

Fedcap UK

# Financial Statements

Fedcap UK

For the year ending 30 September 2024

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Charity Number: 1175737  
Registered Number: 10466370

## **Fedcap UK**

### **Contents**

Reference and Administrative details	2
Chair's Report	3
Trustees' Report	6
Strategic Report	9
Independent Auditor's Report	23
Consolidated and Parent Statement of Financial Activities	28
Consolidated and Parent Balance Sheet	29
Statement of Consolidated Cash Flows	30
Analysis of Net Debt	31
Notes to the Financial Statements	32-57

## **Fedcap UK**

### **Reference and Administrative Details**

#### **Company Information**

<b>Directors</b>	Kenneth Samuel Brezenoff Jeffries Richard Briginshaw Michael Friedman Carol Lynn Khoury
<b>Charity Registered number</b>	1175737
<b>Registered number</b>	10466370
<b>Registered office</b>	Cleveland Business Centre, Oak Street, Middlesbrough, United Kingdom, TS1 2RQ
<b>Independent auditor</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
<b>Bankers</b>	HSBC 60 Queen Street Victoria London EC4N 4TR
<b>Solicitors</b>	Shepherd and Wedderburn LLP 9 Haymarket Square Edinburgh EH3 8FY

## Fedcap UK

### 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 continued to significantly impact 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 of 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 89-year history of delivering scalable and innovative solutions to some of society's most pressing needs. Serving over 240,000 people each year, across an international footprint, the Fedcap Group provides services in four main practice areas.

- Educational Services for children, youth and adults
- 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, job placement and post placement supports

These practice areas are all targeted to creating opportunities and improving the lives of people with barriers to economic wellbeing. 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 South Central and IPES contracts, held with the Department of Work and Pensions along with Restart North West and Working Health contracts under subcontracting arrangements. In addition, the entity secured a two year extension for both restart contracts to 2027 and initiated its diversification strategy with the launch of its new supported employment offer securing contracts in Cheshire East and Reading under our Inspiring Futures delivery model and also securing a contract with a new funder, East Hampshire council delivering the New Directions contract.

## Fedcap UK

During the reporting period existing contracts continued to perform well with new service offers introduced through funding with a range of local authorities providing services to new customer cohorts and new service products to market. The organisational workforce stabilised with a reduction in staff attrition, and overall contracts performed relatively well given the external environmental factors, such as the continuing war in Ukraine and a period of political unsettlement before a new government was elected on 4th July 2024.

During the period, the UK saw a notable decrease in inflation rates influenced by various factors including a significant drop in transport costs and a smaller increase in food prices. In year, the UK unemployment rate decreased from 4.3% to 4.0% with the employment rate for 16 to 64 years olds increasing to 75% by August 2024. The economic activity rate decreased to 21.8% and number of job vacancies remained consistent with prior year at 818,000.

Within this context, the contracts continued to perform well. The Restart contracts continued its strong Job outcome performance with overall performance exceeding expectations with Fedcap continuing to be highlighted as top of the range for job outcomes in the recent figures published by Department for Work and Pensions. There was good performance on IPES following decline in performance due to a return to 100% face to face support, but this began to upturn in the final quarter of the year, with similar performance across other contracts. The launch of 3 new contracts into the south of England boosted revenue and impact as we began to work with local authorities to offer vital services to people in local communities

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

We reported last year of Kennedy Scott Limited moving in to dormancy, the entity is now dormant.

Looking to Scotland, Start Scotland Limited has continued to successfully deliver the Fair Start Scotland contract across their three allocated lots, East, South-West and North-East. The entity continued to service the contract with starts on the programme having ended in March 2024 and services will continue to be delivered through to 2026 whilst participants complete their time on programme.

As the main subcontractor of Start Scotland Limited, Fedcap Employment Scotland Limited also performed well during the period. Customers moving into sustainable employment trended in line with expectations similar to Start Scotland Limited with consistent performance on outcome and sustained performance as prior year.

**Fedcap UK**

During the year, the company introduced a new CRM into the contract aimed at enhancing the service, introducing administrative efficiencies and increasing the identification of claims to maximise revenue in the latter stages of the contract. Additionally, the operations began the transition to the hybrid delivery model as leases across the operational footprint begin to expire and have been replaced with a more flexible approach to delivery ensuring continuity of services for all. The Fair Start Scotland contract continues to be the main source of revenue and referrals to the contract ceased on 31st March 2024, over the next 2 years the vital services continue with an expectation that funding will cease in its entirety by September 2026.

The Senior Management Team continued to identify and pursue new business opportunities in Scotland within the employability landscape and was successful in securing a place as a preferred supplier on the Dumfries and Galloway Employability and Skills Framework. This will allow the entity to apply for funding as it is commissioned within this area and at period end had made its first submission for an employer engagement opportunity within the framework. In addition, the entity submitted proposals to East Ayrshire local authority to deliver employability and skills provision in the local area.

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.

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, we are here to help you at each step of your journey.



Kenneth Samuel Brezenoff  
**Chair**

Date 27/2/2025

**Fedcap UK****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 2024 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 activities 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 to working with those who need specialist support in both pre and post-employment offering a supported employment service to local authorities. As a charity, we are committed to advancement of

## **Fedcap UK**

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, local authorities 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 30<sup>th</sup> September 2024, the subsidiaries of the charity had provided services to 16,736 individuals and moved 8,390 people into employment.

It is our long-term aim to continue to successfully deliver our obligations through the 12 employability and health 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 and with diversification into areas such as health, education and skills to create a £100m group by 2028. 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:
  - Providing communications on business and employee matters, through five communication channels, an All People call; CEO/Executive briefing "Insight", Senior Leadership Team specific channel "Ignite", Manager and Team briefing "Inspire", a weekly business update "Innovate"; and finally, a quarterly newsletter of success stories, "Impact".
  - Improving communications: the executive team has launched a new companywide people engagement survey to measure engagement and set action plans based on findings to improve employee experience.
  - Continuing with the employee "We Listen" forums where employees review current company policies process and topics and seek feedback and approval



## **Fedcap UK**

These communications and forums allow for employee questions and feedback, which is then followed up by management.

b) Employee support and rewards:

- Offered four times of salary life assurance for death in service for all people from start date.
- Awarded a 4% pay-rise to all employees in May.
- We continue the “We Reward” flexible benefits package and “We Listen” our employee led feedback forum and this year.
- Rolled out the We Celebrate and employee of the month initiatives
- Continued the “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 16% of our workforce are disabled an increase of 2% on prior year. 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

Streamlined Energy and Carbon Reporting (SECR)

**Fedcap UK****Strategic Report****Achievements & Performance**

During the year the charity, through its subsidiaries Fedcap Employment Limited, Fedcap Employment Scotland Limited and Start Scotland Limited has secured the future delivery of services of 12 employability and health contracts. The objectives of these contracts are to move people into long term sustainable employment by removing their personal barriers to employment and improving their health and wellness and managing their health conditions more effectively. 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 working to retain our operational footprint and employability services in Scotland, to diversifying the business removing reliance from a small number of funders and securing extensions to our current English employability operations whilst continuing to improve our infrastructure to support our business aspirations. Whilst we have done well, we continue to review our performance and tried to reflect necessary improvements, which support our 5-year strategic plan and strategic objectives linked to business growth and service impact.

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 external environment and the reduced flows onto our restart programmes. Overall, all entities had reduced revenue compared to budget but maintained profitability margins in line with budgeted expectation which has continued to realise profitability and grow reserves from surpluses of the entities that fund 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 Pensions 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 2024, these contracts generated income from activities which amounted to £41,752,956 and other income amounting to £3,425, total expenditure of £42,229,043 resulting in a deficit of income over expenditure of £526,777. These results remain consistent with prior year, as the people participating in our programmes reduced however we moved more people into work increasing our payment by results revenue. At 30 September 2024, the group reported net assets of £4,344,699 an 10% decrease on prior year net assets. It held fixed

**Fedcap UK**

assets with a book value of £1,349,423 and a cash position of £6,896,095. All of the expenditure shown in the Statement of Financial Activities is in furtherance of the UK Charity’s objectives.

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 generated donations of £1,300, gift aid from subsidiaries of £2,199,612 and total expenditure of £2,727,689 resulting in a net deficit for the year to the 30<sup>th</sup> September 2024 of expenditure over income of £526,777, and net assets of £1,304,116.

**Reserves policy**

The board of directors have established a reserves policy to ensure that the majority of surplus generated in the UK is utilised to further our non-profit mission, aiming to improve the long term self-sufficiency and social well-being of the people we work with.

At 30th September 2024 the total reserves stand at £4,344,699 and are calculated as follows:

Total of unrestricted funds	£3,599,975
Minority interest	£744,742
<b>Total reserves</b>	<b>£4,344,699</b>

To ensure the minimum level of reserves achieved we aim to maintain a target level of free reserves equal to 8% of revenue, with a range between £3.4 to £4 million. The reserves held are currently within this target range, providing financial stability to the charity and its activities to meet financial commitments as they fall due.

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 3.1% of revenue onwards to our parent, the US charity the Fedcap Group in furtherance of the global charitable objectives.

To ensure future management of risks that it faces and to fund future work to achieve its aims, the board of directors are monitoring our targeted level of free reserves.

Free reserves or unrestricted funds can be spent or applied at the discretion of the trustees to further any of the charity’s purposes.

## Fedcap UK

### Treasury Policy

The charity manages its cash through a group wide international treasury management policy with cash held in entities to the equivalent of 2.5 times working capital requirements with excess cash held in a group bank account and recorded as a receivable on the UK entities balance sheet. The decision to approve transfers of cash from UK to Group sits with the Trustees of the Charity and the management of the international treasury management is delegated to the Fedcap Group CFO. For use of cash held in entity accounts for investment, decisions are delegated to those entities management teams in accordance with their Treasury Management and Reinvestment Policies and managed through the Executive Investment board.

### Streamlined Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) regulations require us to report on our emissions of greenhouse gases (GHGs) and energy consumption.

Carbon Emissions for the reporting year were 646.88 tonnes CO<sub>2</sub>e with 4.93% arising from Energy in Buildings and 18.31% from Business Travel, this consumption and emissions data is summarised as follows:

Group	Unit	23-24	22-23	% Changes
Energy Consumption	kwh	2,674,248.08	2,877,031.82	-7.05
Scope 1 - Direct Emissions	tonnes CO <sub>2</sub> e	6.01	26.98	-77.73
Scope 2 - Energy Indirect Emissions	tonnes CO <sub>2</sub> e	25.87	34.67	-25.36
Scope 2 - Energy Indirect Emissions (Location Based)	tonnes CO <sub>2</sub> e	166.77	211	-20.96
Scope 3 - Other Indirect Emissions	tonnes CO <sub>2</sub> e	617.15	575.64	7.21
Total Emissions - Location based	tonnes CO <sub>2</sub> e	789.93	813.63	-2.91
Relative Emissions - Location based - Per Employee	tonnes CO <sub>2</sub> e	2.1	1.78	17.96
Total Emissions - Market based	tonnes CO <sub>2</sub> e	649.03	637.29	1.84
Relative Emissions - Market based - Per Employee	tonnes CO <sub>2</sub> e	1.73	1.4	23.74

Figures collated from a full data set and analysis that have been independently audited to ensure they comply with internationally recognised standards such as Green House Gas and Science Based Target Protocol's and is consistent with SECR requirements. Note the data for 2023 has been revised from more in depth data relating to last year has been analysed.

We began to baseline data at the start of 2023 and we will continue to improve our carbon accounting methodologies in line with best practice, and ensure our carbon emission inventory accurately reflects any structural changes that affect the scope or boundary of our emissions.

## **Fedcap UK**

As this is our second annual report presented for the year 2023/24, overall emissions are relatively static. As data reporting improves we aim to set realistic timebound reduction targets in order to work towards achieving our 2035 Net Zero target.

As a people based, service business we feel the most relevant intensity metric to report on is our staff FTE we are developing output metrics internally relating to our carbon emissions also.

## **Renewable energy statement / landlord 'other' energy**

Our premises are leased, for most offices we are liable for the utility supply contracts and where possible we use 100% renewable electricity contracts. For some of our offices, where the landlord supplies utilities, we have approached these landlords to supply data to understand the energy mix, to date, we have had a low response to the survey, and this is an ongoing focus for Fedcap.

## **Energy efficiency measures**

We have completed a sample energy audit during the reporting period and are currently undertaking a full ESOS (Energy Savings and Opportunities Scheme) audit and will reflect on the recommendations from this in developing future energy efficiency measures.

## **Going Concern**

The consolidated financial performance of the charity is reporting a net deficit of £472,662 (2023: £2,223,477) of income over expenditure for the reporting period. The group surplus was driven by underlying performance of its subsidiaries.

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 £6,896,095 ensures that the charity and its subsidiaries can settle their liabilities as they arise and ensures the group's ability to operate as a going concern.

The Trustees have considered and agreed a three-year financial plan of its current business, using all available information and data including the strategic plan for investment. It has been assessed for impact on the overall financial position of each entity within the Group with consideration of working capital and capital investment requirements to deliver our contractual obligations, grow the business organically and by acquisition.

The assessment includes management undertaking sensitivity analysis/reverse stress testing on the groups financial position. The main sensitivities and stress tests were applied for (i) starts on

## Fedcap UK

programme; (ii) achieving performance offer in line with our business model, and (iii) attracting new business and new revenue streams into the group. These scenarios tested revenue, costs, profitability and cashflows and were calculated over a 3 year period: FY25 to FY27 and the sensitivities/stress testing scenario focussed on the impact of removing new business and revenue reduction by reducing starts onto the programme and conversion rates into outcomes.

Management then assessed the likelihood of this happening and deemed that these conditions were highly unlikely due to a number of factors

- Strong cash balances and access to further receivables with Group under the international treasury management policies operated by the UK Group
- Variability of the cost base of each entity up to 76% of revenue
- Go live of extended restart contracts with new eligibility criteria ensuring starts profiles are achieved
- Strong business development pipeline of opportunities and acquisition targets

In the final analysis, management and the charities trustees are satisfied that the Group remains a going concern for the foreseeable future and it is able to meet all of its obligations, both financial and non-financial from its current financial position.

## Principal Risks and Uncertainties

The charity has a comprehensive risk management process and major risks are captured in our risk management system, Optal, and reviewed by the Executive Team and the Trustees 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 Director of Risk and Audit who oversees our risk management framework and our fraud and whistleblowing activities with a direct access to the Fedcap UK board and participates in the audit sub-committee meetings. A risk register process is fully embedded into the organisation where risks are identified and categorised, actions are identified and taken where necessary to mitigate risks. All areas of risk are evaluated in the business including operational, financial, IT, governance and compliance, people, and development.

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

**Fedcap UK**

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

**Sustainable growth**

As most of the income is from the subsidiaries with the Department of Work & Pensions, Scottish Government and other employability prime providers and there is a level of reliance on these streams of funding to cover financial requirements of the group and its entities. In addition, we need to ensure that we have sufficient resource to continue to build our business development pipeline, as well as the ability to identify potential funding opportunities across a number of markets and funders. We have an established business development function whose primary focus will be nurturing opportunities in Scotland with future employability contract opportunities via Local Authorities, with the NHS and Integrated Care Boards (ICBs) and skills and education providers with a view to launching new practice areas aligned to The Fedcap group delivery model. The team operate a robust pipeline management process, overseen by a newly appointed Commercial Director whose primary objective is to maintain current footprints and break into new geographical areas and markets. Pipelines of opportunities are reviewed on a weekly basis at the investment board.

**Service delivery - volumes**

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.

**Service delivery - performance**

Whilst our contracts continue to perform well, particularly on the government's flagship programme Restart, the revenue of the charity's subsidiaries are dependent on performance related pay. If performance falls below forecasted expectations, this can impact the UK group's ability to meet its required returns for reinvestment. In particular, there is volatility on the achievement of cohort performance on the restart contract and it is crucial that each cohort performs. To mitigate this risk, we have established a taskforce to increase cohort performance, rolled out enhanced performance reporting and embedded a new caseload management technique with a focus on cohorts.

## Fedcap UK

### 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 delivering our growth targets. 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 were formulated last year, setting targets to become a highly successful charity by 2028. We will deliver this by being a fundamentally different kind of organisation – a not for profit that can develop scalable projects that deliver results by supporting people to improve their economic wellbeing. Sometimes delivering ourselves, sometimes working with great community organisations and helping them build capacity within their communities. To achieve this we have set ourselves 5 bold goals that measure the impact we have in delivering our vision and mission, these are:

Our People	to grow the group to £100m within the next five years building a sustainable, diversified business offering long term careers to people
Our Customers	we will support 500,000 customers over the next 10 years to improve their economic wellbeing. Through solid evidence of what works, we will offer solutions to key government challenges and developing our products in partnership with stakeholders to support a wide range of funders across Employability, Health and Communities
Our Partners	to build on our reputation as a best-in-class delivery partner and move to a trusted strategic partner with all our funders
Our Communities	we have set ourselves a challenging Social Impact target to reinvest back into the communities we serve
Our Environment	We will aim to be <b>net zero</b> by 2035



## Fedcap UK

A key area of the strategic plan is to grow the UK charitable activities to deliver employability services to an annual group revenue of £100m by 2028. A key area of the strategic plan is to grow the UK business and since its inception, Fedcap UK Group has pursued several growth opportunities to ensure its long-term stability and secured prime provider status on the DWP Commercial Agreement for the provision of Employment and Health Related Services (CAEHRS Framework) as well as securing two Restart contracts, which are the UK Governments flagship employability contracts. The Group has recently secured a two-year extension to its Restart contracts which will see a continued service by Fedcap in the areas in which it operates through to 2027. Building on this, Fedcap UK Groups plans to diversify its revenue streams by entering new market's such as health and also plans to launch new practice areas of education and economic development into the UK, aligned with the parent company, The Fedcap Group, strategic lines of business. The plan also includes organic growth and the Group has identified a number of business development pipeline opportunities for which to bid over the next 12 months which include entry into new markets and funding streams and also set targets to grow the business by acquisition. These combinations will be with entities which have mission and strategic fit and bring enhanced capabilities to the group whilst providing access to new funders and funding streams. Shortly following the period end, Fedcap Employment Limited secured a £1.3 million contract in Surrey working with the local authority to provide a mental health advisory service over a 16 month period.

In addition, in Scotland the group continues to hold a strong relationship with Scottish Government as well as successfully securing a position on the Flexible Dynamic Purchasing System for Employability and other Employability and Skills Frameworks within Scotland. Building on this, the board and the management team have developed a revised 3 year strategic plan for Fedcap Employment Scotland with a key focus of diversifying the business both through organic growth and by acquisition.

The strategic objectives of the plan are 3 fold;

- To continue to deliver vital employability and health services as a unified offer working closely with local authorities and maintaining an operational footprint across the central belt on which to build out from
- To bring to market a new education and learning offer to the UK, led from Fedcap Employment Scotland entity and launching a new green energy line of business, linked to our strategic objective of achieving net zero by 2035 and supporting businesses with their sustainability plans, our new Green Skills curriculum goes live in January 2025
- To support the achievement of our strategic objective of reinvesting 25% of revenue back into the communities we serve, partnering with large private enterprises to support their commitments on social impact and delivering services to local communities with enhance life prospects

## **Fedcap UK**

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.

### **Statement by the directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006**

#### **General confirmation of Directors' duties**

The directors engagement with its stakeholders provides the framework for the company's strategic direction, informs their decision making process and promotes the success of the company as set out in Section 172 of the Companies Act 2006. The directors consider they have performed their duties, acting in good faith and promoting the success of the company for the benefit of all members. The company is a subsidiary of Fedcap UK and ultimate parent the Fedcap Group, their directors are represented at company Board level ensuring alignment of long-term strategy and decision making.

The directors consider they have fulfilled their duties as described below:

#### **(a) consequences of decisions in the long term**

The directors understand the business and environment we operate in, on an ongoing basis the company assesses the major risks affecting the business and puts strategies in place to mitigate risk. This approach ensures our strategic decisions inform our current and future plans.

#### **(b) our people**

The directors recognise that our employees are fundamental to the future growth and success of the business, investing and retention in talent is a key part of what we do. In the current period, we have invested in our onboarding and induction, learning and development, and we continue to invest in our recognition and rewards schemes. Communication is also a regular feature within our corporate calendar to ensure key messages are conveyed and gives everyone the opportunity to be involved and share ideas and successes.

#### **(c) community and environment**

The directors understand our business activities have an impact on the natural environment and are committed to being a responsible employer. We have invested and developed a sustainability plan with the help of an industry professional to reduce our carbon footprint and we are now measuring and reporting on this.

**Fedcap UK****(d) business relationships**

We engage with arrange of stakeholders, whether this is other Fedcap group companies, customer, suppliers, funders, strategic partners, delivery partners and local stakeholder organisations to ensure this enhances our current delivery and help us shape the future plans and business opportunities. We are committed to fostering long term productive and positive relationships managed through our Fedcap synergy partnership approach.

**e) business conduct and fairness**

Maintaining high standards of business conduct is at the heart of the organisation and is demonstrated through our value of integrity. Fedcap approaches all its business dealings in a fair and transparent manner and employs established codes of conducts in relation to our people, our customers and our wider stakeholders. This ensures we maintain our reputation of being a trusted partner, employer and service provider and that our directors our responsible and fair in their actions, direction and leadership of the organisation, to all its members.

**Structure, Governance and Management****Constitution**

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

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

**Members' Liability**

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

**Indemnity**

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

## **Fedcap UK**

### **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 and UK based non-executive Directors.

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

## **Fedcap UK**

### **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 The 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 27/2/2025 and signed on its behalf by:



**Kenneth Samuel Brezenoff**

Chair and Director

## Fedcap UK

### Trustees' Responsibilities Statement

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

## Fedcap UK

- 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 27/2/2025 and signed on its behalf by:



Kenneth Samuel Brezenoff  
Chair of Trustees

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

We have audited the financial statements of Fedcap UK (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2024, which comprise the Consolidated and Parent Statement of Financial Activities, the Consolidated and Parent Balance Sheet, the Statement of Consolidated 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 2024 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice: Accounting and Reporting by Charities, 2019 Edition; 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



## **Fedcap UK**

report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

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 inflation, 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 other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. 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 Director's 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

## **Fedcap UK**

their 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 Trustees' Responsibilities Statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group 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:

- 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), tax legislation and

## Fedcap UK

employment law, as well as specific regulations that are required to be met under the revenue contracts in place.

- We understood how the Group and parent company are complying with these legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the Group and parent company's financial statements to material misstatement, including how fraud might occur 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, were back dated, closing entry postings or were made post year end
  - potential management bias in determining accounting estimates
  - transactions with related parties
- Our audit procedures involved:
  - evaluation of the design and implementation 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 which increased revenues, were back dated, closing entry postings or were made post year end
  - 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;
- The engagement partners's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's

## Fedcap UK

- 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
  - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
  - the applicable statutory provisions
- 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
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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](http://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.

*Stephen Dean*

## **Stephen Dean BA(Hons) FCA DChA**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

Date: 27/2/2025

**Fedcap UK**

**Consolidated and Parent Statement of Financial Activities**  
**(including consolidated income and expenditure account)**  
**for the year 30 September 2024**

		Group			Parent Only	
		Unrestricted funds	Total 2024	Total 2023	Unrestricted funds Total 2024	Unrestricted funds Total 2023
Note		£	£	£	£	£
<b>Income and endowments from:</b>						
		41,752,956	41,752,956	48,998,301	-	-
		1,300	1,300	920	1,300	920
		2,125	2,125	8,075	2,199,612	3,555,013
	4	<b>41,756,381</b>	<b>41,756,381</b>	<b>49,007,296</b>	<b>2,200,912</b>	<b>3,555,933</b>
<b>Expenditure on:</b>						
	5,7	42,229,043	42,229,043	46,783,819	2,727,689	508,983
		<b>42,229,043</b>	<b>42,229,043</b>	<b>46,783,819</b>	<b>2,727,689</b>	<b>508,983</b>
<b>Net (expenditure)/income</b>		<b>(472,662)</b>	<b>(472,662)</b>	<b>2,223,477</b>	<b>(526,777)</b>	<b>3,046,950</b>
<b>Net Income</b>		<b>(472,662)</b>	<b>(472,662)</b>	<b>2,223,477</b>	<b>(526,777)</b>	<b>3,046,950</b>
<b>Share of net (expenditure)/income attributable to:</b>						
		(612,122)	(612,122)	2,082,941	(526,777)	3,046,950
		139,460	139,460	140,536	-	-
		<b>(472,662)</b>	<b>(472,662)</b>	<b>2,223,477</b>	<b>(526,777)</b>	<b>3,046,950</b>
<b>Reconciliation of funds:</b>						
		4,817,361	4,817,361	2,593,884	1,830,893	(1,216,057)
		4,344,699	4,344,699	4,817,361	1,304,116	1,830,893

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 32 to 57 form part of these financial statements.

**Fedcap UK****Consolidated and Parent Balance Sheets as at 30 September 2024****Company number: 10466370**

	Note	Group			Parent Only	
		Unrestricted	Total 2024	Total 2023	Unrestricted funds Total 2024	Unrestricted funds Total 2023
		£	£	£	£	£
<b>Fixed assets</b>						
Negative Goodwill	9	-	-	(12,308)	-	-
Net Goodwill		-	-	(12,308)	-	-
Tangible assets	10	987,308	987,308	1,111,170	-	-
Intangible assets	10	362,115	362,115	547,163	-	-
<b>Total fixed assets</b>		<b>1,349,423</b>	<b>1,349,423</b>	<b>1,646,025</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>						
Debtors	11	10,712,632	10,712,632	10,399,816	5,791,306	3,010,205
Cash at bank and in hand	12	6,896,095	6,896,095	9,159,674	467,907	1,108,722
<b>Total current assets</b>		<b>17,608,727</b>	<b>17,608,727</b>	<b>19,559,490</b>	<b>6,259,213</b>	<b>4,118,927</b>
<b>Creditors: amounts falling due within one year</b>	13	(13,362,404)	(13,362,404)	(15,058,331)	(4,955,097)	(2,288,034)
<b>Net current assets</b>		<b>4,246,323</b>	<b>4,246,323</b>	<b>4,501,159</b>	<b>1,304,116</b>	<b>1,830,893</b>
<b>Total assets less current liabilities</b>		<b>5,595,746</b>	<b>5,595,746</b>	<b>6,147,184</b>	<b>1,304,116</b>	<b>1,830,893</b>
Provisions for liabilities	14	(1,251,047)	(1,251,047)	(1,329,823)	-	-
<b>Total net assets</b>		<b>4,344,699</b>	<b>4,344,699</b>	<b>4,817,361</b>	<b>1,304,116</b>	<b>1,830,893</b>
<b>Funds of the Charity</b>						
Unrestricted funds	15	3,599,957	3,599,957	4,212,079	1,304,116	1,830,893
Minority Interest	15	744,742	744,742	605,282	-	-
<b>Total funds</b>		<b>4,344,699</b>	<b>4,344,699</b>	<b>4,817,361</b>	<b>1,304,116</b>	<b>1,830,893</b>

These financial statements are approved by the Board of Trustees and authorised for issue on 27/2/2025


**Kenneth Samuel Brezenoff**

Chair of trustees on behalf of the trustees

Approved by the trustees on 27/2/2025

The notes on pages 32 to 57 form part of these financial statements.

**Fedcap UK****Statement of Consolidated Group Cash Flows  
for the year ended 30 September 2024**

	<b>Group</b>		<b>Parent</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash generated from operating activities</b>				
(Loss) /Profit in the financial year	(472,662)	2,223,477	(526,777)	3,046,950
<b>Adjustments for:</b>				
Depreciation of tangible assets	208,436	875,343	-	-
Amortisation of intangible assets	386,527	498,982	-	-
Taxation	69,199	(77,940)	-	-
Tax Paid	(80,848)	(118,444)	-	-
Decrease in debtors	216,600	1,321,584	-	-
(Increase)/decrease in prepayments and accrued income	(669,206)	(1,338,485)	5,241	-
Increase/(decrease) in creditors	51,022	(596,192)	(11,757)	(7,586)
Increase/(Decrease) in amounts owed by groups	139,790	(2,180,207)	(2,786,342)	(2,433,799)
(Decrease)/increase in amounts owed to group	-	(2,611,851)	2,654,931	559,579
(Decrease) in provisions and other creditors	(1,814,078)	(3,399,055)	23,889	(56,482)
<b>Net cash generated from operating activities</b>	<b>(1,965,220)</b>	<b>(5,402,788)</b>	<b>(640,815)</b>	<b>1,108,662</b>
<b>Cash flows from investing activities:</b>				
Purchase of tangible fixed assets	(84,574)	(191,077)	-	-
Purchase of intangible fixed assets	(213,785)	(182,711)	-	-
<b>Total investing</b>	<b>(298,359)</b>	<b>(373,788)</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,263,579)</b>	<b>(5,776,576)</b>	<b>(640,815)</b>	<b>1,108,662</b>
<b>Cash and cash equivalents - brought forward</b>	<b>9,159,674</b>	<b>14,936,250</b>	<b>1,108,722</b>	<b>60</b>
<b>Movement of cash and cash equivalents during year</b>	<b>(2,263,579)</b>	<b>(5,776,576)</b>	<b>(640,815)</b>	<b>1,108,662</b>
<b>Cash and cash equivalents - carried forward</b>	<b>6,896,095</b>	<b>9,159,674</b>	<b>467,907</b>	<b>1,108,722</b>

The notes on pages 32 to 57 form part of these financial statements.

Fedcap UK

Analysis of Changes in net debt

	Group		
	At 30 September 2023	Cash Flows	At 30 September 2024
	£	£	£
<b>Cash and cash equivalents</b>			
Cash	9,126,650	(2,281,826)	6,844,824
Cash equivalents	33,024	18,247	51,271
	9,159,674	(2,263,579)	6,896,095
<b>Group Lending &amp; Borrowing</b>			
Repayments due within one year	316,833	2,040,417	2,357,250
	9,476,507	(223,162)	9,253,345



**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****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 deficit of £472,662 (2023: £2,223,477) of income over expenditure for the reporting period. The group surplus was driven by underlying performance of its subsidiaries.

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 £6,896,095 ensures that the charity and its subsidiaries can settle their liabilities as they arise and ensures the group's ability to operate as a going concern and agreed a three-year financial plan of its current business, using all available information and data including the strategic plan for investment. It has been assessed for impact on the overall financial position of each entity within the Group with consideration of working capital and capital investment requirements to deliver our contractual obligations, grow the business organically and by acquisition. The assessment includes management undertaking sensitivity analysis/reverse stress testing on the groups financial position. The main sensitivities and stress tests were applied for (i) starts on programme; (ii) achieving performance offer in line with our business model, and (iii) attracting new business and new revenue streams into the group. These scenarios tested revenue, costs, profitability and cashflows and were calculated over a 3 year period: FY25 to FY27 and the sensitivities/stress testing scenario focussed on the impact of removing new business and revenue reduction by reducing starts onto the programme and conversion rates into outcomes.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024**

In the final analysis, management and the charities trustees are satisfied that the Group remains a going concern for the foreseeable future and it is able to meet all of its obligations, both financial and non-financial from its current financial position.

**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.

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.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****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:

- System Development – between 3 and 5 years
- Goodwill – finite based on remaining contract length

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 2024**

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively 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 over 5 years on a straight line basis.

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.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****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 only holds general unrestricted funds.

**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. Irrecoverable VAT is included within the expense items to which it relates.

**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.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****2.13. Leases and leased assets**

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

**Operating Leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Operating leases are charged on a straight-line basis over the lease term.

For each rental property a separate provision for dilapidations is made at the start of the lease under the dilapidations provision accounting policy. This is for potential dilapidations costs, based on information provided by our third-party property partner and held on the balance sheet until the lease expires and is reviewed annually.

**2.14. Tax**

As a registered charity Fedcap UK is entitled to certain exemptions from corporation tax on profits from investments and any trading activities carried on in furtherance of the Charity's primary objectives. The subsidiary companies make qualifying donations from taxable profits. Subsidiaries 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.

**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.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****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.

**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.

**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 and the assumptions do not give rise to any material uncertainty.

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

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

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****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. Deferred Tax asset at the year end was £66,403, more detail and rates can be found in notes 7 and 13. This note is representative of the group and arising from consolidation of its subsidiaries.

**3.3. Extrapolation & Customer Service Standard provisions**

A provision of £13,026 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 an excess of 200%. In addition the Fair Start Scotland contract provision is estimated at £29,275 in respect of the estimate of potential validation work under regular review by the Scottish Government.

**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 lower starts onto the contract and management judged the fixed fee should be recognised in equal amounts for the first 12 months. A contract variation was issued in July 22 from DWP and on this basis management moved recognition to be based on actual starts as a proportion of fixed fee as a more appropriate estimate. 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 consumption of costs in relation to the fixed fee ahead of the performance curve. 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. Dilapidations provision**

The amount recognised is the best estimate of the expenditure required to settle the lease obligation at the end of the lease, taking into account the risks and uncertainties and reviewed annually, this is provided in the dilapidations provision. Note 14 of these accounts gives more details of the dilapidations provision amounting to £1,317,450 and the basis for calculation.



## **Fedcap UK**

### **Notes to the Financial Statements** **For the period ending on 30 September 2024**

#### **3.6. Accounting Estimates**

During the year the Restart contract held by Fedcap Employment Limited was extended by a further 2 years resulting in an assessment and adjustment to the useful economic life of certain assets relevant to the Restart contract. The depreciation in relation to those assets was re-calculated and adjusted in the period of change and future periods affected by the change to recognise the extended useful economic life and benefits arising from assets held over an extended period.

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****4. Analysis of Income**

	<b>Group</b>			<b>Parent Only</b>	
	<b>Unrestricted Funds</b>	<b>Total 2024</b>	<b>Total 2023</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charitable activities:</b>	1,300	1,300	920	1,300	920
<b>Other trading activities:</b>					
UK and Scottish Government funding relating to provision of employability services	41,752,956	41,752,956	48,998,301	-	-
	<u>41,754,256</u>	<u>41,754,256</u>	<u>48,999,221</u>	<u>1,300</u>	<u>920</u>
<b>Income from investments:</b>					
Interest income	2,125	2,125	8,075	-	-
Gift aid	-	-	-	2,199,612	3,555,013
	<u>2,125</u>	<u>2,125</u>	<u>8,075</u>	<u>2,199,612</u>	<u>3,555,013</u>
<b>Total Income</b>	<b><u>41,756,381</u></b>	<b><u>41,756,381</u></b>	<b><u>49,007,296</u></b>	<b><u>2,200,912</u></b>	<b><u>3,555,933</u></b>

**5. Analysis of expenditure on charitable activities**

	<b>Employability</b>		
	<b>Services</b>	<b>2024</b>	<b>2023</b>
<b>Expenditure</b>	<b>£</b>	<b>£</b>	<b>£</b>
Support Costs	5,090,255	<b>5,090,255</b>	6,125,046
Direct Staff Costs	17,945,742	<b>17,945,742</b>	20,742,364
Direct Staff Expenses	740,928	<b>740,928</b>	1,152,323
Technology Costs	1,560,942	<b>1,560,942</b>	1,382,415
Customer Participation	2,621,199	<b>2,621,199</b>	2,374,814
Subcontractors	8,726,443	<b>8,726,443</b>	11,303,772
Office Expenses	5,543,534	<b>5,543,534</b>	3,703,085
<b>Totals</b>	<u>42,229,043</u>	<b><u>42,229,043</u></b>	<u>46,783,819</u>

All expenditure reported is unrestricted.

**Fedcap UK**

**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**

	<b>2024</b>	<b>2023</b>
<b>Analysis of Support Costs</b>	<b>£</b>	<b>£</b>
Depreciation	208,436	872,632
Amortisation	386,526	502,160
Rent	2,064,065	1,954,057
Rates	446,342	504,518
Service Charges & Premises Insurance	378,444	369,313
Health & Safety	4,011	3,953
Cleaning	345,935	285,102
Relocation & Fit Out Costs	6,300	1,888
Dilapidations	(53,238)	74,264
Other Property Costs	102,120	242,637
Electricity	242,716	207,776
Other Marketing Costs	222,796	363,986
Audit Fees	257,368	174,897
Legal and professional fees	478,434	567,863
<b>Total Support Costs</b>	<b><u>5,090,255</u></b>	<b><u>6,125,046</u></b>

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****6. Gain/(Loss) on ordinary activities before taxation**

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

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

	2024 £	2023 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	44,850	40,786
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	140,441	130,988
Overrun of subsidiary accounts	14,183	28,242
Tax compliance and advisory service	17,150	15,957
Other operating lease rentals	<u>2,061,328</u>	<u>1,954,057</u>

**7. Paid Employees**

**Staff costs, including directors remuneration, were as follows:**

	<b>Group</b>	
	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£ Restated</b>
Salaries and wages	15,560,223	18,123,526
Social security costs	1,539,163	1,824,054
Defined contribution pension cost	618,217	685,321
Other staff costs	<u>228,140</u>	<u>287,012</u>
<b>Total staff costs</b>	<b><u>17,945,743</u></b>	<b><u>20,919,913</u></b>

Trustee's do not receive remuneration or expenses.

Amount of defined pension contributions recognised in the SOFA as an expense were £618,217 (2023: £604,219). The prior year has been restated to include all employment benefits for Fedcap Employment Scotland.

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 2024****Staff Numbers**

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

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Directors	4	4
All other staff	479	584
	<b>483</b>	<b>588</b>

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 £1,600,875 in 2024 (2023: £1,149,434). FY23 restated to include other staff benefits.

The number of employees whose total employee benefits (excluding employer pension & national Insurance costs) for the reporting period and fell within each band of £10,000 from £60,000 upwards were:

<b>Salary Banding</b>	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No. Restated</b>
£60,000 - £69,999	11	8
£70,000 - £79,999	6	6
£80,000 - £89,999	4	1
£90,000 - £99,999	2	1
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1
£120,000 - £129,999	-	1
£130,000 - £139,000	1	
£140,000 - £149,999	1	-
£230,000 - £239,999	1	1
	<b>27</b>	<b>19</b>

*Note: 2023 restated as previously recorded number for key management personnel.*

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****8. Tax**

	<b>Group</b>		<b>Parent Only</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Analysis of tax charge/(credit) for the period</b>				
Current tax				
UK corporation tax at 25% (2023: 22.01%)	94,284	81,121	-	-
Adjustments in respect of previous periods				
<b>Deferred tax</b>				
Origination and reversal of timing differences	(30,541)	(215,390)	-	-
Adjustments in respect of prior periods	8,184	56,329	-	-
<b>Total deferred tax</b>	<b>(22,357)</b>	<b>(159,061)</b>	<b>-</b>	<b>-</b>
<b>Taxation on Profit on ordinary activities</b>	<b>71,927</b>	<b>(77,940)</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of tax charge</b>				
Profit/(loss) on ordinary activities before tax	(472,662)	2,304,325	(526,777)	3,046,950
Tax on profits at the standard rate of corporation tax in the UK of 25% (2023: 22.01%)	319,380	1,301,228	(131,694)	670,634
Effect of relief on gift aid at 25%	(550,264)	(1,390,405)	(549,903)	(567,420)
	(230,884)	(89,177)	(681,597)	103,214
<b>Effects of:</b>				
Expenses not deductible for tax purposes	324,580	16,648	681,923	13,226
Income not deductible for tax purposes	(326)	(157,524)	(326)	(129,464)
Fixed asset differences	140	6,694	-	-
Deferred tax in respect of prior periods	3,872	32,683	-	-
Other tax adjustments, reliefs and transfer	(25,455)	115,248	-	13,024
Remeasurement of deferred tax for change in rate	-	(2,132)	-	-
Deferred tax in not recognised	-	(380)	-	-
<b>Tax charge/(credit) for the period</b>	<b>71,927</b>	<b>(77,940)</b>	<b>-</b>	<b>-</b>

**Fedcap UK**
**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**
**9. Goodwill**

	<b>Group</b>	
	<b>Negative Goodwill</b>	<b>Totals 2024</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	(147,690)	(147,690)
Additions	-	-
At end of the year	<b>(147,690)</b>	<b>(147,690)</b>
At the beginning of the year	135,382	135,382
Amortisation	12,308	12,308
At end of the year	<b>147,690</b>	<b>147,690</b>
<b>Net book value</b>		
NBV at beginning of year	(12,308)	(12,308)
<b>NBV at year end</b>	-	-

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 3<sup>rd</sup> 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 1<sup>st</sup> 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 5 years as we were not able to determine a reliable estimate of the useful life of goodwill. Goodwill has been fully amortised by the end of the period

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024****10. Fixed Assets****Tangible Assets**

	<b>Group</b>		
	<b>IT Equipment</b>	<b>Furniture and Fittings</b>	<b>Total 2024</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At the beginning of the year	989,177	2,259,396	3,248,573
Additions	66,310	18,264	84,574
At end of the year	<b>1,055,487</b>	<b>2,277,660</b>	<b>3,333,147</b>
<b>Depreciation and impairments</b>			
At beginning of the year	(753,355)	(1,384,048)	(2,137,403)
Reclassification	103,034	(103,034)	-
Depreciation	(108,799)	(99,637)	(208,436)
At end of the year	<b>(759,120)</b>	<b>(1,586,719)</b>	<b>(2,345,839)</b>
<b>Net book value</b>			
NBV at beginning of year	235,822	875,348	1,111,170
<b>NBV at year end</b>	<b>296,367</b>	<b>690,941</b>	<b>987,308</b>



**Fedcap UK**
**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**
**Intangible Assets**

	<b>Group</b>	
	<b>IT Software</b>	<b>Total 2024</b>
<b>Cost or valuation</b>	<b>£</b>	<b>£</b>
At the beginning of the year	2,104,820	2,104,820
Additions	213,785	213,785
At end of the year	<u><b>2,318,605</b></u>	<u><b>2,318,605</b></u>
<b>Amortisation and impairments</b>		
At beginning of the year	(1,557,655)	(1,557,655)
Amortisation	(398,835)	(398,835)
At end of the year	<u><b>(1,956,490)</b></u>	<u><b>(1,956,490)</b></u>
<b>Net book value</b>		
NBV at beginning of year	547,165	547,165
<b>NBV at year end</b>	<u><b>362,115</b></u>	<u><b>362,115</b></u>

**11. Debtors and Prepayments**

	<b>Group</b>		<b>Parent Only</b>	
	<b>Total 2024</b>	<b>Total 2023</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	693,114	909,714	-	-
Amounts due from Parent Undertaking	2,357,250	2,497,040	5,791,306	3,004,964
Prepayments and accrued income	7,659,293	6,993,062	-	5,241
Other debtors	2,975	-	-	-
<b>Total</b>	<u><b>10,712,632</b></u>	<u><b>10,399,816</b></u>	<u><b>5,791,306</b></u>	<u><b>3,010,205</b></u>

**Fedcap UK**
**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**
**12. Cash at Bank and in hand**

	<b>Group</b>		<b>Parent Only</b>	
	<b>Total 2024</b>	<b>Total 2023</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and on hand	6,896,095	9,159,674	467,907	60
<b>Total</b>	<b>6,896,095</b>	<b>9,159,674</b>	<b>467,907</b>	<b>17</b>

**13. Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Parent Only</b>	
	<b>Total 2024</b>	<b>Total 2023</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	1,202,825	1,151,803	-	11,757
Amounts owed to Parent undertaking	-	-	4,909,417	2,254,486
Accruals	6,106,512	7,069,087	45,680	21,791
Deferred Income	4,408,808	5,204,113	-	-
Other Tax & Social Security	1,358,204	1,339,670	-	-
Corporation Tax	94,871	82,648	-	-
Other Creditors	191,184	211,010	-	-
<b>Total</b>	<b>13,362,404</b>	<b>15,058,331</b>	<b>4,955,097</b>	<b>2,288,034</b>

At the end of the period 30<sup>th</sup> September 2024, the outstanding pension contributions were £109,811 (2023:£124,514).

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

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024**

	<b>Group</b>	
<b>Deferred Income</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>
Balance brought forward	5,204,113	7,607,829
Amounts released in year	(795,305)	(2,403,716)
<b>Total</b>	<b>4,408,808</b>	<b>5,204,113</b>

**14. Provisions for liabilities and charges**

	<b>Group</b>	
<b>Provisions for Liabilities</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>
Dilapidations provision:		
Amounts brought forward	1,372,354	1,307,342
Additions/ (released) in year	(54,904)	65,012
<b>Closing provision</b>	<b>1,317,450</b>	<b>1,372,354</b>

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

	<b>Group</b>	
<b>Deferred tax</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>
Balance brought forward	(43,806)	115,015
Deferred tax in respect of prior	-	(1,551)
Charges in year	(22,597)	(157,270)
<b>Balance carried forward</b>	<b>(66,403)</b>	<b>(43,806)</b>
<b>Deferred Tax liability</b>		
Fixed asset timing differences	(51,255)	(41,001)
Short term timing differences	(15,148)	(2,805)
<b>Closing Provision at 25.00%</b>	<b>(66,403)</b>	<b>(43,806)</b>

**Fedcap UK**
**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**
**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.

<b>Group Reserves</b>	<b>Reserves</b>	<b>Minority Interest</b>	<b>Total 2024</b>	<b>Total 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Subsidiary Reserves	3,599,957		3,599,957	4,212,079
Inherent Contribution in Start Scotland Ltd		141,901	141,901	141,901
Minority Interest - TLP to 30 September 2019		(46,620)	(46,620)	(46,620)
Minority Interest - TLP to 30 September 2020		22,426	22,426	22,426
Minority Interest - TLP to 30 September 2021		99,732	99,732	99,732
Minority Interest - TLP to 30 September 2022		247,307	247,307	247,307
Minority Interest - TLP to 30 September 2023		140,536	140,536	140,536
Minority Interest - TLP to 30 September 2024		139,460	139,460	-
<b>Total</b>	<b>3,599,957</b>	<b>744,742</b>	<b>4,344,699</b>	<b>4,817,361</b>

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024**

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:**

	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>
Income	34,401	40,119
Expenditure	(32,406)	(38,085)
Net profit before tax	1,995	2,034
Corporation tax	12	138
Profit after tax	<b>2,007</b>	<b>2,172</b>

**The assets and liabilities of the subsidiary were:**

Fixed assets	1,208	1,539
Current assets	22,186	19,173
Current liabilities	(20,987)	(18,233)
Provisions & Liabilities	(1,078)	(1,083)
<b>Total net assets</b>	<b>1,329</b>	<b>1,396</b>
<b>Aggregate share capital and reserves</b>	<b>1,329</b>	<b>1,396</b>

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024**

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

**The summary financial performance of the subsidiary alone is:**

	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>
Income	4,877	5,991
Expenditure	<u>(4,689)</u>	<u>(5,582)</u>
Net profit before tax	188	409
Corporation tax	<u>11</u>	<u>21</u>
Profit after tax	<b><u>199</u></b>	<b><u>430</u></b>

**The assets and liabilities of the subsidiary were:**

Fixed assets	137	120
Current assets	2,246	2,996
Current liabilities	(1,274)	(2,007)
Provisions and Liabilities	<u>(173)</u>	<u>(246)</u>
<b>Total net assets</b>	<b><u>935</u></b>	<b><u>862</u></b>
 <b>Aggregate share capital and reserves</b>	 <b><u>935</u></b>	 <b><u>862</u></b>

**Fedcap UK****Notes to the Financial Statements****For the period ending on 30 September 2024**

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.

	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>
Income	7,155	8,947
Expenditure	<u>(6,775)</u>	<u>(8,579)</u>
Net profit before tax	380	368
Corporation tax	<u>(95)</u>	<u>(81)</u>
Profit after tax	<b><u>285</u></b>	<b><u>287</u></b>

**The assets and liabilities of the subsidiary were:**

Fixed assets		-
Current assets	2,102	2,643
Current liabilities	(1,327)	(1,903)
<b>Total net assets</b>	<b><u>775</u></b>	<b><u>740</u></b>
 <b>Aggregate share capital and reserves</b>	 <b><u>775</u></b>	 <b><u>740</u></b>

**Fedcap UK**

**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**

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. It's 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:**

	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>
Income		(4)
Expenditure		(59)
Interest receivable	-	-
Interest payable	-	-
Net profit before tax	-	(64)
Corporation tax	-	-
Profit after tax	-	(64)

**The assets and liabilities of the subsidiary were:**

Current assets	90	158
Current liabilities	(88)	(156)
<b>Total net assets</b>	<b>2</b>	<b>2</b>
<b>Aggregate share capital and reserves</b>	<b>2</b>	<b>2</b>



**Fedcap UK**
**Notes to the Financial Statements**  
**For the period ending on 30 September 2024**
**16. Transactions with Related Parties**

During the period ended 30th September 2024 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	
			Amount	Balance at period end	Balance at period end	Balance at period end
			2024	2024	2024	2023
			£	£	£	£
Fedcap Group	Parent	Loan	<u>2,357,252</u>	<u>2,357,252</u>	<u>881,889</u>	<u>750,478</u>
Split by entity as follows:						
Fedcap UK	Parent	Loan	-	-	-	-
Kennedy Scott Ltd	Subsidiary	Loan	(2,017)	(2,017)	-	61,998
Fedcap Employment Ltd	Subsidiary	Loan	2,016,598	2,016,598	313,810	775,405
Fedcap Group	Ultimate Parent	Loan	442,025	442,025	442,024	(447,836)
Fedcap Employment Scotland Ltd	Subsidiary	Loan	(99,354)	(99,354)	126,055	360,911
			<u>2,357,252</u>	<u>2,357,252</u>	<u>881,889</u>	<u>750,478</u>

**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 3<sup>rd</sup> Avenue, New York, NY, 10017. Information relating to the US group can be obtained from their website ([www.Fedcap.org](http://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 2024**
**17. Financial Instruments**

	<b>Group</b>		<b>Parent Only</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	6,896,095	9,159,674	467,907	60
Financial assets that are debt instruments measured at amortised cost	7,780,275	6,988,136	5,791,306	3,004,964
	<b>14,676,370</b>	<b>16,147,810</b>	<b>6,259,213</b>	<b>3,005,024</b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(13,347,761)	(15,008,367)	(3,521,734)	(2,288,034)
	<b>(13,347,761)</b>	<b>(15,008,367)</b>	<b>(3,521,734)</b>	<b>(2,288,034)</b>

**18. Operating Leases**

At 30 September 2024, the total future minimum lease payments under non-cancellable operating leases were:

<b>Operating leases</b>	<b>Other</b>	<b>Buildings</b>	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Amounts due within one year	16	1,833	1,849	2,102
Amounts due between one and five years	-	2,396	2,396	4,126
Amounts due after five years	-	-	-	15
<b>Group Totals</b>	<b>16</b>	<b>4,229</b>	<b>4,245</b>	<b>6,243</b>

**19. Subsequent Events**

Since the year end no material events subsequent to 30 September 2024 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.