

Fedcap UK

Financial Statements

Fedcap UK

For the year ending 30 September 2022

Charity number: 1175737

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

Directors	Kenneth Samuel Brezenoff Jeffries Richard Briginshaw Michael Friedman Carol Lynn Khoury
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 LLP 1 Exchange Crescent Conference Square Edinburgh EH3 8UL

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Chair's Report

As chair of Fedcap UK, I am proud of the impact our services, provided by Fedcap UK and its Subsidiaries, continue to have in the UK market, effecting positive change for our customers, our people and our funders. During the last 12 months, our employability programmes have grown significantly as we embed our new services and reach more people who are unemployed, inspiring confidence in them to pursue and achieve their goal of returning to work. At Fedcap, we believe that work does not only bring economic wellbeing for an individual but additionally it improves confidence and self-esteem, improves health and wellbeing and provides improvements for an individual's family and the wider community in which they live. The social value brought about through a transition to employment is fundamental to supporting government with the achievement its long term plans and it is therefore crucial that we continue to successfully deliver 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 88-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.

During the reporting year we continued to successfully deliver our contracts across England and Scotland. Within Fedcap Employment Limited, we have continued to successfully deliver the Restart, Links to Work, ESFM3 and IPES contracts, held with the Department of Work and Pensions along with Working Health, Jets and Restart contracts under subcontracting arrangements. Following the easing of lockdown restrictions, standard operating models were resumed throughout all contracts as we welcomed our people and customers back to our offices across England.

The Restart contracts were fully embedded during the period and the organisational workforce was stabilised, reducing staff turnover to below national levels. The Restart contracts performed well in

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the year, as job outcome performance continued to be strong with overall performance exceeding expectations. This culminated in Fedcap achieving 126% performance profile which was the highest of all Restart providers as at September 2022. There was continued strong performance on IPES and steady performance across other contracts, despite the impact of a number of environmental factors such as the “Great Resignation,” the war in Ukraine followed by rising prices and inflation resulting in a cost of living crisis with the UK moving into formal recession on August 12th, 2022.

With the exception of COVID 19, this was the first time the UK had been in recession for 11 years, with the economy shrinking by 20.4%, making this recession the deepest on record. However, despite the volatility of the UK economy, unemployment levels did not rise to the anticipated forecast levels. This impacted on the level of referrals to the restart contracts which were tracking significantly below expected levels. This led the department to issue a contract variation adjusting expected volumes onto the Restart programme in all areas. The contract variation included a new performance offer of 36%, an increase in the service fee allocation and an increase to unit price. The variation was accepted, signed and enacted by Fedcap Employment Limited in July 2022.

Overall, Fedcap Employment Limited, delivered a strong performance in year despite the volatility of the external landscape.

Within Kennedy Scott Limited, following the restructure of the entity in 2019/20 the business continued to wind up its activities with the ultimate goal of moving the entity to dormancy, unless a new contract or new market segment can be established to generate future revenues.

Looking to Scotland, Start Scotland Limited continued to successfully deliver the Fair Start Scotland contract across their three allocated lots, East, South West and North-East. At the start of the year, lockdown restrictions remained in place in Scotland with a gradual return to pre-covid operating models by the end of the first half of the financial year. This meant the current contract, which was an extension of original contract awarded in 2018, moved from full virtual services to offer a mixed model to our customers. The funding model continued on a payment by results basis during the full reporting period.

As the main subcontractor of Start Scotland Limited, Fedcap Employment Scotland Limited also performed well during the period. Customers moving into sustainable employment exceeded expectations particularly with an increase in those sustaining employment for one year or more. In addition to strong performance, with the easing of the lockdown restrictions in Scotland and return to office working via a hybrid working model, the management team launched a £500K investment plan in the year to enhance the entity’s delivery of the Fair Start Scotland contract.

The aim was to modernise the systems and processes of the contract, to remove inefficiencies and introduce best practice and new products into Scotland to enhance the customer experience, increase time spent supporting customers and improve performance metrics, making Fedcap

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Employment Scotland Limited, a great place to work. To inform the investment programme, a people survey was undertaken to understand what was working well and identify areas of improvement; obtaining feedback from employees to inform business strategy. Using this data, the investment plan was developed to target key areas for improvement which included pay and remuneration, IT systems, administrative processes and working environments. This plan was launched at an all people event held in Edinburgh in September 2022, where the company announced the roll out of new customer IT systems including a new CRM and Advisor portal and modernisation of the customer journey and administrative processes.

Additionally, during the reporting period Fedcap Employment Scotland Limited began to diversify its contract portfolio bringing in new funding streams to help build sustainable growth into the business. In June 2022, Fedcap Employment Scotland Limited was successful in securing a position on the Scottish Dynamic Purchasing Framework which is a commissioning framework to allow organisations to access Local Authority funding as an approved supplier. Following this, the entity was successful in securing a one year contract with Falkirk Council to provide health and wellbeing support to young people aged 18-30 who have learning disabilities and mental health issues with an aim to improving their resilience and coping strategies which will support them in achieving their longer term goals.

In review, the UK charities subsidiaries have continued to build a sustainable, high performing portfolio of contracts 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 28/6/2023

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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 2022 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 principal 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 impacted by the pandemic and whose employment has ceased or their sector has been significantly

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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 30th September 2022, the subsidiaries of the charity had provided services to 32,391 individuals and moved 12,226 people into employment.

It is our long-term aim to continue to successfully deliver our obligations through the 10 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 2025. 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) During the financial year the Directors have actioned an employee engagement plan to introduce, maintain and develop communications. The arrangements are aimed at:
- b) Providing communications on business and employee matters, through five communication channels, an All People call and a CEO/Executive briefing – Insight, a Senior Leadership Team specific channel – Ignite, a Manager and Team briefing - Inspire, a weekly business update – Innovate and finally a quarterly newsletter of success stories – Impact.
- c) Improving communications: the executive team has instigated an annual company wide people engagement survey and will be actioned by the executive and senior teams. These communications allow for employee questions and feedback, which is then followed up by management.

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d) Employee support and rewards:

- 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.
- Awarded a 4.6% pay-rise to all employees in response to inflationary increases.
- Awarded a bonus equivalent to 2.75% of annual salary in recognition of exceptional business achievements in FY22, paid from profits.
- Launched “We Reward” flexible benefits package and “We Listen” our employee led feedback forum.
- Undertook consultation with the business to develop business policy in relation to hybrid working.
- Continued our “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 14% 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.

Matters covered in the Strategic Report

The following matters covered in the Strategic Report under s414 C(11):

Business review

Future developments

Principal risks

Reserves policy

Investment policy

Structure, governance and management

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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 10 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 charity's purpose and main activities.

During the period, as well as our significant achievements we have faced many challenges, from continuing to grow and embed our key contracts 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.

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 good during the period, despite the restatement of the Restart contracts which were material and reflected in the half year forecast which was approved by the Fedcap UK Board. Overall all entities had reduced revenue compared to budget but maintained or exceeded budget profitability which in turn has increased subsidiary reserves and the surpluses of the charity.

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 principal objectives, in particular the advancement of social inclusion through employment. During the year ended 30 September 2022, these contracts generated income from activities which amounted to £48,488,688, total expenditure of £46,077,440 resulting in a surplus of income over expenditure of £2,411,248. These results demonstrate a significant year on year improvement on performance on the previous financial year, as the people participating in our programmes increased and we began to move people into work and amplify our payment by results revenue. At 30 September 2022, the group reported net assets of £2,593,884 a significant improvement on prior year net liability. It held fixed assets with a book value of £2,646,409 and a

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cash position of £14,936,250. All of the expenditure shown in the Statement of Financial Activities is in furtherance of the UK Charity's objectives.

The Group total funds held were a net surplus fund of £2,593,884 at 30 September 2022 (2021: £(182,636) net deficit), comprising minority interest £464,746 (2021: £217,438) and the cumulative surplus in Income and Expenditure of £2,129,667 (2021: £(400,074) net deficit). The improved position of the group balance sheet for Fedcap UK and its subsidiaries ensures there are 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 charity entity generated revenue of £533,882 and total expenditure of £89,363 resulting in a net surplus for the year to the 30th September 2022, reporting a surplus of income over expenditure of £444,519.

Reserves policy

As part of our not for profit status, our board of directors are keen to ensure that the majority of surplus generated in the UK 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. During the year as funds and surplus improved, the charity's subsidiaries agreed to gift an agreed amount of surplus into the UK charity via a deed of covenant, whilst retaining a sufficient amount of reserves in each entity to ensure there is sufficient working capital and funds available for investment. It has been agreed in year to gift 1% of revenue onwards to our parent, the US charity the Fedcap Group in furtherance of the global charitable objectives.

The policy for reserves is to maintain general level of reserves to give financial stability to the charity and its activities to meet financial commitments as they fall due, the management of risks that it faces and to fund future work to achieve its aims.

At 30th September 2022 the group held free reserves of £2,593,884 which is a significant improvement on 2021. This is in line with our targeted level of free reserves, the budget for which was set at £2,612,000.

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 and managed through the investment board.

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Going Concern

The consolidated financial performance of the charity is reporting a net surplus of £2,411,248 (2021: £1,835,180) of income over expenditure 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 surplus for 2022 of £444,519 and holds a net liability position of £(1,216,057) (2021: £(1,660,575)). However, 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 £14,936,250 ensures that the charity and its subsidiaries can settle their liabilities as they arise and, together with the group's operating surplus of £2,411,248, ensures the group's ability to operate as a going concern.

The board has considered and agreed a 3-year projection of the current business, which includes the strategic plan investments. 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, grow the business organically. The board has identified that the forward-looking estimates carry risk around the achievement of trading outcomes and the working capital requirements. However, the board is comfortable that the 3-year projection in place is conservative and that the model which underpins it has been stress-tested to their satisfaction. Therefore, in the final analysis, the board is satisfied that the company remains a going concern for the foreseeable future.

Principal Risks and Uncertainties

The charity has a comprehensive risk management process and major risks are captured in our risk management system, Optial, and 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 established a governance function led by a Governance, Risk and Audit Manager who oversees our risk management framework and our fraud and whistleblowing activities with a direct access to the Fedcap UK board and 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.

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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:

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. We have established a full business development function from design to solution and a robust pipeline management process through Salesforce to mitigate these risks around losing key contracts. Pipelines of opportunities are reviewed on a weekly basis at the investment board.

Service delivery

All our funders 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 forecasts tested for sensitivities and impact. Performance will be continually monitored by our Executive Team who will undertake continual dialogue with funders to understand the flows and how we can respond to demand whilst delivering contractual obligations.

Volatility of the external environment

The UK has seen unprecedented volatility in the political and environmental landscape over the last 12 months. From the easing of pandemic restrictions, ceasing of related financial measures and the forecast of high levels of unemployment resulting from this, which ultimately did not materialise, to the war in Ukraine, the cost of living crisis and the volatility in UK politics, all of these have led to a high level of uncertainty which have far reaching consequences on the UK economy. The UK is expected to avoid recession in 2023 but GDP has contracted and recovery in the economy is expected in 2024. The potential risk to the UK group is that as the economy contracts, this will reduce the number of available vacancies for people to move into employment therefore

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diminishing the potential to achieve forecasted outcome performance as employers look to reduce cost bases and remain solvent. To mitigate this risk, the UK Fedcap group will have access to a newly formed employer division led by Head of Employers whose objective is to develop local relationships with small and medium sized businesses to understand and meet their employability needs and offer alternative innovative solutions to their workplace gaps.

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.

Future Developments

The Charity's plans, aims and objectives remain the same, with the intention 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

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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. Building on this, Fedcap Employment Limited and Fedcap Employment Scotland Limited plan to diversify its revenue streams by entering new market's such as health and has invested in developing its health offer to be successful in this area as well as considering international opportunities and continuing to secure new contracts in the employability space.

In addition, The Fair Start Scotland contract extensions commenced on the 1st April 2021 with the last start on programme scheduled for 31st March 2023, allowing further starts onto the programme for two years. The Scottish Government have recently confirmed a one year continuation of this contract for starts to 31st March 2024 to allow the government to refine and confirm plans for future employability provisions in Scotland and to commence commissioning processes.

Our strategic plan and the impact of the charity on society and our wider communities, ensures we are fully prepared to meet the challenges ahead.

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.

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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.

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

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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 28/6/2023
and signed on its behalf by:



Kenneth Samuel Brezenoff
Chair and Director

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Statement of Trustees' Responsibilities

The trustees (who are the Directors of Fedcap UK 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 company and the 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 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 charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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- 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 28/6/2023
and signed on its behalf by:



Kenneth Samuel Brezenoff
Chair of Trustees

Fedcap UK**Independent auditor's report to the members of Fedcap UK Limited****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 2022, which comprise the Consolidated and Parent Statement of Financial Activities, the Consolidated and Parent 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 2022 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.

Basis for opinion

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

Conclusions relating to going concern

We 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 Covid 19, Brexit and the cost of living crisis, 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.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

Other information

The 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.

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 themselves. 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

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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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We understood how the Group and parent company are complying with these legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and the audit committee. We corroborated the results of our enquiries through our review of board minutes and correspondence received from regulatory bodies.

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The group are subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified that the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: 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 (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, tax legislation and employment law.

- We assessed the susceptibility of the Group and parent company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet
 - potential management bias in determining accounting estimates
 - transactions with related parties
- Our audit procedures involved:
 - evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those that reclassified costs from the income statement to the balance sheet;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - testing the completeness of the company's related party transactions through information obtained from group entities and testing that these transactions had a valid business purpose;
 - evaluation of the compliance of disclosures in the strategic report and accounts with applicable financial reporting requirements and
 - 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;
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

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- 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
- Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- 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 accrued or deferred income.
- 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, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
 - the applicable statutory provisions
 - the group and parent company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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.

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 BA(Hons) FCA DChA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 28/6/2023

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Consolidated and Parent Statement of Financial Activities
(including consolidated income and expenditure account)
for the year 30 September 2022

	Group			Parent Only	
	Unrestricted funds				
	£	Total 2022	Total 2021	Total 2022	Total 2021
		£	£	£	£
Income and endowments from:					
Charitable activities (Note 4)	48,488,688	48,488,688	22,111,403	533,882	-
Total	48,488,688	48,488,688	22,111,403	533,882	-
Expenditure on:					
Charitable activities (Notes 5 to 7)	46,077,440	46,077,440	19,998,206	89,363	41,816
Total	46,077,440	46,077,440	19,998,206	89,363	41,816
Net expenditure before investment gains	2,411,248	2,411,248	2,113,197	444,519	(41,816)
Net Gains/(Loss) on investments	-	-	(278,017)	-	(510,000)
Net expenditure	2,411,248	2,411,248	1,835,180	444,519	(551,816)
Net Income/(Expenditure)	2,411,248	2,411,248	1,835,180	444,519	(551,816)
Share of net income/expenditure attributable to:					
Owners of the parent	2,163,941	2,163,941	1,735,448	444,519	(551,816)
Minority Interest	247,307	247,307	99,732	-	-
	2,411,248	2,411,248	1,835,180	444,519	(551,816)
Reconciliation of funds:					
Total funds brought forward	(182,636)	(182,636)	(2,017,816)	(1,660,575)	(1,108,759)
Total funds carried forward	2,593,884	2,593,884	(182,636)	(1,216,057)	(1,660,575)

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 28 to 51 form part of these financial statements.

Fedcap UK**Consolidated and Parent Balance Sheets as at 30 September 2022****Company number: 10466370**

	Group			Parent Only	
	Unrestricted funds £	Total 2022 £	Total 2021 £	Total 2022 £	Total 2021 £
Fixed assets					
Negative Goodwill	(41,846)	(41,846)	(71,383)	-	-
Net Goodwill (Note 9)	(41,846)	(41,846)	(71,383)	-	-
Tangible assets (Note 10)	1,795,281	1,795,281	935,412	-	-
Intangible assets (Note 10)	892,974	892,974	279,903	-	-
Total fixed assets	2,646,409	2,646,409	1,143,932	-	-
Current assets					
Debtors (Note 11)	7,885,875	7,885,875	8,447,916	576,406	7,685
Cash at bank and in hand (Note 12)	14,936,250	14,936,250	7,661,413	60	17
Total current assets	22,822,125	22,822,125	16,109,329	576,466	7,702
Creditors: amounts falling due within one year (Note 13)	(21,460,293)	(21,460,293)	(16,402,369)	(1,792,523)	(1,668,277)
Net current assets /(liabilities)	1,361,833	1,361,833	(293,040)	(1,216,057)	(1,660,575)
Total assets less current liabilities	4,008,241	4,008,241	850,892	(1,216,057)	(1,660,575)
Provisions for liabilities (Note 14)	(1,422,357)	(1,422,357)	(1,012,828)	-	-
Pension Asset/(liability) (Note 14)	8,000	8,000	(20,700)	-	-
Total net assets/(liabilities)	2,593,884	2,593,884	(182,636)	(1,216,057)	(1,660,575)
Funds of the Charity					
Share Capital	-	-	-	-	-
Unrestricted funds (Note 15)	2,129,138	2,129,138	(400,074)	(1,216,057)	(1,660,575)
Minority Interest (Note 15)	464,746	464,746	217,438	-	-
Total funds	2,593,884	2,593,884	(182,636)	(1,216,057)	(1,660,575)

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

Kenneth Brezenoff

Kenneth Samuel Brezenoff

Chair of trustees on behalf of the trustees

Approved by the trustees on 28/6/2023

The notes on pages 28 to 51 form part of these financial statements.

Fedcap UK**Statement of Consolidated Group Cash Flows
for the year ended 30 September 2022**

	Group		Parent	
	2022	2021	2022	2021
	£	£	£	£
Cash generated from operating activities				
Profit/(Loss) in the financial year	2,411,248	1,835,180	444,519	(551,816)
Adjustments for:				
Depreciation of tangible assets	670,665	151,923	-	-
Amortisation of intangible assets	504,983	134,938	-	-
Impairment of goodwill	-	278,017	-	-
Write off investment	-	-		510,000
Interest paid	1	5,021	-	-
Taxation charge	118,802	-	-	-
Decrease/(increase) in debtors	76,925	(784,231)	-	-
Decrease/(increase) in prepayments and accrued income	485,116	(5,837,162)	-	-
(Decrease)/increase in creditors	(478,756)	1,091,685	19,343	(158,150)
Increase/(decrease) in amounts owed by groups	-	-	(568,721)	(7,685)
(Decrease)/increase in amounts owed to group	182,717	31,042	135,259	219,552
Increase/(decrease) in provisions and other creditors	5,673,677	10,581,497	(30,357)	(11,901)
Net cash generated from operating activities	9,645,378	7,487,910	43	-
Cash flows from investing activities:				
Purchase of tangible fixed assets	(1,833,747)	(914,808)	-	-
Purchase of intangible fixed assets	(536,793)	(257,560)	-	-
Interest paid	(1)	(5,021)	-	-
Total investing	(2,370,541)	(1,177,389)	-	-
Net increase in cash and cash equivalents	7,274,837	6,310,521	43	-
Cash and cash equivalents - brought forward	7,661,413	1,350,892	17	17
Movement of cash and cash equivalents during year	7,274,837	6,310,521	43	-
Cash and cash equivalents - carried forward	14,936,250	7,661,413	60	17

The notes on pages 28 to 51 form part of these financial statements.

Fedcap UK**Analysis of Changes in net debt**

	Group		
	At 30 September 2021	Cash Flows	At 30 September 2022
	£	£	£
Cash and cash equivalents			
Cash	7,651,223	7,271,916	14,923,139
Cash equivalents	10,190	2,921	13,111
	<u>7,661,413</u>	<u>7,274,837</u>	<u>14,936,250</u>
Group Lending & Borrowing			
Repayments due within one year	5,241	-	5,241
Debt due within one year	(2,112,301)	(182,717)	(2,295,018)
	<u>5,554,353</u>	<u>7,092,120</u>	<u>12,646,473</u>

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****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 £2,411,248 (2021: £1,835,180) of income over expenditure 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 of £14,936,250 at 30th September 2022 together with the net income surplus of £2,411,248 ensures that the charity and its subsidiaries are able to settle its liabilities as they arise, ensuring its ability to operate as a going concern.

The board has considered and approved a three-year financial plan of its current business, using all available information and data including the strategic plan for investment., and is satisfied the plan has been assessed for impact on the overall financial position of the entity with consideration of working capital and capital investment requirements to deliver our contractual obligations and grow the business organically.

As part of our risk management framework, management undertake sensitivity analysis/reverse stress testing on the company's financial position. Once established this is further assessed for contractual performance both historically and current, identifying any further risks.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

The board has identified that the forward-looking estimates carry risk around revenue, cashflow and working capital requirements from trading outcomes. The three-year planning process ensures that forecasting is both realistic and achievable, with consideration of two key risk areas: (i) forecast outcome profiles; and (ii) forecast start profiles.

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.

There are two main types of funding models across its contract, these are a payment by results framework and for some contracts a cost recovery payment model. For these contracts revenue is recognised to the extent of the costs incurred in the delivery and performance of the contracts and their obligations therein. Recognition occurs in the period that the costs were incurred when all of the standard recognition criteria outlined above have been satisfied.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

Fixed service fees paid in line with contractual year are measured against the performance of services delivered in the financial year and, the net result is a deferral of income to be recognised in subsequent years.

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

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

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

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 2022****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 party, 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 back office functions that support the work of the charity but do not directly undertake charitable activities. Support costs include property costs, audit fees, legal & professional and consultancy costs 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 basis on which support costs are 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.

2.14. Tax

Tax is recognised for current tax liability where tax is 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.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****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 in respect of 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 2022****2.17. Pensions****Defined contribution pension plan**

A defined contribution pension plan is in place for all employees. A defined contribution plan is a pension plan under which fixed pension contributions are paid to 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 unpaid at the year end are disclosed as a creditor due within one year 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.

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.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****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 finalised. The value of the provision is based on reviews carried out by DWP following year end and charges applied to cover this period, the sensitivity to estimated extrapolation provision would adversely impact on contract performance if extrapolation rate increased by in excess of 200%. 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. 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. Fixed Fee Revenue and Costs**Restart contract**

In year 1 of the contract the initial requirement was to roll out the contract, and , at this time, there were no starts on contract, without the starts performance management judged the fixed fee should be recognised in equal amounts. A contract variation was issued in July 22 from DWP, operations were delivering job starts and with the payment profile as it was, moving to recognition based on actual starts was deemed more appropriate. Therefore, management judged that the remainder of the fixed fee should be recognised in relation to actual starts onto the contract, as this most accurately represents the performance achieved. Whilst we do expect volumes to fluctuate monthly the expectation is that the full contractual start profile will be met over the life of the contract. Therefore, recognition of revenue on a start basis, that being actual or contractual profile as a minimum, is a realistic basis on which to base revenue recognition.

3.5. 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 2022 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 2022****4. Analysis of Income**

	Group			Parent Only	
	Unrestricted Funds	Total	2022	Total	2021
	£	£		£	£
Donations and legacies:					
Gift Aid	-	-	-	533,882	-
Other trading activities:					
UK and Scottish Government funding relating to provision of employability services	48,488,688	48,488,688	22,111,403	-	-
Total Income	48,488,688	48,488,688	22,111,403	533,882	-

5. Analysis of expenditure on charitable activities

	Employability Services	2022	2021
Expenditure	£	£	£
Support Costs	5,963,543	5,963,543	3,343,647
Direct Staff Costs	21,161,620	21,161,620	9,396,281
Direct Staff Expenses	1,008,370	1,008,370	410,515
Technology Costs	1,140,146	1,140,146	437,939
Customer Participation	1,449,847	1,449,847	226,060
Subcontractors	11,093,719	11,093,719	5,824,434
Office Expenses	4,260,195	4,260,195	359,330
Totals	46,077,440	46,077,440	19,998,206

All expenditure reported is unrestricted.

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

	2022	2021
	Total	Total
Analysis of Support Costs	£	£
Depreciation	999,775	151,923
Amortisation	175,872	134,938
Rent	2,007,567	708,990
Rates	397,964	82,059
Service Charges & Premises Insurance	253,701	60,931
Health & Safety	12,794	9,717
Cleaning	231,245	21,342
Relocation & Fit Out Costs	29,625	14,275
Dilapidations	313,448	889,894
Other Property Costs	325,723	77,950
Electricity	64,039	6,879
Other Marketing Costs	390,021	55,528
Audit Fees	202,264	188,504
Legal and professional fees	559,505	940,717
Total Support Costs	<u>5,963,543</u>	<u>3,343,647</u>

6. Gain/(Loss) on ordinary activities before taxation**The gain / (loss) on ordinary activities before taxation is stated after charging:**

	2022	2021
	£	£
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	36,623	27,950
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	111,446	122,925
Overrun of subsidiary accounts	25,000	12,925
Tax compliance and advisory service	36,337	30,750
Other operating lease rentals	<u>2,299,966</u>	<u>772,792</u>

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****7. Paid Employees**

	Group	
	TOTAL	TOTAL
	2022	2021
	£	£
Salaries and wages	18,434,228	8,346,530
Social security costs	1,692,873	724,517
Defined contribution pension cost	659,636	325,234
Other staff costs	215,776	-
Total staff costs	21,002,513	9,396,281

Trustee's do not receive remuneration or expenses.

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:

	2022	2021
	No.	No.
Directors	4	4
All other staff	617	298
	621	302

Salary Banding

	2022	2021
	No.	No.
£60,000 - £79,000	11	8
£80,000 - £99,000	2	2
£100,000 - £130,000	2	1
£131,000 - £200,000	1	1
	16	12

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

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

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 £1,552,705 in 2022, (2021: £1,078,206).

	Group		Parent only	
	2022	2021	2022	2021
	£	£	£	£
Amount of contributions recognised in the SOFA as an expense	659,636	325,234	-	-

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 2022, the movement of the pension fund has been recognised in the Statement of Financial Activities in the year.

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2022
8. Tax

	Group		Parent Only	
	2022	2021	2022	2021
	£	£	£	£
Analysis of tax charge/(credit) for the period				
Current tax				
UK corporation tax at 19% (2021: 19%)	119,038	46,367	-	-
Deferred tax				
Origination and reversal of timing differences	74,247	7,393	-	-
Effect of changes in tax rates	23,448	13,268	-	-
Closing provision at 25.00%	97,695	20,661	-	-
Adjustments in respect of prior periods	1,275	2,382	-	-
Total deferred tax	98,970	23,043	-	-
Taxation on Profit on ordinary activities	218,008	69,410	-	-
Reconciliation of tax charge				
Profit/(loss) on ordinary activities before tax	3,133,757	2,382,181	444,519	(551,816)
Tax on profits at the standard rate of corporation tax in the UK of 19%	595,415	452,614	84,459	(104,845)
Effect of relief on gift aid at 19%	(161,636)	-	-	-
	433,779	452,614	84,459	(104,845)
Effects of:				
Expenses not deductible for tax purposes	17,364	96,108	6,751	-
Income not deductible for tax purposes	-	(202,152)	-	-
Fixed asset differences	25,403	(37,147)	-	-
Other tax adjustments, reliefs and transfer	(139,579)	114,765	(91,210)	104,845
Movement in deferred tax not previously recognised	(142,048)	(340,906)	-	-
Remeasurement of deferred tax for change in rate	23,448	(13,872)	-	-
Deferred tax in not recognised	(359)	-	-	-
Tax charge/(credit) for the period	218,008	69,410	-	-

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2022
9. Goodwill

	Group	
	Negative Goodwill	Totals 2022
	£	£
At the beginning of the year	(147,690)	(147,690)
Additions	-	-
At end of the year	(147,690)	(147,690)
At the beginning of the year	76,307	76,307
Amortisation	29,537	29,537
At end of the year	105,844	105,844
Net book value		
NBV at beginning of year	(71,383)	(71,383)
NBV at year end	(41,846)	(41,846)

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.

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.

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 prior year.

	Parent Only
Kennedy Scott - inherent contribution on acquisition	510,000
Kennedy Scott - Acquisition	131,576
Start Scotland - Acquisition price	1
Start Scotland - inherent contribution on acquisition	(147,691)
	493,886

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2022
10. Fixed Assets**Tangible Assets**

	Group			
	IT Equipment	Furniture and Fittings	Work in Progress	TOTAL 2022
Cost	£	£	£	£
At the beginning of the year	842,809	569,313	303,212	1,715,334
Reclassification	(188,373)	-	(303,212)	(491,585)
Additions	315,175	1,518,571	-	1,833,747
At end of the year	969,611	2,087,884	-	3,057,496
Depreciation and impairments				
At beginning of the year	(546,734)	(233,189)	-	(779,923)
Reclassification	188,373	-	-	188,373
Depreciation	(223,640)	(447,025)	-	(670,665)
At end of the year	(582,001)	(680,214)	-	(1,262,215)
Net book value				
NBV at beginning of year	296,076	336,124	303,212	935,412
NBV at year end	387,610	1,407,670	-	1,795,281

Intangible Assets

	Group	
	Software	2022
Cost or valuation	£	£
At the beginning of the year	321,360	321,360
Reclassification	1,063,956	1,063,956
Additions	536,793	536,793
At end of the year	1,922,109	1,922,109
Amortisation and impairments		
At beginning of the year	(41,457)	(41,457)
Reclassification	(453,157)	(453,157)
Amortisation	(534,521)	(534,521)
At end of the year	(1,029,135)	(1,029,135)
Net book value		
NBV at beginning of year	279,903	279,903
NBV at year end	892,974	892,974

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****11. Debtors and Prepayments**

	Group		Parent Only	
	Total 2022	Total 2021	Total 2022	Total 2021
	£	£	£	£
Trade debtors	2,231,298	2,308,223	-	-
Amounts due from Parent Undertaking	5,241	5,241	576,406	7,685
Prepayments and accrued income	5,649,336	6,134,452	-	-
Total	7,885,875	8,447,916	576,406	7,685

12. Cash at Bank and in hand

	Group		Parent Only	
	Total 2022	Total 2021	Total 2022	Total 2021
	£	£	£	£
Cash at bank and on hand	14,936,250	7,661,413	60	17
Total	14,936,250	7,661,413	60	17

Fedcap UK
Notes to the Financial Statements
For the period ending on 30 September 2022
13. Creditors: Amounts falling due within one year

	Group		Parent Only	
	Total 2022	Total 2021	Total 2022	Total 2021
		Restated		
	£	£	£	£
Trade creditors	1,747,995	2,226,751	19,343	-
Amounts owed to Parent undertaking	2,295,018	2,112,301	1,694,907	1,559,648
Accruals	6,826,891	2,738,546	78,273	74,185
Deferred Income	7,607,829	6,991,329	-	-
Other Tax & Social Security	2,415,935	2,196,705	-	-
Corporation Tax	118,802	46,367	-	-
Other Creditors	447,823	90,370	-	34,444
Total	21,460,293	16,402,369	1,792,523	1,668,277

At the end of the period ended 30th September 2022, the outstanding pension contributions were £123,781 (2021:£87,703).

Within accruals and deferred income, provision for dilapidations of offices on lease terminations are classified as creditors falling due after more than one year, In September 2021 the provision of £1,012,828 was classified as a due within one year and is now disclosed as due after more than one year.

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.

	Group	
Deferred Income	Total 2022	Total 2021
	£	£
Balance brought forward	6,991,329	27,527
Amounts deferred in year	882,617	6,991,329
Amounts released in year	(266,117)	(27,527)
Total	7,607,829	6,991,329

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****14. Provisions for liabilities and charges**

	Group	
	Total 2022	Total 2021
Provisions for Liabilities		Restated
	£	£
Dilapidations provision:		
Amounts brought forward	1,012,828	
Additions in year	294,514	1,012,828
Closing provision	1,307,342	1,012,828

Provision has been made in 2021 for property leases contractual liability for schedule of conditions estimated at the balance sheet date, this has been independently calculated by a chartered surveyor and is reviewed annually. The actual amounts will be fully determined at the end of the lease.

	Group	
	Total 2022	Total 2021
Deferred tax	£	£
Balance brought forward	-	-
Charges in year	115,015	-
Balance carried forward	115,015	-
Deferred Tax liability		
At beginning of year	-	-
Fixed asset timing differences	126,890	-
Short term timing differences	(11,875)	-
Closing Provision at 25.00%	115,015	-
Total	1,422,357	1,012,828

	Group	
	Total 2022	Total 2021
Pension asset/(liability)	£	£
Pension (asset)/liability	(8,000)	20,700
Total	(8,000)	20,700

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****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	Total 2022
	£	Interest	£
		£	
Subsidiary Reserves	2,129,138		2,129,138
Inherent Contribution in Start Scotland Ltd		141,901	141,901
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		99,733	99,733
Minority Interest - TLP to 30 September 2022		247,307	247,307
Total	2,129,138	464,746	2,593,884

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

The summary financial performance of the subsidiary alone is:

	2022	2021
	£000s	£000s
Income	38,525	12,109
Expenditure	(36,869)	(11,426)
Net profit before tax	1,656	683
Corporation tax	(74)	-
Profit after tax	1,582	683

The assets and liabilities of the subsidiary were:

Fixed assets	2,514	1,755
Current assets	21,894	15,213
Current liabilities	(21,529)	(15,137)
Provisions & Liabilities	(1,110)	(794)
Total net assets	1,769	1,037
Aggregate share capital and reserves	1,769	1,037

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****The summary financial performance of the subsidiary alone is:**

	2022	2021
	£000s	£000s
Income	6,364	5,432
Expenditure	(6,029)	(4,998)
Interest receivable	-	363
Interest payable	-	-
Net profit before tax	335	797
Corporation tax	(25)	-
Profit after tax	310	797

The assets and liabilities of the subsidiary were:

Fixed assets	174	71
Current assets	3,292	2,372
Current liabilities	(2,153)	(1,752)
Provisions and Liabilities	(312)	-
Total net assets	1,001	691
Aggregate share capital and reserves	1,001	691

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

The subsidiary Kennedy Scott Limited is incorporated in the United Kingdom (company number 02386247). The entity is a wholly owned subsidiary (100%) of Fedcap UK. Its net profit and net assets are consolidated into its parent Fedcap UK's position at the reporting year-end.

The summary financial performance of the subsidiary alone is:

	2022	2021
	£000s	£000s
Income	-	1,386
Expenditure	74	(201)
Interest receivable	-	-
Interest payable	-	(5)
Net profit before tax	74	1,180
Corporation tax	-	-
Profit after tax	<u>74</u>	<u>1,180</u>

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	384	123
Current liabilities	(329)	(110)
Provisions and Liabilities	8	(25)
Total net assets	<u>63</u>	<u>(12)</u>
Aggregate share capital and reserves	<u>63</u>	<u>(12)</u>

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022**

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:

	2022	2021
	£000s	£000s
Income	10,019	8,541
Expenditure	(9,396)	(8,441)
Interest receivable	-	150
Interest payable	-	-
Net profit before tax	623	250
Corporation tax	(118)	(46)
Profit after tax	505	204

The assets and liabilities of the subsidiary were:

Fixed assets	-	-
Current assets	2,275	2,114
Current liabilities	(1,572)	(1,915)
Provisions & Liabilities	-	-
Total net assets	703	199
Aggregate share capital and reserves	703	199

Fedcap UK**Notes to the Financial Statements****For the period ending on 30 September 2022****16. Transactions with Related Parties**

During the period ended 30 September 2022 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	Transaction Type	Group		Parent Only	
			2022	2022	2022	2021
			Amount	Balance at period end	Balance at period end	Balance at period end
			£	£	£	£
Fedcap Group	Parent	Loan	177,476	2,289,777	1,118,501	1,559,648
Split by entity as follows:						
Fedcap UK	Parent	Loan	441,147	(1,118,501)	-	-
Kennedy Scott Ltd	Subsidiary	Loan	(957)	(957)	-	-
Fedcap Employment Ltd	Subsidiary	Loan	(621,260)	(1,183,846)	(358,364)	(794,270)
Fedcap Group	Ultimate Parent	Loan	-	5,241	(760,137)	(765,378)
Fedcap Employment Scotland Ltd	Subsidiary	Loan	(313,239)	(303,306)	-	-
			(494,309)	(2,601,369)	(1,118,501)	(1,559,648)

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 2022****17. Financial Instruments**

	Group		Parent Only	
	2022	2021	2022	2021
	£	£	£	£
Financial assets				
Financial assets measured at fair value through profit or loss	14,936,250	7,661,413	60	17
Financial assets that are debt instruments measured at amortised cost	5,649,336	6,134,452	576,406	7,685
	<u>20,585,586</u>	<u>13,795,865</u>	<u>576,466</u>	<u>7,702</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(20,232,898)	(15,172,125)	(1,792,523)	(1,668,277)
	<u>(20,232,898)</u>	<u>(15,172,125)</u>	<u>(1,792,523)</u>	<u>(1,668,277)</u>

18. Operating Leases

At 30 September 2022, the total future minimum lease payments under non-cancellable operating leases were:

Group Totals	Other £000s	Buildings £000s	Total £000s
Amounts due within one year	14	1,878	1,892
Amounts due within two to five years	4	4,903	4,907
Amounts due over five years	-	257	257
FEDCAP GROUP	<u>18</u>	<u>7,038</u>	<u>7,056</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.