303 people into the UK Group entities in the current year
- Achieved ISO 27001 accreditation and renewals of cyber essentials and cyber essentials plus
- Continued to invest in our IT infrastructure and our office environments, opening 17 new offices throughout our business.

During the period, as well as our significant achievements we have faced many challenges, from continuing to build and stabilise our business, responding successfully to the pandemic and ensuring our services continued under new funding regulations and stringent auditing requirements, bidding for new growth opportunities to expand our good work, gaining the necessary accreditations to enhance our offer and implementing new contracts. Whilst we have done well, we have reviewed our performance and tried to reflect necessary improvements through our strategic plan ensuring we had a solid base to continue and grow our services. We also received excellent feedback from our customers during the period as well as undertaking a people satisfaction survey which indicated what our strategic plan should focus on, our success in responding to the pandemic with regards to supporting our people, what is important to individuals in terms of role and job satisfaction and also how people feel about Fedcap in the UK as a charity and an employer.

For the period our main tool for performance measurement was the annual budget. The budget framework captures our financial and non-financial targets and indicators such as numbers into employment, number of interventions per advisor and headcount ratio's. With regards to performance the results were mixed during the period. Fedcap Employment Scotland Limited and Start Scotland Limited exceeded their financial targets. Kennedy Scott Limited and Fedcap Employment Ltd were under their financial targets but performed well against their contractual targets. Fedcap Employment Ltd underlying trading position remained strong and the entity closed ahead of its forecast financial targets.

Financial Review

Key Financial Performance Indicators

The majority of the group's income is obtained from employment contracts held with the Department of Work and Pension and Scottish Government. These contracts are aligned to the Charity's principle objectives, in particular the advancement of social inclusion through employment. During the year ended 30 September 2021, these contracts generated income from activities which amounted to £22,111,403. Total expenditure, for the same period, of £19,998,206 led to a surplus of income over expenditure of £1,835,180. These results demonstrate a significant improvement on performance on the previous financial year, as the group completed the restructuring of the Kennedy Scott entity and the transfer of trading contracts to Fedcap

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Employment Limited, the transfer back to performance by results payment mechanisms and the go-live of the large scale employment contracts – Restart. At 30 September 2021, the group reported a net liability of £324,536 which is a reduction on prior year net liability. It held fixed assets with a book value of £1,002,032 and a cash position of £7,661,413. All of the expenditure shown in the Statement of Financial Activities is in furtherance of the UK Charity's objectives.

The Charity held a net deficit fund of £324,536 at 30 September 2021 (2020 £2,017,815) comprising minority interest £75,538 (2020 £(24,194) and the cumulative deficit in Income and Expenditure of £400,074 (2020 £1,993,621). Given the improved position of the group balance sheet, Fedcap UK and its subsidiaries have sufficient cash reserves to meet its financial and working capital requirements as and when required for the 12 month period following the date of signing of this report, ensuring the Charity and its subsidiaries can continue as a going concern. This is outlined further in the going concern section of these accounts.

The results of the charity only position to the 30th September saw a decline on prior year. The charity entity does not generate revenue directly however it did report total expenditure for the period, of (£41,816) plus the full impairment of the investment in Kennedy Scott Limited of (£510,000) led to a deficit of expenditure over income of (£551,816).

Reserves policy

As part of our not for profit status, our board of directors are keen to ensure that any surplus generated from contracts is used to further our non-profit mission, which is to improve the long term self-sufficiency and social well-being of the people we work with. As a relatively new enterprise, Fedcap UK and its subsidiaries need to ensure that assets and any surplus remain available in the event that there is a need to access reserves to bridge the gap between receiving contract income and incurring costs. In addition, our reserves are used to fund growth and/or reallocate resources across the business where there is an additional support requirement or underperformance. Maintaining liquidity enhances our flexibility and ability to deliver high quality results across our operations and enables decision making to underpin our strategic and continuous improvement objectives and our commitment to providing a quality service.

At the end of 30 September 2021, the charity had no free reserves held as the overall fund position was a net deficit of £324,536, which is a significant reduction on prior year. The net deficit also includes the full impairment of goodwill in relation to Kennedy Scott Limited, which is an exceptional item for financial reporting purposes. There are no material amounts which have been designated or otherwise committed as at the end of the reporting period. The charity is confident that the forecast expansion of the business and operations will generate enough income to bring the funds to a positive position within the next 6 months. Following the stabilisation of the charity within the next 12 month period, we are confident that we can build reserves based on our 3-year plan projections retaining reserves to the equivalent of 3% of revenue for reinvestment in projects

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undertaken by the charity or reinvestment into the subsidiary organisations to improve the service to customer and funders.

Investment Policy

The company currently holds all cash in its entity's current accounts. The decision to approve its use for investment is delegated to those entities management teams in accordance with their Treasury Management and Reinvestment Policies. The only investment made by the company is its acquisition of Kennedy Scott by its ultimate parent Fedcap US Group in December 2018, which was classified as creditor loan to Fedcap UK and is repayable. With the novation of the Kennedy Scott contracts to Fedcap Employment limited the investment is deemed fully impaired with the write off show in full in the current year Statement of Financial Activities.

Going Concern

The consolidated financial performance of the charity is reporting a net surplus of £1,835,180 (2020: net deficit £202,525) of income over expenses for the reporting period. The group surplus was driven by underlying performance of its subsidiaries and in particular the recognition of a proportion of the year one service fee relating the Restart contracts.

Fedcap UK reported a deficit for 2021 of £551,816 and holds a net liability position of £1,660,575 (2020: £1,108,759). However, the overall improvement of the group's financial position and considering the UK group 3 year financial plan, the charity deems it has access to sufficient cash reserves within the UK to meet its financial and working capital requirements as and when required for the 12 month period following the date of signing of this report, ensuring the Charity and its subsidiaries can continue as a going concern. The cash balance for the reporting period of £7,661,413 ensures that the charity and its subsidiaries are able to settle the liabilities of the entities as they arise and therefore although the group is operating with a net deficit of (£324,536) this does not cast doubt on its ability to operate as a going concern.

The three-year plan has been assessed for its impact on the overall financial position of the entity and the working capital and capital investment requirement to deliver our contractual obligations, continue to implement and embed two new contracts, undertake investment in Scotland and continue to build a fit for purpose corporate infrastructure with resources and capability to provide services in line with growth trajectories.

The board has identified that the forward-looking estimates carry risk around the achievement of trading outcomes, achievement of starts onto programmes and the impact of reduced flows through a number of sensitivity scenarios. These scenarios included a 3-year cash forecast and the sensitivity analysis allowed management to assess the impact on profitability and projected cashflows should these risk crystallise. To mitigate these risks, Management have identified a number of performance

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measures which could be levered and which costs could be varied to realise the full benefit of the contract and agree that the forecast is produced on a prudent basis. Therefore, management could determine that none of the scenarios were able to drive a cash deficit into the group. In the final analysis, the board is satisfied that the company remains a going concern for the foreseeable future and it is able to meet all of its obligations, both financial and non-financial from its current financial position.

Principal Risks and Uncertainties

The charity has a comprehensive risk management process and major risks are reviewed by the Executive Team and the board on a regular basis. A Risk and Audit Committee has been established, which will meet monthly to discuss systematic and non-systematic risks. We have also implemented a Risk and Compliance structure which comprises a Head of Risk and Audit who oversees our risk management framework and our fraud and whistleblowing activities with a direct access to the Fedcap UK board and also participates in the audit sub-committee meetings. A risk register process is fully embedded into the organisation where risks are identified and categorised, actions are identified and taken where necessary to mitigate risks. All areas of risk are evaluated in the business including operational, financial, IT, governance and compliance, people, and development.

As part of our 3-year strategy and investment programme we have established a Project Management office, who in conjunction with the appropriate Executive Sponsor and project strand business owner will manage the day to day risks of the programme. The following notes outline the principal risks and uncertainties facing the Fedcap Group:

The top three risks identified by the charity going forwards are as follows:

Resource and ability to delivery key contract deliverable and grow business

There is a risk to ensure that we have required levels of skilled people to deliver all business objectives over the next 12 months which range from Restart implementation, roll-out and delivery, business development and expanding the corporate infrastructure to ensure corporate services are scalable and suitable to meet business objectives. As part of our 3-year strategy and investment programme we have appointed a Project Management office and we are reviewing our People and Talent strategy which has a clear focus on succession planning, resource planning and skills development. In addition, we have a robust recruitment and onboarding policy to be able to attract, onboard and retain talent in key roles.

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Sustainable growth

As most of the company's income is from Department of Work & Pensions, Scottish Government and European Social Funds, there is a level of reliance on these streams of funding to cover financial requirements of the company and its entities. In addition, as we roll out major contracts we need to ensure that we have sufficient resource to continue to build our business development pipeline, whose primary focus will be nurturing opportunities in Scotland and building opportunities around our current operations in England. An Interim Business Development Director has been appointed to monitor the funding landscape to mitigate these risks around losing key contracts. Pipeline's of opportunities are regularly reviewed and discussed at exec and board level.

Service delivery - Restart

The Department of Work and Pensions have given indicative volumes on which revenue will be paid on, this assumes unemployment will increase in line with their underlying assumptions, and the management team have based budgets and cashflow on these volumes, however these volumes are not guaranteed. If volumes fluctuate, an increase could result in a requirement for increased funding, however a reduction in flows would result in a reduced contract value and failure to meet the minimum level of return originally forecast. This risk has been considered and a risk premium was included in the pricing proposal based on a number of scenarios and sensitivity tests. Performance will be continually monitored by our Executive Team who will undertake continual dialogue with DWP to understand the flows and how we can respond to demand whilst delivering contractual obligations.

Risk of Fraud/Mismanagement

The charity has a set of financial controls to minimise the risk of fraud and mismanagement by using expertise of key management teams within its entities.

Cash Flow Risk

The charity and its subsidiary entities have developed a full cashflow forecast in relation to the 3-year plan. This forecast takes into account the required working capital to successfully deliver our contracts and the investment requirement for the Restart contract. We have identified the maximum level of cash required for our business operations and our forward looking projections confirm that we have sufficient cash reserves to meet all our obligations, investment and working capital requirements in the next 12 months.

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Future Developments

The Charity's plans have been reviewed during the year in response to the worldwide pandemic and the UK Government's planned response. Our charitable aims and objectives remain the same, it is our intention to over the next 5 years, we aim to be the fastest growing employability charity in the UK and a trusted partner to governments, employers and most of all to our customers. To achieve this ambition our revised strategy will continue to focus on 5 key areas, our delivery assets of:

Partnerships	An organisation stakeholders strive to partner with
People	Provide a workplace you would recommend to your peers
Service	Providing a service that customers, employees and partners would recommend to others
Innovation	Leading debate in our marketplace, recognised for thought leadership and bold ideas
Governance	Doing the things we promise to do, right and well

A key area of the strategic plan is to grow the UK charitable activities to deliver employability services to an annual revenue of £100m by 2025. Since its inception, Fedcap UK Group has pursued several growth opportunities to ensure its long-term stability across all of its subsidiaries. As an enabler of growth, Fedcap Employment Limited has secured prime provider status on the DWP CAERHS Framework. The company was successful in securing four tier 1 places on and three Tier 2 places, giving Fedcap Employment Limited a place on all 7 lots available as well as securing a place on the national lot.

The CAERHS framework covering England, Scotland and Wales will allow bidding for employability opportunities to a value of £7.5bn. Following the announcement of the successful framework providers, the Department for Work and Pensions quickly came to market with a procurement targeted at the Scotland area. The Job Entry Targeted Support programme was worth £25m over 18 months and Fedcap Employment Limited submitted a bid, however on this occasion the company was unsuccessful. However, the opportunity allowed the entity to review its customer offer and introduce a number of new products which would enhance the customer journey across all its contracts. In particular as a direct result, the entity launched a new customer portal, the Fedcap Hub, across its Scottish contracts, which provided customers access to a hub with a range of employability activities aimed at enhancing their skills, their CV's and providing additional job search activities.

Closely following this procurement, DWP launched the commissioning of the Restart contract as a tier 1 opportunity on the CAERHS framework. The contracts, which will run for a total of 4.5

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years have a total contract value of £3.6bn and is at supporting the long-term unemployed in England and Wales. Fedcap Employment Limited submitted bids in three areas, Wales, South Central and Greater Manchester and in April 2021 were awarded preferred supplier status for the South Central area with a contract value of £200m over 4.5 years. In addition, Fedcap Employment Limited successfully submitted and secured a sub-contract in the North West area with G4S with a total contract value of £30m. The contracts went live in June 2021 after a short period of implementation.

In Scotland, The Fair Start Scotland contract extensions were confirmed by Scottish Government in July 2020 allowing further starts onto the programme for two years from 1st April 2021. In addition, Scottish Government recently confirmed the novation of the Lot 7 North East Scotland contract into Lot 5 will also bring an extension in that area too.

In revising our strategic plan and the impact of the charity of the society and our wider communities, we have assessed our resources to ensure that we are fully prepared to meet the challenges ahead. Our parent the US Charity, the Fedcap Group has identified the UK as the priority for strategic investment and are fully committed to supporting the achievement of our goals. The Fedcap Group is committed to supporting our UK business with a top-talent, international growth team comprised of a deep bench of experience in areas such as project management, talent acquisition, data collection and analysis and quality improvement. The Fedcap Group Board is committed to providing the resources (financial and otherwise) required for Fedcap UK to successfully launch major new initiatives.

In addition, we have planned to lever the Fedcap group infrastructure, retaining a lean, agile UK core with best in class employability capability. Implementing an integration project, it is our aim to lever from our parent corporate support functions such as finance, HR, marketing, project management capabilities, plus implementing the groups leading-edge big business core systems such as Oracle. From a financial perspective, we will leverage our parent company guarantee to access financial and non-financial resources of The Fedcap Group, an entity with out-turn of \$300m pa and a strong net asset balance sheet position.

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Structure, Governance and Management

Constitution

Fedcap UK is a company limited by guarantee. The charitable company's memorandum and articles of association are the primary governing documents of the group.

The trustees of Fedcap UK (a company limited by guarantee) are also the directors of the charitable company for the purposes of company law. Its subsidiaries Fedcap Employment Limited, Fedcap Scotland Limited (whom has a majority shareholding in Start Scotland Limited), and Kennedy Scott Limited all operate in the UK employment services industry.

Members' Liability

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of charity in the event of it being wound up while it has a member or within 1 year it ceases to be a member for.

Indemnity

Without prejudice to any indemnity to which a Trustee may otherwise be entitled, every Trustee of the charity shall be indemnified out of the assets of the charity in relation to any liability incurred by him or her in that capacity but only to the extent permitted by the Companies Act, and every other officer of the charity may be indemnified out of the assets of the charity in relation to any liability incurred by him or her in that capacity, but only to the extent permitted by the Companies Acts.

Method of Recruitment and Appointment for Election of Trustees

The current arrangement for the appointment of Trustees, they are as follows:

- Up to 4 Trustees appointed by Members by ordinary resolution
- The Chief Executive Officer and directors of Fedcap Group US
- All Trustees appointed in accordance with Articles of Association

Policies and Procedures Adopted for the Induction and Training of Directors

The training and induction for new directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

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Organisational Structure

The Trustees are responsible for setting general policy, adopting a strategic delivery plan and budget, monitoring performance and assessing potential opportunities and making major decisions about the strategic direction of the company, capital expenditure and senior staff appointments.

A management team has been established to oversee all entities and undertake day to day management of key operations and are accountable to the Directors of those entities who in turn are accountable to the Board of the UK Charity.

Arrangement of setting Pay and Remuneration of Key Management Personnel

The Board of Trustees for the UK charity hold unpaid positions within the charity and consist of members from the US.

The arrangements for each entity of Fedcap UK are set locally between management and Human Resource department. This includes annual performance review of staff at all levels, including specific performance objectives and monitoring progress towards them and their achievement in accordance with legal and regulatory requirements. The entities use discretion to recommend a performance bonus and review salaries from time to time without being obliged to increase it.

Related Parties and their Connected Charities and Organisations

Fedcap UK is parent of Fedcap Employment Limited, Fedcap Employment Scotland Limited and Kennedy Scott Limited. Fedcap Employment Scotland Limited has 51% shareholding in Start Scotland Limited whom they co own with The Lennox Partnership that has a minority interest shareholding of 49%. Its ultimate parent is Fedcap Group based in New York, USA.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This Strategic and trustees report was approved by the board on 18/7/2022 and signed on its behalf by:



Kenneth Samuel Brezenoff

Chair and Director

Fedcap UK**Statement of Trustees' Directors' Responsibilities**

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the company law the trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable group and of the incoming resources and application of resources, including its income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP (FRS 102)
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fedcap UK

The trustees confirm that:

- So far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 18/7/2022 and signed
on its behalf by:



Kenneth Samuel Brezenoff
Chair of Trustees

Fedcap UK**Independent auditor's report to the members and trustees of Fedcap UK****Opinion**

We have audited the financial statements of Fedcap UK Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2021, which comprise the Consolidated and Parent Statements of Financial Activities, the Consolidated Balance Sheets, the Statement of Consolidated Group Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 September 2021 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent 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 and the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

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In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

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 group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 'Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Strategic Report and the Directors' report, prepared for the purposes of company law, included in the 'Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the 'Trustees' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: Charities SORP (FRS 102), the Charities Act 2011, the Companies Act 2006, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and current UK corporation tax legislation
- We understood how the Group and parent company are complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the Group and parent company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - Challenging assumptions and judgments made by management in its significant accounting policies
 - Identifying and testing journal entries
 - Identifying and testing related party transactions
 - Inspecting the board minutes
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Knowledge of the industry in which the group and parent company operates, and

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- Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of corporate partnership, conferencing, events, statutory and other income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The group and parent company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - The group and parent company's control environment, including
 - Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations
 - The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

Use of our report

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

Grant Thornton UK LLP

Stephen Dean

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 18/7/2022

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Consolidated and Parent Statement of Financial Activities
(including consolidated income and expenditure account)
for the year 30 September 2021

	Group			Parent Only	
	Unrestricted funds	TOTAL	TOTAL	TOTAL	TOTAL
	£	£	£	£	£
Income and endowments from:					
Charitable activities (Note 4)	22,111,403	22,111,403	15,936,972	-	-
Total	22,111,403	22,111,403	15,936,972	-	-
Expenditure on:					
Charitable activities (Notes 5 to 7)	19,998,206	19,998,206	16,674,144	41,816	416,173
Total	19,998,206	19,998,206	16,674,144	41,816	416,173
Net expenditure before investment gains	2,113,197	2,113,197	(737,172)	(41,816)	(416,173)
Net Gains/(Loss) on investments	(278,017)	(278,017)	534,647	(510,000)	510,000
Net expenditure	1,835,180	1,835,180	(202,525)	(551,816)	93,827
Net Income/(Expenditure)	1,835,180	1,835,180	(202,525)	(551,816)	93,827
Share of net income/expenditure attributable to:					
Owners of the parent	1,735,448	1,735,448	(224,951)		
Minority Interest	99,732	99,732	22,426		
	1,835,180	1,835,180	(202,525)		
Reconciliation of funds					
Unrestricted funds	(400,074)	(400,074)	(1,993,621)		
Minority Interest	75,538	75,538	(24,194)		
Total funds carried forward	(324,536)	(324,536)	(2,017,815)		

There were no gains and losses other than those included in the Statement of Financial Activities.

All activities are continuing.

All activities are unrestricted and consequently there are no restricted or endowment funds to report.

The notes on pages 29 to 52 form part of these financial statements.

Fedcap UK**Consolidated and Parent Balance Sheets as at 30 September 2021****Company number: 10466370**

	Group			Parent Only	
	Unrestricted funds £	TOTAL 2021 £	TOTAL 2020 £	TOTAL 2021 £	TOTAL 2020 £
Fixed assets					
Goodwill	-	-	406,332	-	-
Negative Goodwill	(213,283)	(213,283)	(100,922)	-	-
Net Goodwill (Note 8)	(213,283)	(213,283)	305,410	-	-
Tangible assets (Note 9)	935,412	935,412	172,528	-	-
Intangible assets (Note 9)	279,903	279,903	58,483	-	-
Investments (Note 8)	-	-	-	-	510,000
Total fixed assets	1,002,032	1,002,032	536,421	-	510,000
Current assets					
Debtors (Note 10)	8,447,916	8,447,916	1,826,523	7,685	-
Cash at bank and in hand (Note 11)	7,661,413	7,661,413	1,350,892	17	17
Total current assets	16,109,329	16,109,329	3,177,415	7,702	17
Creditors: amounts falling due within one year (Note 12)	(16,402,369)	(16,402,369)	(5,530,065)	(1,668,277)	(1,552,776)
Net current liabilities	(293,040)	(293,040)	(2,352,650)	(1,660,575)	(1,552,759)
Total assets less current liabilities	708,992	708,992	(1,816,229)	(1,660,575)	(1,042,759)
Provisions for liabilities (Note 14)	(1,012,828)	(1,012,828)	(179,500)	-	(66,000)
Pension liability (Note 14)	(20,700)	(20,700)	(22,086)	-	-
Total net liabilities	(324,536)	(324,536)	(2,017,815)	(1,660,575)	(1,108,759)
Funds of the Charity					
Share Capital	-	-	-	-	-
Reserves	-	-	-	-	-
Unrestricted funds (Note 15)	(400,074)	(400,074)	(1,993,621)	(1,660,575)	(1,108,759)
Minority Interest (Note 15)	75,538	75,538	(24,194)	-	-
Total funds	(324,536)	(324,536)	(2,017,815)	(1,660,575)	(1,108,759)

These financial statements are approved by the Board of Trustees and authorised for issue on

Kenneth Samuel Brezenoff *Kenneth Brezenoff*

Chair of trustees on behalf of the trustees

Approved by the trustees on 18/7/2022

The notes on pages 29 to 52 form part of these financial statements.

Fedcap UK**Statement of Consolidated Group Cash Flows
for the year ended 30 September 2021**

	Group		Parent	
	2021	2020	2021	2020
	£	£	£	£
Cash generated from operating activities				
Profit / (Loss) in the financial year	1,835,180	(202,525)	(551,816)	93,827
Adjustments for:				
Depreciation of tangible assets	151,923	110,419	-	-
Amortisation of Intangible assets	134,938	98,776	-	-
Impairment of Goodwill	278,017	(534,647)	-	-
Profit on disposal of Fixed Assets	-	(10,460)	-	-
Write off Investment	-	-	510,000	(510,000)
Interest Paid	5,021	6,726	-	-
Taxation Charge	-	(10,816)	-	-
Increase in Debtors	(784,231)	(777,392)	(5,241)	-
(Increase) / Decrease in Prepayments and Accrued Income	(5,837,162)	756,211	-	-
Increase in Creditors	1,091,685	242,190	(158,150)	416,190
Increase in Amounts owed by groups	-	-	(2,444)	-
Increase in Amounts owed to group	31,042	501,674	219,552	-
Provisions / Other	10,581,497	177,633	(11,901)	-
Net cash generated from operating activities	7,487,910	357,791	-	17
Cash flows from investing activities:				
Purchase of Tangible Fixed Assets	(914,808)	(148,434)	-	-
Purchase of Intangible Fixed Assets	(257,560)	(63,800)	-	-
Proceeds from disposal of Tangible Fixed Assets	-	20,743	-	-
Interest Paid	(5,021)	(6,726)	-	-
Total investing	(1,177,389)	(198,217)	-	-
Net increase in cash and cash equivalents	6,310,521	159,574	-	17
Cash and cash equivalents - brought forward	1,350,892	1,191,318	17	-
Movement of cash and cash equivalents during year	6,310,521	159,574	-	17
Cash and cash equivalents - carried forward	7,661,413	1,350,892	17	17

The notes on pages 29 to 52 form part of these financial statements.

Fedcap UK**Notes to the Financial Statements**
For the period ending on 30 September 2021**1. General information**

Fedcap UK (the Company) is a private company limited by guarantee and incorporated in the UK. Its registered head office is located at Cleveland Business Centre, Oak Street, Middlesbrough, United Kingdom, TS1 2RQ.

2. Accounting policies**2.1. Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), and the Companies Act 2006. Fedcap UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in Sterling (£).

2.2. Going Concern

The consolidated financial performance of the charity is reporting a net surplus of £1,835,180 (2020: net deficit £202,525) income over expenses for the reporting period.

The overall improvement of the group's financial position and considering the UK group three-year financial plan, the charity deems it has access to sufficient cash reserves within the UK to meet its financial and working capital requirements as and when required for the 12 month period following the date of signing of this report, ensuring the Charity and its subsidiaries can continue as a going concern.

The cash balance for the reporting period of £7,661,413 ensures that the charity and its subsidiaries are able to settle the liabilities of the entities as they arise and therefore although the group is operating with a net deficit of (£324,536) this does not cast doubt on its ability to operate as a going concern.

The three-year plan has been assessed for its impact on the overall financial position of the entity and the working capital and capital investment requirement to deliver our contractual obligations, continue to implement and embed two new contracts, undertake investment in Scotland and continue to build a fit for purpose corporate infrastructure with resources and capability to provide services in line with growth trajectories.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021****2.3. Accounting for the consolidation of non-charitable subsidiaries**

The income and expenditure of Fedcap UK's subsidiaries are included in the consolidated accounts for the full reporting period. The income and expenditure of subsidiaries are only included in the consolidated accounts until the date on which the parent charity ceases to control the subsidiary. As at the reporting date all subsidiaries continue to be controlled. Within the combination Fedcap Employment Scotland limited owns a shareholding in Start Scotland Limited of 51%. The minority interest in Start Scotland Limited of 49% (The Lennox Partnership) has been accounted for by reducing their share of the income and expenditure within the financial statements produced.

2.4. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of Services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.
- For those contracts where cost recovery payment mechanisms are in place, revenue is recognised when a relevant supplier invoice is received which is linked to goods/services which have been received and an obligation arises between parties

Fedcap UK**Notes to the Financial Statements**
For the period ending on 30 September 2021**2.5. Tangible Fixed Assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Any individual item purchased below £1,000 is not capitalised and expensed through the Income and Expenditure in the reported period, however if grouped to other items and exceeds £1,000 will be capitalised.

All depreciation is charged over the life of the relevant contract, or over three years if the asset is not directly attributable to a particular contract, as follows:

- IT Equipment – between 2 and 6 years
- Leasehold Improvements - between 1 and 6 years
- Office Equipment – between 1 and 6 years
- Furniture and Fittings– between 1 and 6 years

For each of the above, depreciation is calculated and applied on a straight-line basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

2.6. Intangible Assets

Intangible assets such as those arising from a development phase, will only be recognised if they meet the conditions of:

- The asset is complete and is intended to be used
- It is probable it will generate future economic benefits
- Expenditure attributable to the asset during its development

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

All intangible assets shall be considered to have a finite useful life and amortisation is charged on the following basis unless the finite life of the asset cannot be established, and it is therefore held to a maximum useful life of 10 years:

- IT System Development – between 3 and 5 years

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Notes to the Financial Statements

For the period ending on 30 September 2021

For each of the above, amortisation is calculated and applied on a straight-line basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

2.7. Investments and Goodwill

Goodwill

In respect of a business acquisition at the acquisition date, the acquiree's identifiable assets and liabilities and contingent liabilities that satisfy the recognition criteria are brought in at their fair values at that date. The differences between the cost of the business combination and the acquirer's interest in the net fair value (i.e. net of any non-controlling interest's share) of the identifiable assets, liabilities and recognised contingent liabilities is accounted for as goodwill, or so-called 'negative goodwill'.

At the acquisition date, the goodwill acquired in a business combination is recognised as an asset. It is measured as the excess of cost over the acquirer's interest in the net fair value of the assets, liabilities and contingent liabilities recognised on acquisition.

Goodwill is amortised on a systematic basis over its useful life – 5 years

When the interest in the net fair value of the identifiable assets, liabilities and provisions for contingent liabilities acquired exceeds the cost of the business combination (sometimes referred to as 'negative goodwill'), the acquirer:

- (a) reassesses the identification and measurement of the acquirer's assets, liabilities and provisions for contingent liabilities and the measurement of the cost of the combination;
- (b) records any excess that remains after the reassessment on the balance sheet immediately below any positive goodwill (striking a net total of the positive and negative goodwill); and
- (c) recognises the excess in profit or loss in the periods in which the non-monetary assets acquired are recovered. Any excess over the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to benefit.

Investments

Investments in subsidiaries are held at cost less impairment and are reviewed annually for impairment.

2.8. Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific employability projects being undertaken by the Trust.

Fedcap UK**Notes to the Financial Statements**
For the period ending on 30 September 2021**2.9. Expenditure**

Expenditure is recognised on an accruals basis as a liability incurred. It is recognised once there is a legal obligation to transfer economic benefit to a third part, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total direct costs and allocated support costs in undertaking each activity. Trading activities represents the costs associated with commercial trading operations relating to the income and expenditure incurred by the trading subsidiaries of the entity and its investment within the subsidiaries.

2.10. Allocation of Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office functions, audit fees, legal and professional, and external consultancy costs etc which support the Charity's Employability programmes and activities. These costs have been allocated between cost of generating income and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 5.

2.11. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13. Operating Leases

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

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021****2.14. Tax**

The Company recognises current tax liability for tax payable on taxable profit for the current and past periods. If the amount of tax paid for the current and past periods exceeds the amount of tax payable for those periods, the entity shall recognise the excess as a current tax asset. The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.15. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16. Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Fedcap UK**Notes to the Financial Statements**
For the period ending on 30 September 2021**2.17. Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

Whereas a defined benefit pension plan is a type of workplace pension that pays a retirement income based on final salary and number of years' work, rather than the amount of money has been contributed to the pension.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1. Judgements in applying accounting policies and key sources of estimation uncertainty

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

Fedcap UK**Notes to the Financial Statements
For the period ending on 30 September 2021****3.2. Taxes**

Determining income tax provisions involves judgement on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management is satisfied that on the balance of probability future taxable revenues will be generated against which tax losses will be available to offset. This note is only representative of the group.

3.3. Extrapolation & Customer Service Standard provisions

A provision has been estimated within the ESF Links to Work contracts in respect of the results of validation work carried out on the DWP outcomes which are yet to be finalized. The value of the provision is based on reviews carried out by DWP following year end and charges applied to cover this period.

Under the provisions of the Restart Contract the achievement of eight Customer service standards on a monthly basis are required or financial penalties are applied. For prudence management has internally assessed its performance against each measure for each period up to the year end and made a provision in the accounts based on historical industry run rate of penalties.

3.4 Defined benefit pension scheme

Actuarial assumptions are made in determining the value of the future defined benefit obligations and are updated periodically. The principal assumptions are based on the rate of inflation and discount rates. The assumed rate of inflation affects the growth of salaries and therefore the size of the pensions that employees will receive on their retirement, as a result, there is uncertainty that these assumptions will continue in the future. Management have considered the valuation undertaken as at 30 September 2021 and judged that the value reported in the balance sheet is materially correct.

Fedcap UK

Notes to the Financial Statements
For the period ending on 30 September 2021

4. Analysis of Income

		Group			Parent Only	
		Unrestricted	TOTAL 2021	TOTAL 2020	TOTAL 2021	TOTAL 2020
		funds				
		£	£	£	£	£
Other trading activities:	UK and Scottish Government funding relating to provision	22,111,403	22,111,403	15,936,972	-	-
Total Income		22,111,403	22,111,403	15,936,972	-	-

5. Analysis of expenditure on charitable activities

Expenditure	Employability	2021	2020
	Services		
	£	£	£
Support Costs	3,343,647	3,343,647	1,449,891
Direct Staff Costs	9,396,281	9,396,281	6,626,228
Direct Staff Expenses	410,515	410,515	351,241
Technology Costs	437,939	437,939	272,979
Customer Participation	226,060	226,060	118,650
Subcontractors	5,824,434	5,824,434	7,344,840
Office Expenses	359,330	359,330	487,889
Other	-	-	22,426
Totals	19,998,206	19,998,206	16,674,144

All expenditure reported is unrestricted.

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021

Analysis of Support Costs	2021	2020
	Total	Total
	£	£
Depreciation	151,923	96,276
Amortisation	134,938	98,777
Profit on disposal of Fixed Asset	-	(10,460)
Rent	708,990	382,436
Water Rates	-	6,666
Rates	82,059	99,377
Service Charges & Premises Insurance	60,931	46,001
Health & Safety	9,717	5,091
Cleaning	21,342	24,094
Relocation & Fit Out Costs	14,275	3,585
Dilapidations	889,894	30,230
Other Property Costs	77,950	44,068
Electricity	6,879	17,617
Events	-	1,994
Corporate Communications	-	4,556
Branded Materials	-	16,956
Other Marketing Costs	55,528	21,290
Audit Fees	188,504	125,017
Legal and professional fees	940,717	191,244
External consultancy	-	245,076
Total Support Costs	3,343,647	1,449,891

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
6. Gain/(Loss) on ordinary activities before taxation

The gain / (loss) on ordinary activities before taxation is stated after

	2021	2020
	£	£
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	27,950	31,486
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	122,925	83,600
Overrun of subsidiary accounts	12,925	-
Tax compliance and advisory service	30,750	9,070
Other operating lease rentals	772,792	386,000
Totals	967,342	510,156

7. Paid Employees

	Group		Parent Only	
	TOTAL 2021	TOTAL 2020	TOTAL 2021	TOTAL 2020
	£	£	£	£
Salaries and wages	8,346,530	5,945,966	-	-
Social security costs	724,517	481,471	-	-
Pension costs (defined contribution scheme)	325,234	198,791	-	-
Total staff costs	9,396,281	6,626,228	-	-

Trustee's do not receive remuneration or expenses.

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021

Total expenditure on staff salaries and associated costs during the year was as follows:

Staff Numbers

The average monthly number of full-time equivalents (including casual and part-time staff) during the year were as follows:

	2021	2020
	No.	No.
Directors	4	3
All other staff	298	181
	302	184

Salary Banding	2021	2020
	No.	No.
£60,000 - £79,000	8	1
£80,000 - £99,000	2	2
£100,000 - £130,000	1	1
£131,000 - £200,000	1	0
	12	4

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The key management personnel of the parent charity, Fedcap UK, comprises the Chief Executive Officer, Chief Finance Officer, Restart & Operations Directors and Senior Operational Managers, the total benefits paid to the key management personnel of the Charity were £1,078,206 in 2021, (2020: £586,450).

	Group		Parent only	
	2021	2020	2021	2020
	£	£	£	£
Amount of contributions recognised in the SOFA as an expense	325,234	198,791	-	-

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
Defined benefit scheme

The Company operates a defined benefit pension scheme. The Company will complete an independent review of funding requirements every three years, currently the funding policy is 50% index linked passive and 5-% long dated Corporate Bonds. An independent actuarial valuation was completed as at 30 September 2021, the movement of the pension fund has been recognised in the Statement of Financial Activities in the year.

8. Goodwill

	Group		
	Goodwill	Negative Goodwill	TOTAL 2021
	£	£	£
At the beginning of the year	641,577	(147,691)	493,886
Additions	-	-	-
Other adjustments	-	(141,900)	(141,900)
At end of the year	641,577	(289,591)	351,986
Amortisation and impairments			
At the beginning of the year	(235,245)	46,769	(188,476)
Amortisation	(128,315)	29,538	(98,777)
Impairment	(278,017)	-	(278,017)
At end of the year	(641,577)	76,307	(565,269)
Net book value			
NBV at beginning of year	406,332	(100,922)	305,410
NBV at year end	-	(213,283)	(213,283)

Negative goodwill has arisen on the acquisition of Start Scotland Limited this is recognised as excess over cost of acquirers interest in the net fair value of the acquired assets and liabilities. The adjustment relates to the recognition of the historic minority interest reserves

Kennedy Scott Limited was acquired on 3rd December 2018 by the Charity on behalf of the Fedcap Group. The costs of acquisition was the consideration received in exchange for the net assets of the company at the balance sheet date and their fair value at the date of acquisition. Start Scotland Limited was acquired by Fedcap UK in the same reporting period on the 1st March 2019.

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021

The 51% shareholding in Start Scotland Limited was acquired by Fedcap Employment Scotland Limited for a consideration of £1. Fedcap Employment Scotland Limited is a wholly owned subsidiary of Fedcap UK.

Goodwill was recognised as the excess of the cost of the business combination over the net amount of the companies identifiable assets and liabilities. It is the policy of the company to treat goodwill as an asset with a finite useful life and therefore the asset is amortised over 10 years as we were not able to determine a reliable estimate of the useful life of goodwill.

In the financial year, due to the novation of the contracts from Kennedy Scott Limited to Fedcap Employment Limited, management has deemed Goodwill to be fully impaired and irrecoverable within Kennedy Scott Limited. The impairment was recognised in the Statement of Financial Activities in the year.

	Parent Only
	£
Kennedy Scott - acquisition price	510,000
Kennedy Scott - inherent contribution on acquisition	131,576
Start Scotland - acquisition price	1
Start Scotland - inherent contribution on acquisition	(147,693)
Total	<u>493,884</u>
Cost	£
Kennedy Scott - Investment b/f	510,000
Kennedy Scott - investment impairment	(510,000)
Kennedy Scott - Investment c/f	<u>-</u>

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
9. Fixed Assets**Tangible Assets**

	Group				
	IT Equipment	Office Equipment	Furniture and Fittings	Work in Progress	TOTAL 2021
Cost	£	£	£	£	£
At the beginning of the year	562,202	17,875	238,326	-	818,403
Additions	280,607	-	330,987	303,212	914,807
At end of the year	842,809	17,875	569,313	303,212	1,733,210
Depreciation and impairments					
At beginning of the year	(453,152)	(13,076)	(179,647)	-	(645,875)
Depreciation	(93,582)	(4,799)	(53,543)	-	(151,923)
At end of the year	(546,734)	(17,875)	(233,190)	-	(797,798)
Net book value					
NBV at beginning of year	109,050	4,799	58,679	-	172,528
NBV at year end	296,075	-	336,123	303,212	935,412

Intangible Assets

	Group	
	IT Software 2021	
Cost or valuation	£	£
At the beginning of the year	63,800	63,800
Additions	257,560	257,560
At end of the year	321,360	321,360
Amortisation and impairments		
At beginning of the year	(5,317)	(5,317)
Amortisation	(36,140)	(36,140)
At end of the year	(41,457)	(41,457)
Net book value		
NBV at beginning of year	58,483	58,483
NBV at year end	279,903	279,903

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021****10. Debtors and Prepayments**

	Group		Parent Only	
	TOTAL 2021	TOTAL 2020	TOTAL 2021	TOTAL 2020
	£	£	£	£
Trade debtors	2,313,464	1,529,233	5,241	-
Amounts Due from Parent Undertaking	-	-	2,444	-
Prepayments and accrued income	6,134,452	297,290	-	-
Total	8,447,916	1,826,523	7,685	-

11. Cash at Bank and in hand

	Group		Parent Only	
	TOTAL 2021	TOTAL 2020	TOTAL 2021	TOTAL 2020
	£	£	£	£
Cash at bank and on hand	7,661,413	1,350,892	17	17
Total	7,661,413	1,350,892	17	17

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
12. Creditors and Accruals

	Group		Parent Only	
	Amounts falling due within one year		Amounts falling due within one year	
	TOTAL	TOTAL	TOTAL	TOTAL
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	2,226,751	1,135,066	-	158,150
Amounts owed to Parent undertaking	2,112,301	2,081,259	1,559,648	760,137
Accruals	2,738,546	1,471,453	74,185	52,086
Deferred Income	6,991,329	27,527	-	-
Other Tax & Social Security	2,196,705	505,839	-	-
Other Creditors	136,737	308,921	34,444	582,403
Total	16,402,369	5,530,065	1,668,277	1,552,776

13. Deferred Income

The Deferred Income relates to advance income received by Fedcap Employment Limited in relation to the Restart Contract year one service fee. It also includes income in relation to Fair Start Scotland contracts which are deferred covid payments which may be repayable following audit.

Movement in deferred income account	2021	2020
	£	£
Balance at 1st October 2020	27,527	84,081
Amounts deferred in the current year	6,991,329	-
Amounts released to income from previous periods	(27,527)	(56,554)
Balance at 30 September 2021	6,991,329	27,527

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021****14. Creditors: amounts falling due after more than one year**

	Group		Parent Only	
	TOTAL	TOTAL	TOTAL	TOTAL
	2021	2020	2021	2020
	£	£	£	£
Dilapidations	1,012,828	113,500	-	-
Other creditors	-	66,000	-	66,000
Pension Liability	20,700	22,086	-	-
Total	1,033,528	201,586	-	66,000

At the end of the period ended 30th September 2021, the outstanding pension contributions was £87,703 (£2,086 for 2020).

15. Reserves and Minority Interest

The reported minority interest has arisen from the Start Scotland Limited entity, which is a subsidiary of the charity, of which Fedcap Employment Scotland Limited holds a 51% controlling interest.

	Reserves	Minority Interest	2021
	£	£	£
Subsidiary Reserves	(400,074)		(400,074)
Inherent Contribution in Start Scotland Ltd			
Minority Interest - TLP to 30 September 2019		(46,620)	(46,620)
Minority Interest - TLP to 30 September 2020		22,426	22,426
Minority Interest - TLP to 30 September 2021		99,732	99,732
Total	(400,074)	75,538	(324,536)

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021**

The trading subsidiary Fedcap Employment Scotland Limited is incorporated in the United Kingdom (company number SC622885). The entity is a wholly owned subsidiary (100%) of Fedcap UK. It's net profit and net assets are consolidated into its parent Fedcap UK's position at the reporting year-end. Fedcap Employment Scotland Limited is a leading provider of employability services within the UK.

The summary financial performance of the subsidiary alone is:

	2021	2020
	£000s	£000s
Income	5,432	3,558
Expenditure	(4,998)	(3,639)
Interest receivable	363	-
Interest payable	-	-
Net profit before tax	<u>797</u>	<u>(81)</u>
Corporation tax	-	-
Profit after tax	<u>797</u>	<u>(81)</u>

The assets and liabilities of the subsidiary were:

Fixed assets	71	108
Current assets	2,372	938
Current liabilities	<u>(1,752)</u>	<u>(1,152)</u>
Total net assets	<u>691</u>	<u>(106)</u>
Aggregate share capital and reserves	<u>691</u>	<u>(106)</u>

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2021****Subsidiaries of Fedcap UK - continued**

The trading subsidiary Kennedy Scott Limited is incorporated in the United Kingdom (company number 02386247). The entity is a wholly owned subsidiary (100%) of Fedcap UK.

It's net profit and net liabilities are consolidated into its parent Fedcap UK's position at the reporting year-end. Kennedy Scott Limited is a leading provider of employability services within the UK.

The summary financial performance of the subsidiary alone is:

	2021	2020
	£000s	£000s
Income	1,386	2,014
Expenditure	(201)	(2,545)
Interest receivable	-	-
Interest payable	(5)	(10)
Net profit before tax	1,180	(541)
Corporation tax	-	-
Profit after tax	1,180	(541)

The assets and liabilities of the subsidiary were:

Fixed assets	0	1
Current assets	123	934
Current liabilities	(110)	(2,105)
Provisions and Liabilities	(25)	(22)
Total net assets	(12)	(1,192)
Aggregate share capital and reserves	(12)	(1,192)

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
Subsidiaries of Fedcap UK - continued

The trading subsidiary Fedcap Employment Limited is incorporated in the United Kingdom (company number 11842787). The entity is a wholly owned subsidiary (100%) of Fedcap UK. It's net loss and net assets are consolidated into its parent Fedcap UK's position at the reporting year. Fedcap Employment Limited is a leading provider of employability services within the UK.

The summary financial performance of the subsidiary alone is:

	2021 £000s	2020 £000s
Income	12,109	4,707
Expenditure	(11,426)	(4,330)
Other Operating Income	-	-
Interest receivable	-	-
Interest payable	-	-
Net profit before tax	683	377
Corporation tax	-	-
Profit after tax	<u>683</u>	<u>377</u>

The assets and liabilities of the subsidiary were:

Fixed assets	1,755	111
Current assets	15,213	1,947
Current liabilities	(15,137)	(1,703)
Provisions & Liabilities	(794)	-
Total net assets	<u>1,037</u>	<u>355</u>
 Aggregate share capital and reserves	 <u>1,037</u>	 <u>355</u>

Fedcap UK**Notes to the Financial Statements
For the period ending on 30 September 2021****Subsidiaries of Fedcap UK - continued**

The trading subsidiary Start Scotland Limited is incorporated in the United Kingdom (company number SC529652). The entity is a subsidiary of Fedcap Employment Scotland who owns 51%. The ultimate parent is Fedcap UK.

Net profit and net assets of the entity are consolidated into its parent Fedcap UK's position at the reporting year end. Start Scotland Limited is a leading provider of employability services in the UK.

The summary financial performance of the subsidiary alone is:

	2021	2020
	£000s	£000s
Income	8,541	5,658
Expenditure	(8,441)	(5,623)
Interest receivable	150	-
Interest payable	-	-
Net profit before tax	<u>250</u>	<u>35</u>
Corporation tax	<u>(46)</u>	<u>11</u>
Profit after tax	<u>204</u>	<u>46</u>

The assets and liabilities of the subsidiary were:

Fixed assets	0	12
Current assets	2,114	1,393
Current liabilities	<u>(1,915)</u>	<u>(1,165)</u>
Total net assets	<u>199</u>	<u>240</u>
 Aggregate share capital and reserves	 <u>199</u>	 <u>240</u>

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2021
16. Transactions with Related Parties

During the period ended 30 September 2021 the company entered into the following transactions with related parties, excluding VAT.

The amounts owed to/(by) the following entities at period end were:

Name of the trustee or related party	Relationship to charity	Description of the transaction(s)	Group		Parent Only	
			TOTAL	TOTAL	TOTAL	TOTAL
			2021	2021	2021	2020
			Amount	Balance at period end	Balance at period end	Balance at period end
			£	£	£	£
Fedcap Group	Parent	Loan	31,042	2,112,301	1,559,648	760,137
Split by entity as follows:						
Fedcap UK	Parent	Loan	(217,108)	(1,559,648)	-	-
Kennedy Scott Ltd	Subsidiary	Loan	1,160,184	-	-	-
Fedcap Employment Ltd	Subsidiary	Loan	(1,139,318)	(562,586)	(794,270)	-
Fedcap Group	Ultimate Parent	Loan	-	-	(765,378)	(760,137)
Fedcap Employment Scotland Ltd	Subsidiary	Loan	165,200	9,933	-	-
			(31,042)	(2,112,301)	(1,559,648)	(760,137)

Ultimate parent undertaking and controlling party

Fedcap UK is a Company Limited by Guarantee (CLG) and a charity registered with the Charity Commission. The entity is not currently trading. Fedcap UK has a single member, the Fedcap Group Inc, a company incorporated in the US, with head office based at 633 3rd Avenue, New York, NY, 10017. Information relating to the US group can be obtained from their website (www.Fedcap.org) or the U.S Securities and Exchange Commission website.

Fedcap UK

Notes to the Financial Statements
For the period ending on 30 September 2021

17. Operating Leases

At 30 September 2021, the total future minimum lease payments under non-cancellable operating leases were:

	2021	2020
	£000s	£000s
Amounts due within one year	1,981	249
Amounts due between one and five years	6,845	413
Amounts due after five years	1,465	-
	<u>10,291</u>	<u>662</u>

The charity classifies the rental fees paid for premises occupied by its staff as operating leases; the title remains with the lessor and renewed either annually or every 5 years.