

Company Number: SC126427
Charity Number: SC023879

APEX SCOTLAND

**Report and Financial Statements
Year Ended 31 March 2023**



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for the year ended 31 March 2023

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for the year ended 31 March 2023

Trustees and advisers

Trustees

A L Landels (Chair)
S Bermingham
P Forbes (resigned 23 June 2022)
D Fraser (resigned 9 February 2023)
P Kennedy
G Mackenzie
K E C Mackie
M C Melville
C L Middlebrook
K Pryde
A Wilson

Observer:
S Harper

Chief Executive A Staff

Office 9 Great Stuart Street
Edinburgh
EH3 7TP

Bankers Virgin Money
83 George Street
Edinburgh
EH2 3ES

Solicitors Morton Fraser LLP
Quartermile Two
2 Lister Square
Edinburgh
EH3 9GL

Auditors Geoghegans
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Company Number SC126427

Charity Number SC023879

APEX SCOTLAND

Trustees Report for the year ended 31 March 2023

Introduction

This report, as required by company law, provides an opportunity for the Trustees of Apex Scotland to present stakeholders with full information on all aspects of the organisation's performance in the financial year 2022-23 as well as outlining plans for 2023-24. Thanks are given to Finance staff for their work in ensuring Apex Scotland complies with all necessary requirements and legislation and also to our Auditors, Geoghegans, for their advice, guidance and diligence during the audit process. We have continued with a, primarily, remote financial audit and our ongoing thanks go to the Finance Team and Auditors for their flexibility and diligence.

Structure Governance and Management

The organisation is a company limited by guarantee. It is recognised as a charity by the Office of the Scottish Charity Regulator and Her Majesty's Revenue and Customs, number SC023879 and is registered at Companies House, number SC126427. The governing document for the organisation is the Articles of Association as lodged at Companies House.

Trustees are appointed by the Board of Trustees and can serve for a maximum of 6 years, 3 years initially and then a further 3 years if so desired. The Chair is appointed for a period of 3 years, notwithstanding previous Board membership and can then, if he/she so wishes, become a Board member for a further 3 years. During the year to 31 March 2023 Pamela Forbes and Diana Fraser resigned from the Board. Thanks are given to both of them for their advice, support and guidance. The Scottish Government, as a funder of Apex Scotland, has an observer to the Board as a condition of grant.

Trustees are appointed with a significant degree of knowledge of the activities of Apex Scotland which is then enhanced through Trustee induction training. This primarily takes the form of discussion with the Chair, followed by discussions with the Corporate Management Team and an opportunity to visit our services around the country as well as attendance at our annual staff conference. This is augmented by attendance at periodic Board/Corporate Management Team "away days" where greater time is made available to discuss specific matters of interest and importance, as well as attendance at external bespoke Trustee training where appropriate. In the past year these interactions have taken place both remotely and in person. Board members are to be thanked for their ongoing commitment to gaining the required knowledge in a variety of ways. On a yearly basis the Trustees are requested to complete a Declaration of Interest form to ensure that there is no potential conflict of interest arising from their membership of the Board of Trustees of Apex Scotland.

The Board of Trustees has responsibility for setting the pay and remuneration of key management personnel. A number of years ago, the organisation undertook a remuneration review covering all staff which was accepted and approved by the Board. This created a spinal point system which has been adhered to since that date and is only impacted upon by decisions to award cost of living increases. The review took account of pay and remuneration in similar sized charities in an effort to create a benchmark.

At the quarterly Trustees meeting, the Trustees agree the broad strategy and areas of activity for the charity, including consideration of reserves, risk management, operational direction and development, financial/contractual performance and policies. The day to day administration of the charity is delegated to the Chief Executive who, along with the Director of Finance and Corporate Development, Director of Operations and Director of Skills Development, comprise the Corporate Management Team.

During 2022-23 the current Chief Executive, Alan Staff, informed the Board of his intention to retire from his post in the Summer of 2023. The Trustees formed a recruitment group assisted by our recruitment partners Livingston James. This group met throughout the later half of 2022-23, advertising the position in January 2023.

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Trustees Report (continued) for the year ended 31 March 2023

Risk Management

The Board of Trustees, along with the Corporate Management Team, has considered the major risks to which the charity is exposed and has established systems and procedures to manage those risks. This takes the form of two risk registers which are updated on a quarterly basis and consider the probabilities of any identified risk occurring and the impact should any of those risks materialise. These registers, the Corporate and Financial risk registers, closely relate to each other but have a slightly different focus ensuring that we cover all potential risks thoroughly. During the vast majority of the period to 31 March 2023 the economic climate and an increasingly competitive funding environment continued as the greatest long-term risks to the organisation. Throughout 2022-23 the primary risk faced was the ending of European Structural Investment Funding as of December 2022. It had been hoped that the UK Shared Prosperity Fund would replace that funding at that point, but this did not prove to be the case. As such this formed a focal point for many of our discussions throughout the year.

Overview of the Year

We saw a return to more office based working for our frontline staff but with an increased opportunity to work from home where possible. Other staff have utilised a more hybrid model of working. This, we believe, offers a better work life balance for our staff members whilst still offering high quality support to our service users and value for money for our funders. Similarly, discussions continue to take place to allow Apex to best deal with the increasingly competitive environment within which we work, whilst remaining true to our charitable objectives.

The 2022-23 financial year produced a healthy operating surplus for the charity. This has been contributed to by several factors. We were able to offer continued assistance to Local Authorities in their efforts to clear the backlog of Community Payback Orders in a number of areas of the country and were also involved in a number of short-term initiatives towards the end of the financial year. Significantly we commenced delivery of a service to City of Edinburgh Council under the funding of the Shared Prosperity Fund. We hope that this will be the first of many such contracts but as they are being commissioned separately, as opposed to nationally as was the case with European funding, it presents a greater challenge to us. Our Training and Consultancy income continued to recover after the impact of the pandemic and enabled us to offer support to other Third Sector organisations. Our development of courses which can be accessed by our clients through the Scottish Government's Individual Training Account scheme continued to make a significant contribution to both the organisations finances and to our service users. Donations increased from those received in 2021-22 and remained much higher than in pre-pandemic years. We also gained significant funding from the Robertson Trust to enable us to undertake a significant, multi-year, action research project into the impact of trauma on service users and staff. We hope that by the end of this we will be a truly Trauma Informed organisation which will inform all that we do. This project will cover all staff and Board of Apex Scotland.

The Statement of Recommended Practice, which governs the presentation of our financial figures stipulates that we must recognise income in the period in which we are entitled to it, often when it is received, but readers of this report should be assured that we will utilise donations and any other monies in a prudent and effective manner which could be over a longer period of time. This financial performance has been achieved despite the ending of funding from the European Social Fund, in December 2022, along with static or reduced funding from many Local Authorities. This latter aspect is contributed to by public sector funding pressures, and a continuing inability to fully recover all costs essentially incurred in the local management and co-ordination of services. The figures have also been contributed to by a continued reduction in costs, where possible, as a result of altered ways of working. Praise must once again be given to our loyal and dedicated staff, many of whom have only joined Apex during the last two or three financial years, who have worked tirelessly to provide high quality service to our service users in this climate whilst expanding the range of services.

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Trustees Report (continued) for the year ended 31 March 2023

Overview of the Year (continued)

We incurred relatively significant redundancy costs due to the ending of our European funded STEPS service. Our enduring thanks are given to colleagues who left us because of that cessation of funding.

We also saw an investment by the organisation in the shape of a Best Practice Manager towards the end of the year to ensure that we have the highest quality of service that can be delivered in a consistent, yet flexible, fashion across the country. Further investment was approved during 2022-23 and will be implemented in 2023-24 to aid delivery of our longer term strategy.

The financial year saw a significant number of applications for funding being submitted, either through open tender process or applications to independent funding bodies. This is over and above the continuation of existing services and reflects the importance placed upon the creation of new funded services by the Board and Corporate Management Team. Disappointingly there are fewer opportunities open to Apex and other, similar, organisations and is felt to be the result of reductions in funding available in recent years or of a move towards large scale contracts which can dilute the role of many agencies within the Third Sector. Many of these applications are relatively small scale and are submitted to add value to existing initiatives or to enable small scale services to commence. We also continue to attempt to engage with larger scale initiatives whenever possible and a number of applications/tenders are being considered at this time. We have also suffered from the requirement to reduce support staffing in past years which has impacted on our ability to engage more fully with emerging opportunities. This was addressed, in part, by the reshaping of some of the posts within the Corporate Management Team in 2021-22. We created a clearer distinction between Operations and Skills Development, with the latter having greater responsibility to create more overt ties between Apex and our subsidiary All Cleaned Up and the former seeking to gain stronger evidence to support our view as to the positive impact of our interventions. The original intention of these changes to strengthen Apex in terms of our ability to engage more fully with a constantly changing funding and political environment remains and we are hopeful of seeing tangible benefits during 2023-24 and beyond.

We recognise that the public sector funding pressures and the transition from European Funding to the Shared Prosperity Fund may continue to impact upon the financial position of Apex and we will redouble our efforts to mitigate this through lessening our reliance on those public sector funded services. This will include the development of appropriate social enterprises, social investment and the continuing development of Individual Training Accounts, should these opportunities be available and can be resourced. We do, however, recognise that our ability to directly influence such matters is, to a large extent, outwith our control but we continue to engage with funders and policy makers in an effort to shape a more diverse and supportive environment.

Objectives and Activities

The primary activity of the organisation is to work with people with convictions and those at risk. Our objective is, by the provision of support and employability training, to help individuals to stabilise their lives and gain the skills employers want and support them in progressing to employment or an employment related activity. It is recognised that by gaining employment, the likelihood of re-offending reduces by between one third and one half, thereby confirming our contribution to Scottish Government strategy and a safer society.

In short we encourage service users to AIM HIGHER, BEHAVE DIFFERENTLY AND CHANGE THEIR FUTURE. This message has been designed to neatly encapsulate the breadth of the services we offer to a variety of service user groups.

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Trustees Report (continued) for the year ended 31 March 2023

Objectives and Activities (continued)

We have increasingly seen a need for Apex to contribute to pre-employment activity and support where, at times, the outcome may not in itself be employment but may be the gaining of skills that will enable individuals to consider a future involving employment. Apex has significant skills and expertise in this area and has sought to position itself as a partner of choice in this regard. This includes our work with school age and post school clients. This does not diminish the work we undertake which is more directly employment related.

Equally, our aim is to be a leading not for profit organisation working with people of all ages and backgrounds who are the most disadvantaged and disengaged from society, and who are at risk of (re)offending, in a way which promotes desistance and enables them to re-engage and work towards a positive future.

We aim to achieve that vision through the following approaches:

- Developing early intervention services designed to reduce the likelihood of people gaining convictions.
- Developing desistance based services which reduce the likelihood of re-offending.
- Developing social enterprises designed to be self-sustaining models which create opportunities for employment and other meaningful activity and social re-integration.
- Undertaking influence based activities designed to promote social, economic and political change in accordance with our vision.
- Creating and nurturing strategic partnerships which allow more effective or efficient use of resources and opportunity to achieve our purpose.

The organisation looks to achieve its strategic aims and carry out its operational objectives through partnerships with a variety of statutory and non-statutory partners. This is done particularly with Local Authorities, Community Planning Partnerships, Scottish Government, Schools, Skills Development Scotland, Jobcentre Plus, Department for Work and Pensions, Community Justice Scotland, Alcohol and Drug Partnerships, independent funders and a range of voluntary sector partners. Evidence of the success of our work is varied and dependent upon the needs of funders, but is enhanced through utilisation of our A Positive Future assessment tool which can evidence the progression of each of our service users across a range of factors. Apex recognises the importance of evidencing the success of what we do and providing clarity of work undertaken to our funders. The nature of that evidence is further explained in Achievements and Performance below but is an area where we have a belief that we can evidence real progression for our service users. This is underpinned by our continued investment in our ASSET database which enables us to record greater amounts of data and produce a broader range of informative reports which will be of significant use to us, our funders and to wider stakeholders.

As well as an incredibly talented and committed workforce, Volunteers are playing an important role in our activities and is one which we anticipate increasing over the coming years.

Achievements and Performance

The main area of the organisation's work continues to be the provision of employability focused personal development training to people with convictions and those at risk.

**Trustees Report (continued)
for the year ended 31 March 2023**

Achievements and Performance (continued)

Employability Training can take many forms and is delivered on behalf of a diverse range of funders. It can be delivered on our own premises, on an outreach basis or remotely; on a 1:1 or groupwork basis; delivered solely by Apex or in partnership with other agencies; within prison or in the community.

Performance is often measured by considering the numbers of service users who progress into the hard outcomes of employment, voluntary work, further training, further education or accessing the intermediate labour market. Pleasingly, greater importance has been placed upon the achievement of “soft skills” including reliability, self-esteem, team working, conflict resolution, rehabilitation period calculation, letters of disclosure, etc. In the current economic climate and with a more overt involvement of the UK Government in employability matters via the Shared Prosperity Fund we remain cautious as to whether the importance of “soft skill” attainment will continue to be seen as a crucial progression along the employability pipeline. This was particularly evident in our, now ceased, European funded STEPS service whereby we generally worked with people at Stages 1 or 2 of the employability pipeline with the primary progression being to Stage 3 of the pipeline with another provider. It is hoped that the Shared Prosperity Fund and No One Left Behind will recognise the importance of that early stage support as a foundation for longer term progression.

Apex is well placed to evidence the improvement in those soft skills through the use of our *A Positive Future* assessment tool which considers the areas of critical importance in an individual’s life. At the commencement of their time with us the service user and staff member will assess the barriers to be overcome which will inform the personal action plan. This is then periodically reviewed and progress can be measured against those areas. This is underpinned by the utilisation of our ASSET information management portal. This portal evidences the work undertaken with each client. This enables us to have up to date, comprehensive information on the work we are carrying out both for our own purposes and for those of our funders. In our schools-based work we utilise the SHANARRI Well Being indicators, evidencing that the young person has the opportunity to be Safe; Healthy; Achieving; Nurtured; Active; Responsible; Respected and Included. This is graphically evidenced through use of the Well Being Web.

Apex provided services in, or worked with, 17 Local Authorities. In the main this is in the form of an Employability service but also includes, in certain areas, involvement in the provision of the Community Payback Order. Scottish Government funding to tackle the backlog in the delivery of Community Payback Orders enabled us to assist a number of Local Authorities in the provision of this statutory order. We are hopeful that the success of our work in this area will lead to further opportunities for us to increase our provision in this area of work as it is recognised that the impact of the pandemic on the delivery of non-custodial Court Orders will be long lasting. By and large engagement with Apex is voluntary and it is testament to the work of our staff that service users continue to choose to engage with our services when there is no compulsion to do so.

A positive impact of the pandemic was that it forced us to look at different ways of working. During the year we continued to develop our online training portal which can be accessed by staff and service users. This has proven to be a great success and will form a key element of how we take the organisation forward.

After the introduction of Sharepoint as our online platform we have introduced a number of associated measures designed to protect the organisation from data loss, accidental or otherwise. This work will continue into 2023-24.

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Trustees Report (continued) for the year ended 31 March 2023

Achievements and Performance (continued)

Work continues on our Communications Strategy which we believe will impact on how we communicate both internally and externally and bring greater benefit to the organisation.

A significant element of our delivery in 2022-23, until the end of December, continued through our European Funded STEPS service, delivered as part of the National Third Sector Consortium. This enabled us to maintain a significant presence and service in 10 of the Local Authority areas in which we operate. Primarily this service was for individuals who are assessed as being at Stage 1 or Stage 2 of the Employability Pipeline. Our work was, therefore, to enable those individuals to be able to progress onto further stages of the Employability Pipeline in a more sustainable manner than may have otherwise been the case. This service was of particular significance, or should have been, to Local Authorities who, through our ability to bring in supplementary funding, benefit from an increased resource and support mechanism for many of their most disadvantaged individuals. As a result of Brexit this funding ended on 31 December 2022. Sadly we had to make a number of colleagues redundant as mentioned elsewhere in this report. With the Shared Prosperity Fund not having replaced that European funding at that point it also meant that a significant number of disadvantaged individuals lost the support that had been there. It also has the potential to weaken our won presence in certain areas through the loss of the added value we could bring with that European funding. We are constantly assessing the impact of that alongside the introduction of the Shared Prosperity Fund as a potential successor funding source both in the short and long term.

We continued our delivery in a relatively small but growing number of schools part funded by the Scottish Government's Children and Young People's Early Intervention Fund, managed by the Corra Foundation and the schools themselves, along with support from Robertson Trust for one particular school. Whilst still not as significant as we would have hoped for in terms of the number of schools worked with, we continue to make headway in developing a track record of delivery which is flexible, responsive to the needs of the schools and reflective of emerging thinking, particularly around the impact of adverse childhood experiences.

We have continued to embed our continuous learning around Trauma with the intention that we become an organisation that is truly trauma informed in all that it does, as opposed to paying lip service to a critically important area of work which impacts on so much of what we do with service users and staff. Thanks must continue to be given to the Robertson Trust for their Partners in Change Funding. We will spend the next 2 years better understanding the impact of traumatic events on service users, and staff, and how we can adapt our services to better deal with the impact of those traumatic events. A dedicated development manager has been in post for a year and an advisory group has been established. We continue to work closely with the Resilience Learning Partnership, Dundee University and an accredited Adult Psychotherapist in our efforts to better understand the issues in this complex area for the longer term benefit of our service users and staff.

Apex continued to provide a number of one off services to Local Authorities and other funders, evidencing our ability to develop services reflective of local need.

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Trustees Report (continued) for the year ended 31 March 2023

Achievements and Performance (continued)

We also continued to contribute to the discussions around the development of alternative funding models, whether that be PSP's, Social Investment or other methods. Whilst progress remains slow on this front we remain committed to this approach and how it can provide a realistic alternative to the historic public sector funding model. This approach allied with our policy influencing role shows the important role Apex has to play in developing a fairer Scotland.

Apex also continued to be a member of the Community Jobs Scotland initiative created by the Scottish Government. Sadly this initiative came to an end on 31 March 2023. Over many years we have benefitted from the enthusiasm and skills of the young people we have employed through this initiative and feedback from them suggests that they have gained significant work experience and training from their time with Apex. We also put ourselves forward as an agency that could engage with the UK Government Kickstart scheme and began to see the growth of that initiative over the year, but again this initiative has ended. It is a concern that so many national initiatives seem to be ending to be replaced by a more complex local landscape.

2022-23 saw the continuing development of the wholly owned subsidiary, All Cleaned Up. Apex had previously also taken the strategic decision to develop its own social enterprise, All Cleaned Up, as the first step towards attempting to reduce our reliance on grant or public sector funding and providing real job training and employment opportunities for our service users. That latter point has been achieved as a very significant number of the employees of ACU, past and present, have been typical of the client group that Apex has worked with over the years.

All Cleaned Up was set up to deliver close cleaning and waste removal services to a commercial market and, hopefully, to public bodies. All Cleaned Up recorded a loss in the sum of £29,817 during 2022-23. Whilst this is a disappointing result a number of measures have been introduced during 2022-23 which we believe will aid the sustainability of ACU in 2023-24 and beyond. We have attempted to better integrate the work of Apex and All Cleaned Up as we believe that initiatives such as the Shared Prosperity Fund may focus more overtly on hard outcome achievement. Our approach to All Cleaned Up and the support we offer has been significantly sharpened and increased in a business sense, but also maintaining the original ethos of supporting our client group into real work.

All Cleaned Up continued to contribute to the NEST initiative of City of Edinburgh Council and they are to be thanked for their faith in this initiative. Staff at All Cleaned Up and Apex are to be thanked for their commitment and enthusiasm to developing and stabilising this entity.

Aside from the challenges of achieving a profitable entity, which is closer to being achieved on an ongoing basis now more than at any time since its creation, All Cleaned Up faces a similar problem to that of many smaller entities being the speed of payment from its customers. At times this can lead to cashflow pressures which are the result of that timing difference. Greater effort is being put into reducing the period of time within which debtors pay for services received. This is evidenced by an improved cash position which forms part of a revised cashflow and projected profit and loss for the coming 12 months. Allowing for all known factors and including challenging yet realistic targets means that we remain of the view that All Cleaned Up can be viewed as a going concern.

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Trustees Report (continued) for the year ended 31 March 2023

Achievements and Performance (continued)

Looking forward to 2023-24 we are hopeful that the changes we have made both in terms of support and focus enables the name and growing good reputation of All Cleaned Up to produce a continuing profitable return. Social Investment Scotland and the Big Issue Invest are both to be thanked for their previous and continued support of this enterprise.

It is important to note that this enterprise has been set up as a separate legal entity to ensure no potential liability passes to Apex Scotland.

Financial Review

Apex continues to work in an environment of reduced or static funding, no inflationary uplift, increased competition and the retention of fixed costs. All of these factors, allied with the disappointing norm of short-term funding from the majority of our funders and less than full cost recovery, have contributed to a financial position in recent years where use of our reserves has been necessary in order to enable us to deliver our charitable objectives.

The last financial year has brought about new challenges after the seismic impact of covid 19. The impact of Brexit with the ending of our European funding cannot be underestimated and has the potential to be felt for a significant period. Despite the loss of the European funding and the associated redundancy costs we can report a surplus of £153,276 (2022: £233,669). It should be noted that the regulations around the Statement of Recommended Practice, which determines the recording and recognition of income and expenditure differs from that employed in Management Accounts, which shows a lesser surplus, however we can say that this past year, financially, will enable us to better protect the organisation going forward.

Importantly we have continued to support a significant number of people through the most challenging time in their lives and have shown a continuing ability to participate in and manage a sizeable European contract.

It should be noted that the consolidated accounts of Apex Scotland and our trading subsidiary, social enterprise, All Cleaned Up, show a surplus for the year in the sum of £123,464 after taking consolidation adjustments into account. As ever, Apex is not funded in a manner which will cover redundancy costs or lease commitments and, as such, severance and dilapidation payments can impact upon the performance evidenced in any financial year. This highlights the need for relatively significant reserves being held or aspired to. More will be mentioned on reserves shortly, but Apex is confident that it can meet all responsibilities and contractual obligations to staff.

Overall income for the charity increased by 3.54%, or £108,563 when compared to 2021-22. As can be seen from the detailed Income and Expenditure Account, donations increased significantly from the previous year. Despite the positive figures of this past year, we still face the same challenges of certain services being underfunded and for a seventeenth year, we received no inflationary uplift on any of our funding from the majority of our funders. This allied with the ending of European funding, a much slower uptake in Shared Prosperity Fund than had been hoped for and a much higher rate of inflation makes for a challenging year ahead.

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Trustees Report (continued) for the year ended 31 March 2023

Financial Review (continued)

Much of that performance is related to the funding model for our European funded STEPS service, despite a reduction in the funding intervention rate. ITA involvement also contributed to this position. A tangible positive of the covid 19 is that we witnessed a continuing higher level of donations to Apex, primarily for use within our Foodbanks, when compared to pre-pandemic years. We are indebted to the kindness of individuals and companies who trusted us to help those most in need.

The reserves we have accumulated over previous years whilst prioritising high quality service delivery have allowed us to withstand significant financial pressures over recent years, but the Trustees and Corporate Management have always recognised the need to ensure that Apex lives within its means by both bringing in new sources of funding and ensuring appropriate payment for services delivered. The steps mentioned elsewhere in this report give an indication of the steps being taken to ensure that is achieved.

Apex always attempts to provide services within agreed funding limits but the changing behaviour of some funders, or altered internal circumstances, may, on occasion, mean that this is not always possible. As such this may necessitate transfers between Unrestricted and Restricted funds. The fact that we are able to do this when required says much for Apex's ability to have built up reserves over a prolonged period of time and has been strengthened by the financial performance this year although we recognise that the years to come may be very different.

Reserves Policy

The Board of Trustees has examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy, to date, that all unrestricted funds be held in a general unspecified fund for the benefit of the organisation. This allows us to utilise the funds effectively in ever changing conditions whilst not sending out confusing messages to funders and supporters alike. It is also reflective of the fact that as a labour-intensive organisation, significant funds require to be retained to fund ongoing operations. The positive performance in 2022-23 does not negate the relevance of this approach. Funding pressures are expected to continue, and Apex has to be aware of the potential need to access such unrestricted funds to conduct an orderly wind down of services should restricted funds be limited or withdrawn. Whilst we remain confident as to the ability of Apex to cope with the economic uncertainty there must be recognition of the costs which would be associated with any wind down of the organisation. The contingency for costs which may be required to conduct such an exercise, amounts to approximately £315,000 for redundancy costs alone should we have to wind up the organisation.

At the end of 2022-23 Apex holds £1,457,582 (2022: £ 1,304,306) in reserves made up of £526,341 (2022: £368,679) in restricted funds and £931,241 (2022: £935,631) of unrestricted funds. Free reserves, defined as those unrestricted reserves not held as fixed assets are £918,241 (2022: £935,631). This level of unrestricted reserves equates to 17.6 weeks of anticipated expenditure for 2023-24. This exceeds our stated intention of 14 weeks of expenditure being covered by unrestricted reserves, although it should be noted that they are not free reserves as much of that would be required to cover redundancies as stated above with further sums required to cater for reactive or proactive expenditure on areas such as IT replacement; maintenance of current premises; dilapidation costs upon the exit from premises; provision to cater for static funding and for strategic investments. Corporate Management and the Board, via the Finance and Audit Committee, continue to work on more clearly identifying the sums which should be designated to meet those potential costs in order to enable funders to better understand our true financial position, but it is clear that genuinely free reserves will not be of great significance. However, it does provide a degree of comfort that we will be able to withstand the challenging year ahead.

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Trustees Report (continued) for the year ended 31 March 2023

Investment Policy

Surplus funds, generally held in the form of cash, are invested in a variety of higher interest accounts in an effort to produce the best returns for the organisation with minimal risk. This policy is reviewed on an annual basis to determine its suitability to the organisation and its requirements and, whilst the return on such investments is low given the prevailing interest rate, it is felt that this approach remains the most appropriate for the organisation at this time. With recent rises in interest rates, and with more expected to occur, we expect to see a greater return on those funds in the coming months.

Miscellaneous Matters

Apex recognises its contribution to the aim of a fairer Scotland, in the widest sense and as such has continued to work to ensure that we are compliant with the General Data Protection Regulations which came into effect in early 2018-19. This has resulted in work being undertaken in relation to the information we hold on staff, service users and other legitimately interested parties. Similarly we have registered as a Lobbying organisation as part of the Lobbying Act which came into effect towards the end of financial year 2017-18. Whilst we are not required to do so, we have examined our salary structure to determine any potential gender pay gap. Apex pays the living wage as a minimum and it is very clear that all posts are remunerated at the same level regardless of sex. At present, in overall terms, we are reporting a gender pay gap in favour of male employees. However, it should be noted that this is entirely reflective of the fact that during 2022-23 3 of the 4 members of Corporate Management were male. Should the position be reversed then we would see an equal gender pay gap in favour of female employees.

Plans for Future Periods

As mentioned earlier in this report we commenced recruitment for a new Chief Executive in light of Alan Staff's intention to retire. This process has now been completed and we would like to take this opportunity to thank Alan for his many years of service leading the organisation through a prolonged period of significant change in our environment.

We are also looking forward to our new Chief Executive, Hawys Kilday, joining us in June 2023. This will mark the start of the next chapter of Apex's development as a key player in Scotland's Third Sector.

2022-23 saw a significant return to a form of a previous normality in terms of being able to offer face to face and group support to our service users but we continue to monitor the ongoing impact of covid 19 as well as embedding altered work practices where they have been shown to be of benefit to both service users and staff.

The charity does not intend to dramatically alter the nature of its offering; however it is anticipated that ongoing change will be necessary to allow Apex to continue operating in a financially viable manner. This is a necessity given the impact of public sector funding pressures being encountered. The aim is for Apex to maintain its profile, presence, and quality of service delivery throughout what is undoubtedly a challenging time.

Development of new areas of work will continue to be given a high priority in the coming months, where it is appropriate for Apex to be involved. This may include services in new geographic areas as well as an attempt to increase our range of provision in existing areas. It is also opportune for us to revisit the ongoing model of delivery and, particularly, the need for premises as a base for delivery. We are finding that more and more of our delivery is on an outreach and one to one basis. We have also found that since the emergence of covid 19 we can deliver services in a different manner.

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Trustees Report (continued) for the year ended 31 March 2023

Plans for Future Periods (continued)

Particular areas of work being pursued include, as mentioned elsewhere:

- Continued development of our integrated approach to Apex and All Cleaned in an effort to provide a more comprehensive offering to funders and services users.
- Continued development of our trauma informed work to inform future service delivery and products.
- Development of our research and evidence base to aid the communication of the worth of the work we undertake.
- Undertaking influence based activities designed to promote social, economic and political change in accordance with our vision.
- Creating and nurturing strategic partnerships which allow more effective or efficient use of resources and opportunity to achieve our purpose.
- Exploration of alternative funding models.
- Continued development of our ITA provision.
- Increased involvement in the Scottish Government and UK Government Employability Programmes where appropriate.

Responsibilities of the Board of Trustees

Company law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the Balance Sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Board of Trustees should follow best practice and:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue on that basis.

The Board of Trustees is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Statement of Recommended Practice 2005. The Board of Trustees is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. As part of this approach the Board has set up an Audit Committee which meets periodically with our external auditors in an effort to share understanding and ensure that we have appropriate policies and procedures in place.

Approval

At the time of approving this report, the Trustees are aware of no relevant audit information of which the company's auditors are unaware and have taken all steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Trustees on 29 June 2023 and signed on their behalf by:



A. Landels

Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND

Opinion

We have audited the financial statements of Apex Scotland ("the parent charitable company") and its subsidiary ("the group") for the year ended 31 March 2023 which comprise the group and parent charitable company Statement of Financial Activities, the group and parent charitable company Balance Sheet, the group and parent charitable company Statement of 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 presentation 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 31 March 2023 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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 or parent charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND (CONTINUED)

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual 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 course of 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 this gives rise to 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, incorporating the directors' report for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND (CONTINUED)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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's and 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 the 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures to respond to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we consider the following:

- the nature of the industry, control environment and business performance of the group and the parent charitable company
- the results of our enquiries with management and trustees about their own identification and assessment of the risks of irregularities
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we consider the opportunities and incentives that may exist within the group and parent charitable company for fraud. In common with all audits under ISAs (UK), we perform specific procedures to respond to the risk of management override and inappropriate income recognition.

We also obtain an understanding of the legal and regulatory environment in which the group and parent charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements and those which may be fundamental to the group and parent charitable company's ability to operate. The key laws and regulations we considered in this context included the Companies Act 2006, the Statement of Recommended Practice: Accounting for Charities FRS 102 (2019), the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF APEX SCOTLAND (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of the report

This report is made solely to the group's and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the group's and parent charitable company's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the group's and parent charitable company's members and its trustees 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, the charitable company's members as a body, and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Geoghegans

Paul Marshall (Senior Statutory Auditor)
For and on behalf of Geoghegans, Statutory Auditor

29 June 2023

6 St Colme Street
Edinburgh
EH3 6AD

Geoghegans is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

APEX SCOTLAND

Consolidated statement of financial activities (Incorporating Income and Expenditure Account) for the year ended 31 March 2023

	Note	Year ended 31 March 2023			Year ended 31 March 2022		
		Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Income from:							
Donations and legacies	2	417,616	133,295	550,911	411,569	55,341	466,910
COVID-19 awards	3	-	-	-	14,395	-	14,395
Income from investments	4	3,129	-	3,129	182	-	182
Other trading activities	5	418,570	-	418,570	471,745	-	471,745
Charitable activities	6	<u>1,582,807</u>	<u>1,130,135</u>	<u>2,712,942</u>	<u>1,912,965</u>	<u>820,630</u>	<u>2,733,595</u>
Total income		<u>2,422,122</u>	<u>1,263,430</u>	<u>3,685,552</u>	<u>2,810,856</u>	<u>875,971</u>	<u>3,686,827</u>
Expenditure on:							
Raising funds	7	544,438	-	544,438	612,322	-	612,322
Charitable activities	8	<u>1,905,898</u>	<u>1,111,752</u>	<u>3,017,650</u>	<u>2,053,763</u>	<u>774,634</u>	<u>2,828,397</u>
Total expenditure		<u>2,450,336</u>	<u>1,111,752</u>	<u>3,562,088</u>	<u>2,666,085</u>	<u>774,634</u>	<u>3,440,719</u>
Net income		(28,214)	151,678	123,464	144,771	101,337	246,108
Transfers							
Transfers between funds		<u>(5,988)</u>	<u>5,988</u>	<u>-</u>	<u>(9,492)</u>	<u>9,492</u>	<u>-</u>
Net movements in funds	19	(34,202)	157,666	123,464	135,279	110,829	246,108
Reconciliation of funds							
Total funds brought forward	19	<u>791,141</u>	<u>368,675</u>	<u>1,159,816</u>	<u>655,862</u>	<u>257,846</u>	<u>913,708</u>
Total funds carried forward	19	<u>756,939</u>	<u>526,341</u>	<u>1,283,280</u>	<u>791,141</u>	<u>368,675</u>	<u>1,159,816</u>

The statement of financial activities includes all gains and losses recognised in the year.

All results in the current year relate to continuing activities.

APEX SCOTLAND

Company statement of financial activities (Incorporating Income and Expenditure Account) for the year ended 31 March 2023

		Year ended 31 March 2023			Year ended 31 March 2022		
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Income from:							
Donations and legacies	2	417,616	133,295	550,911	411,569	55,341	466,910
COVID-19 awards	3	-	-	-	1,241	-	1,241
Income from investments	4	3,129	-	3,129	182	-	182
Other trading activities	5	27,428	-	27,428	21,757	-	21,757
Charitable activities	6	1,461,050	1,130,135	2,591,185	1,753,370	820,630	2,574,000
Total income		1,909,223	1,263,430	3,172,653	2,188,119	875,971	3,064,090
Expenditure on:							
Raising funds	7	-	-	-	-	-	-
Charitable activities	8	1,907,625	1,111,752	3,019,377	2,055,787	774,634	2,830,421
Total expenditure		1,907,625	1,111,752	3,019,377	2,055,787	774,634	2,830,421
Net income		1,598	151,678	153,276	132,332	101,337	233,669
Transfers							
Transfers between funds		(5,988)	5,988	-	(9,492)	9,492	-
Net movements in funds	19	(4,390)	157,666	153,276	122,840	110,829	233,669
Reconciliation of funds							
Total funds brought forward	19	935,631	368,675	1,304,306	812,791	257,846	1,070,637
Total funds carried forward	19	931,241	526,341	1,457,582	935,631	368,675	1,304,306

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing operations.

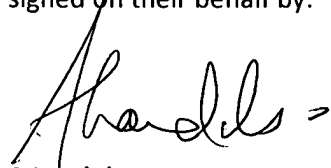
APEX SCOTLAND

**Consolidated balance sheet
at 31 March 2023**

	<i>Note</i>	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		<u>20,471</u>		<u>30,731</u>
			20,471		30,731
Current assets					
Stock	15	6,527		7,192	
Debtors and prepayments	16	316,896		372,822	
Cash at bank and in hand		<u>1,303,181</u>		<u>1,226,142</u>	
		1,626,604		1,606,156	
Creditors: amounts falling due within one year	17	<u>(330,435)</u>		<u>(427,696)</u>	
Net current assets			<u>1,296,169</u>		<u>1,178,460</u>
Total assets less current liabilities			1,316,640		1,209,191
Creditors: amounts falling due after more than one year	18		<u>(33,360)</u>		<u>(49,375)</u>
Net assets			<u>1,283,280</u>		<u>1,159,816</u>
Funds					
Unrestricted	19,20		756,939		791,141
Restricted	19,20		<u>526,341</u>		<u>368,675</u>
			<u>1,283,280</u>		<u>1,159,816</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved and authorised for issue by the trustees on 29 June 2023 and are signed on their behalf by:

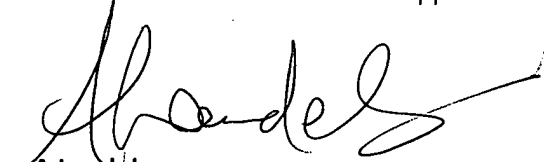

A Landels
 Trustee

APEX SCOTLAND
Company balance sheet
at 31 March 2023

	Note	2023		2022	
		£	£	£	£
Fixed assets					
Intangible fixed assets	12		-		-
Tangible fixed assets	13		12,466		12,299
Investments	14		<u>1</u>		<u>1</u>
			12,467		12,300
Current assets					
Stock	15	6,527		7,192	
Debtors and prepayments	16	385,265		394,672	
Cash at bank and in hand		<u>1,255,356</u>		<u>1,134,410</u>	
		1,647,148		1,536,274	
Creditors: amounts falling due within one year	17	<u>(202,033)</u>		<u>(244,268)</u>	
Net current assets			<u>1,445,115</u>		<u>1,292,006</u>
Net assets			<u>1,457,582</u>		<u>1,304,306</u>
Funds					
Unrestricted	19,20		931,241		935,631
Restricted	19,20		<u>526,341</u>		<u>368,675</u>
			<u>1,457,582</u>		<u>1,304,306</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved and authorised for issue by the trustees on 29 June 2023:


A Landels
 Trustee

Company Registration Number: SC126427

APEX SCOTLAND
Consolidated statement of cash flows
for the year ended 31 March 2023

	Note	Group 2023 £	Group 2022 £
Cash flows from operating activities			
Net income for the year (as per the SOFA)		123,464	246,108
Adjustments for:			
Income from investments		(3,129)	(182)
Depreciation and amortisation charges		15,087	14,193
Gain on disposal of fixed assets		(1,692)	(8,000)
Decrease/(increase) in stock		665	7,101
(Increase)/decrease in debtors		55,926	(130,925)
(Decrease)/increase in creditors		<u>(102,863)</u>	<u>25,030</u>
Net cash flow provided by operating activities		<u>87,458</u>	<u>153,325</u>
Cash flows from investing activities			
Interest received		3,129	182
Payments to acquire fixed assets		(7,745)	(9,000)
Receipts from disposal of fixed assets		<u>4,610</u>	<u>8,000</u>
Net cash (used in) investing activities		<u>(6)</u>	<u>(818)</u>
Cash flows from financing activities			
Loan repayments	22	<u>(10,413)</u>	<u>(10,075)</u>
Net cash (used in) financing activities		<u>(10,413)</u>	<u>(10,075)</u>
Change in cash and cash equivalents in the year	22	77,039	142,432
Cash and cash equivalents at beginning of year	22	<u>1,226,142</u>	<u>1,083,710</u>
Cash and cash equivalents at end of year	22	<u>1,303,181</u>	<u>1,226,142</u>

APEX SCOTLAND**Company statement of cash flows
for the year ended 31 March 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Net income for the year (as per the SOFA)		153,276	233,669
Adjustments for:			
Income from investments		(3,129)	(182)
Depreciation and amortisation charges		4,659	3,765
Gain on disposal of fixed assets		(1,692)	(8,000)
Decrease/(increase) in stock		665	7,101
(Increase)/decrease in debtors		9,407	(137,581)
(Decrease)/increase in creditors		(42,235)	(26,411)
		<u>120,951</u>	<u>72,361</u>
Net cash flow provided by operating activities			
Cash flows from investing activities			
Interest received		3,129	182
Payments to acquire fixed assets		(7,745)	(9,000)
Receipts from disposal of fixed assets		4,610	8,000
		<u>(6)</u>	<u>(818)</u>
Net cash (used in) investing activities			
Change in cash and cash equivalents in the year	22	120,946	71,543
Cash and cash equivalents at beginning of year	22	<u>1,134,410</u>	<u>1,062,867</u>
Cash and cash equivalents at end of year	22	<u>1,255,356</u>	<u>1,134,410</u>

APEX SCOTLAND

Notes to the financial statements for the year ended 31 March 2023

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

(a) Basis of preparation

Apex Scotland is a charitable company limited by guarantee, incorporated in Scotland. The address of the registered office is given on page 1 of these financial statements.

The financial statements are prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction values unless otherwise stated in the relevant notes to the financial statements. The financial statements are presented in Sterling which is the functional currency of the charitable company and rounded to the nearest £.

The charitable company constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and UK Generally Accepted Accounting Practice.

Going concern

The financial statements are prepared on a going concern basis. Trustees have considered the impact of the ongoing economic uncertainty on the financial position and future performance of the group. They regularly monitor the funding streams and evaluate the projected expenditure and the free reserves which are available and have concluded that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(b) Group financial statements

These financial statements consolidate on a line by line basis the results of the charitable company and the results of its wholly owned subsidiary, All Cleaned Up (Scotland) Limited. The subsidiary was incorporated on 24 October 2011 and commenced trading on 1 April 2012.

(c) Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies income is received by way of grants where entitlement is not conditional on the delivery of a specific performance by the charitable company, and is included in the statement of financial activities in the period in which they are receivable, which is when the charitable company becomes entitled to that resource.

APEX SCOTLAND

Notes to the financial statements for the year ended 31 March 2023

1 Accounting policies (continued)

(c) Income (continued)

Income from charitable activities include grants where these are related to performance and specific deliverables, and also includes contract and other income. Grants are included in the statement of financial activities when the charitable company is entitled to those funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably. Any grant income which may be repayable to the donor is treated as a creditor and is included in 'Other Creditors'. Where the donor has stipulated application of the money in a future year or where amounts have been received in advance for services not yet provided this is included in Deferred Income.

Any income by way of a grant awarded but not yet received is included in debtors as 'Grant income receivable' provided all conditions for entitlement have been met.

Capital grants are credited to the statement of financial activities when the charitable company receives or becomes entitled to that money.

Donations in kind are not recognised in the financial statements unless material.

Contract and other similar income based on the provision of services, is included in the statement of financial activities when earned. Any contract income which may be repayable to the contractor is treated as a creditor and is included in 'Other Creditors'. Amounts received in advance for services not yet provided are treated as deferred income.

(d) Expenditure

Expenditure is recognised on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned based on the management charge that is charged from Head Office. The allocation of overhead and support costs is analysed in note 8.

Expenditure on raising funds includes costs associated with generating income for the charitable company through the trading subsidiary. Expenditure on charitable activities includes cash costs incurred in supporting the charitable company and its objectives.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them and an allocation of governance costs.

Support costs are allocated between governance costs and other support costs. Governance costs comprise these costs involving the public accountability of the charitable company and its compliance with regulations and good practice. They

therefore include the costs of statutory audit and costs related to the strategic management of the charitable company. Other support costs relate to the administrative costs of running the charitable company.

APEX SCOTLAND

Notes to the financial statements (continued) for the year ended 31 March 2023

1 Accounting policies (continued)

(e) **Intangible fixed assets**

Intangible fixed assets are included in the accounts at cost. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost by equal instalments over the useful economic life as follows:

Management information system - over 5 years

(f) **Tangible fixed assets and depreciation**

Tangible fixed assets are included in the accounts at cost. Those tangible fixed assets costing below £1,000 are not capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost by equal instalments over the useful economic life, as follows:

Fixtures and fittings - over 5 years

Tenant's improvements - over 5 years

Training and IT equipment - over 4 years

Motor vehicles - over 4 years

(g) **Food bank stock**

Stock of donated food is weighed at the year-end and valued based on an agreed value per kilo of £2.37 used by The Trussell Trust for foodbank monitoring. Disbursed foodbank stock during the financial year is assessed and is not recognised in the financial statements unless material. Stock of donated hygiene items is not recognised in the financial statements unless material.

(h) **Debtors**

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

(i) **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(j) **Creditors and provisions**

Creditors and provisions are recognised where the charitable company has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(k) **Funds received as agent**

Monies received in acting as agents where the charitable company has no responsibility for the ultimate application of the funds, are not recognised in the statement of financial activities.

(l) **Training allowances**

Amounts received from funders to distribute on their behalf for training allowances are recognised on a receivable basis net of expenditure as these are not considered to be monies within the charitable company's control.

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

1 Accounting policies (continued)

(m) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company. Monies earned from contracts for services are treated as unrestricted funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by funders. Disclosure is made of separate restricted fund balances at the year-end where these exceed £10,000.

Transfers between restricted funds and unrestricted funds are made where appropriate to account for expenditure previously met from unrestricted funds at the year end. Where other transfers are required the reasons are noted in the appropriate funds note.

(n) Taxation

No provision has been made for income tax. The charitable company is recognised by HM Revenue & Customs as a charity for the purpose of the Corporation Tax Act 2010 part II and is exempt from income and corporation tax on its charitable activities.

(o) Pensions

The charitable company operates a defined contribution pension scheme. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

(p) Redundancy payments

Compensation for loss of employment due to redundancy is based on the current statutory entitlement, however the payment will be calculated using the employee's actual salary and is not subject to the earnings ceiling.

Employees with less than two years' service are not entitled to statutory redundancy pay, they will however receive an ex-gratia payment of two weeks salary.

(q) Operating leases and hire purchase contracts

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

Assets obtained under hire purchase contracts are recorded in the balance sheet as tangible fixed assets and are depreciated with the policy on depreciation. Future instalments, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element and the capital element. The finance element is charged to the Statement of Financial Activities evenly over the period of each contract at the rate applicable at the date of the commencement of the contract. The capital element reduces the outstanding obligation for future instalments.

APEX SCOTLAND

Notes to the financial statements (continued) for the year ended 31 March 2023

2 Donations and legacies

	Group and Company 2023 £	Group and Company 2022 £
Scottish Government Donations	412,429 138,482	412,429 54,481
	<u>550,911</u>	<u>466,910</u>

3 COVID -19 awards

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
CJRS claims	-	-	14,395	1,241

4 Income from investments

	Group and Company 2023 £	Group and Company 2022 £
Bank interest	3,129	182

5 Other trading activities

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Training and consultancy	20,625	20,625	15,117	15,117
Other income	6,803	6,803	6,640	6,640
Turnover – All Cleaned Up	391,142	-	449,988	-
	<u>418,570</u>	<u>27,428</u>	<u>471,745</u>	<u>21,757</u>

APEX SCOTLAND

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

6 Income from charitable activities

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
<i>Grants</i>				
Scottish Government	84,000	84,000	80,000	80,000
Local Authorities	494,673	494,673	391,378	391,378
	<u>578,673</u>	<u>578,673</u>	<u>471,378</u>	<u>471,378</u>
<i>Contracts</i>				
Local Authorities & Community Justice Authorities	60,205	60,205	62,455	62,455
European Union	721,502	721,502	1,018,017	1,018,017
Job Centre Plus	16,200	16,200	34,326	34,326
Community Jobs Scotland	24,934	24,934	6,470	6,470
Skills Development Scotland	1,000	1,000	16,749	16,749
Alcohol and Drug Partnership	131,800	131,800	81,900	81,900
Scottish Prison Service	-	-	21,192	21,192
Partnership income	587,605	587,605	526,603	526,603
	<u>1,543,246</u>	<u>1,543,246</u>	<u>1,767,712</u>	<u>1,767,712</u>
<i>Other income</i>				
SDS ILA/ITA income	121,173	121,173	165,559	165,559
Partnership income	30,195	30,195	43,359	43,359
Robertson Trust	150,480	150,480	34,495	34,495
Holywood Trust	91,887	91,887	81,022	81,022
Other income	197,288	75,531	170,070	10,475
	<u>591,023</u>	<u>469,266</u>	<u>494,505</u>	<u>334,910</u>
	<u>2,712,942</u>	<u>2,591,185</u>	<u>2,733,595</u>	<u>2,574,000</u>

7 Expenditure on raising funds

	Group 2023 £	Group 2022 £
Trading: All Cleaned Up – Cost of goods sold and other costs	<u>544,438</u>	<u>612,322</u>

APEX SCOTLAND

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

8 Expenditure on charitable activities

	Employability		Group 2023 Total £	Company 2023 Total £	Group 2022 Total £	Company 2022 Total £
	Training Direct Costs £	Support Costs £				
2022/23						
Payments to/for Partners	46,987	-	46,987	46,987	9,592	9,592
Foodbank	80,614	-	80,614	80,614	36,302	36,302
Premises	133,784	52,641	186,425	191,826	188,626	194,025
Operating	54,844	21,596	76,440	76,440	119,411	119,411
Professional/Financial	39,375	29,338	68,713	68,713	71,852	71,852
Promotions/Publications	1,741	8,146	9,887	9,887	6,517	6,517
Trainee Costs	101,528	510	102,038	102,038	92,656	92,656
Travel Costs	85,345	18,922	104,267	104,267	86,162	86,162
Staff Costs	1,709,514	555,319	2,264,833	2,264,833	2,152,305	2,152,305
Governance costs (note 9)	77,446	-	77,446	73,772	64,974	61,599
	<u>2,331,178</u>	<u>686,472</u>	<u>3,017,650</u>	<u>3,019,377</u>	<u>2,828,397</u>	<u>2,830,421</u>

Support costs are pro-rata apportioned Management fee.

	Employability		Group 2022 Total £	Company 2022 Total £	Group 2021 Total £	Company 2021 Total £
	Training Direct Costs £	Support Costs £				
2021/22						
Payments to/for Partners	9,592	-	9,592	9,592	(1,429)	(1,429)
Foodbank	36,302	-	36,302	36,302	41,965	41,965
Premises	139,657	48,969	188,626	194,025	191,616	197,015
Operating	55,998	63,413	119,411	119,411	81,885	81,885
Professional/Financial	33,379	38,473	71,852	71,852	91,212	91,212
Promotions/Publications	338	6,179	6,517	6,517	10,589	10,589
Trainee Costs	92,656	-	92,656	92,656	62,500	62,500
Travel Costs	69,726	16,436	86,162	86,162	66,921	66,921
Staff Costs	1,687,023	465,282	2,152,305	2,152,305	2,019,339	2,019,339
Governance costs (note 9)	64,974	-	64,974	61,599	63,233	59,513
	<u>2,189,645</u>	<u>638,752</u>	<u>2,828,397</u>	<u>2,830,421</u>	<u>2,627,831</u>	<u>2,629,510</u>

APEX SCOTLAND

Notes to the financial statements (continued) for the year ended 31 March 2023

9 Governance costs

		Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
	Basis of allocation				
Management team costs	20% salary costs	60,056	60,056	48,909	48,909
Audit fees: Company	Direct	13,716	13,716	12,690	12,690
Subsidiary		3,320	-	3,030	-
Other fees: Subsidiary		354	-	345	-
		<u>77,446</u>	<u>73,772</u>	<u>64,974</u>	<u>61,599</u>

10 Staff emoluments and numbers

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Gross wages and salaries	2,451,068	2,069,560	2,418,645	1,969,421
Employer's National Insurance	199,953	180,559	180,584	162,090
Pension contributions	71,653	64,273	64,938	57,268
	<u>2,722,672</u>	<u>2,314,392</u>	<u>2,664,167</u>	<u>2,188,779</u>
Recruitment and training	<u>10,497</u>	<u>10,497</u>	<u>12,435</u>	<u>12,435</u>
	<u>2,733,169</u>	<u>2,324,889</u>	<u>2,676,602</u>	<u>2,201,214</u>
	Group 2023 No	Company 2023 No	Group 2022 No	Company 2022 No
Average number of employees	<u>138</u>	<u>93</u>	<u>140</u>	<u>91</u>

Staff emoluments for the subsidiary company are included within cost of generating funds.

There were 3 employees (2022: 1) whose emoluments were between £60,000 - £70,000.

There was 1 employee (2022: 2) whose emoluments were between £70,000 - £80,000.

Total remuneration and benefits of the key management personnel of the charitable company were £311,624 (2022: £264,756) and also employer payments made to a defined contribution pension scheme for these personnel were £22,264 (2022: £17,576).

Included in gross wages and salaries is redundancy payments of £38,038 (2022: £1,013).

11 Taxation

No group liability to UK corporation tax arose from the ordinary activities of the trading subsidiary All Cleaned Up for the year to 31 March 2023.

APEX SCOTLAND

Notes to the financial statements (continued)
for the year ended 31 March 2023

12 Intangible fixed assets

Group and company	Management Information system £
Cost	
At beginning and end of year	<u>18,000</u>
Amortisation	
At beginning and end of year	<u>18,000</u>
Net book value	
At 31 March 2023	<u><u>-</u></u>
Net book value	
At 31 March 2022	<u><u>-</u></u>

13 Tangible fixed assets

Group	Tenant's improvements £	Training equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	3,217	15,812	144,057	163,086
Additions	7,745	-	-	7,745
Disposals	-	(11,688)	(56,414)	(68,102)
	<u>10,962</u>	<u>4,124</u>	<u>87,643</u>	<u>102,729</u>
Depreciation				
At beginning of year	2,626	11,980	117,749	132,355
Charge for year	1,495	914	12,678	15,087
Eliminated on disposal	-	(8,770)	(56,414)	(65,184)
	<u>4,121</u>	<u>4,124</u>	<u>74,013</u>	<u>82,258</u>
Net book value				
At 31 March 2023	<u><u>6,841</u></u>	<u><u>-</u></u>	<u><u>13,630</u></u>	<u><u>20,471</u></u>
Net book value				
At 31 March 2022	<u><u>591</u></u>	<u><u>3,832</u></u>	<u><u>26,308</u></u>	<u><u>30,731</u></u>

APEX SCOTLAND

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

13 Tangible fixed assets (continued)

Company	Tenant's improvements £	Training equipment £	Motor vehicles £	Total £
Cost				
At beginning of year	3,217	14,487	75,299	93,003
Additions	7,745	-	-	7,745
Disposals	-	(11,688)	(42,889)	(54,577)
At end of year	<u>10,962</u>	<u>2,799</u>	<u>32,410</u>	<u>46,171</u>
Depreciation				
At beginning of year	2,626	10,655	67,423	80,704
Charged for year	1,495	914	2,250	4,659
Eliminated on disposal	-	(8,770)	(42,888)	(51,658)
At end of year	<u>4,121</u>	<u>2,799</u>	<u>26,785</u>	<u>33,705</u>
Net book value				
At 31 March 2023	<u>6,841</u>	<u>-</u>	<u>5,625</u>	<u>12,466</u>
Net book value				
At 31 March 2022	<u>591</u>	<u>3,832</u>	<u>7,876</u>	<u>12,299</u>

14 Fixed asset investments

Investments (neither listed nor unlisted) were as follows:

Group and Company	Company 2023 £	Company 2022 £
Investment in All Cleaned Up (Scotland) Limited	<u>1</u>	<u>1</u>

At 31 March 2023 Apex Scotland owned 100% of the issued share capital of All Cleaned Up (Scotland) Limited, a company incorporated in Scotland on 24 October 2011 with a share capital of £1.

The principal activity of All Cleaned Up (Scotland) Limited is to create real jobs for the people that Apex Scotland support who are often deemed disadvantaged in the employment market. The social enterprise firm provides cleaning and clearing services.

	Net liabilities £	Turnover £	Expenditure £	Profit/(Loss) £
All Cleaned Up (Scotland) Limited	<u>439,303</u>	<u>518,299</u>	<u>548,116</u>	<u>(29,817)</u>

APEX SCOTLAND

Notes to the financial statements (continued)
for the year ended 31 March 2023

15 Stock

	Group and Company 2023 £	Group and Company 2022 £
Stock held for foodbanks	<u>6,527</u>	<u>7,192</u>

16 Debtors

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Grant income receivable	222,727	222,727	271,794	271,794
Other debtors	73,633	142,003	76,849	102,522
Prepayments	<u>20,536</u>	<u>20,535</u>	<u>24,179</u>	<u>20,356</u>
	<u>316,896</u>	<u>385,265</u>	<u>372,822</u>	<u>394,672</u>

A balance of £265,000 (2022: £265,000) is due from the subsidiary company, All Cleaned Up (Scotland) Limited but a full provision has been made against this balance as recovery is considered remote.

17 Creditors: Amounts falling due within one year

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
<i>Amounts falling due within one year</i>				
Trade creditors	11,083	7,006	38,074	15,249
Tax and social security	133,633	36,200	175,363	46,329
Other creditors	38,885	11,993	25,998	13,455
Accruals and deferred income	<u>146,834</u>	<u>146,834</u>	<u>188,261</u>	<u>169,235</u>
	<u>330,435</u>	<u>202,033</u>	<u>427,696</u>	<u>244,268</u>

18 Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £
Other creditors	<u>33,360</u>	<u>49,375</u>

APEX SCOTLAND

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

19 Analysis of movement in funds

Group 2022/23	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	791,141	(34,202)	756,939
Restricted			
Local Authority	66,308	(2,286)	64,022
NHS ADP Income	-	49,900	49,900
Partnership Income	66,098	5,250	71,348
Donations	86,185	14,830	101,015
Trust Income	25,000	97,546	122,546
Other (balances <£10,000)	125,084	(7,574)	117,510
	<u>368,675</u>	<u>157,666</u>	<u>526,341</u>
Total	<u>1,159,816</u>	<u>123,464</u>	<u>1,283,280</u>
Group 2021/22	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	655,862	135,279	791,141
Restricted			
Local Authority	101,525	(35,217)	66,308
Partnership Income	-	66,098	66,098
Donations	83,037	3,148	86,185
Trust Income	-	25,000	25,000
Other (balances <£10,000)	73,284	51,800	125,084
	<u>257,846</u>	<u>110,829</u>	<u>368,675</u>
Total	<u>913,708</u>	<u>246,108</u>	<u>1,159,816</u>

APEX SCOTLAND

Notes to the financial statements (continued)
for the year ended 31 March 2023

19 Analysis of movement in funds (continued)

Company 2022/23	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	935,631	(4,390)	931,241
Restricted			
Local Authority	66,308	(2,286)	64,022
NHS ADP Income	-	49,900	49,900
Partnership Income	66,098	5,250	71,348
Donations	86,185	14,830	101,015
Trust Income	25,000	97,546	122,546
Other (balances <£10,000)	125,084	(7,574)	117,509
	<u>368,675</u>	<u>157,666</u>	<u>526,341</u>
Total	<u>1,304,306</u>	<u>153,276</u>	<u>1,457,582</u>
Company 2021/22	At 1 April £	Net movement in funds £	At 31 March £
Unrestricted			
General funds	812,791	122,840	935,631
Restricted			
Local Authority	101,525	(35,217)	66,308
Partnership Income	-	66,098	66,098
Donations	83,037	3,148	86,185
Trust Income	-	25,000	25,000
Other (balances <£10,000)	73,284	51,800	125,084
	<u>257,846</u>	<u>110,829</u>	<u>368,675</u>
Total	<u>1,070,637</u>	<u>233,669</u>	<u>1,304,306</u>

APEX SCOTLAND

**Notes to the financial statements (continued)
for the year ended 31 March 2023**

20 Analysis of net assets between funds

Group	Unrestricted £	Restricted £	Total £
Fixed assets	20,471	-	20,471
Net current assets	769,828	526,341	1,296,169
Long term liabilities	(33,360)	-	(33,360)
	<u>756,939</u>	<u>526,341</u>	<u>1,283,280</u>
Total net assets at 31 March 2023			
	Unrestricted £	Restricted £	Total £
Fixed assets	30,731	-	30,731
Net current assets	809,785	368,675	1,178,460
Long term liabilities	(49,375)	-	(49,375)
	<u>791,141</u>	<u>368,675</u>	<u>1,159,816</u>
Total net assets at 31 March 2022			

20 Analysis of net assets between funds

Company	Unrestricted £	Restricted £	Total £
Fixed assets	12,467	-	12,467
Net current assets	918,774	526,341	1,445,115
	<u>931,241</u>	<u>526,341</u>	<u>1,457,582</u>
Total net assets at 31 March 2023			
	Unrestricted £	Restricted £	Total £
Fixed assets	12,300	-	12,300
Net current assets	923,331	368,675	1,292,006
	<u>935,631</u>	<u>368,675</u>	<u>1,304,306</u>
Total net assets at 31 March 2022			

APEX SCOTLAND

Notes to the financial statements (continued) for the year ended 31 March 2023

21 Commitments

Total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

	2023		2022	
	Group £	Company £	Group £	Company £
Not later than one year	53,059	51,229	53,631	52,281
Later than one year and not later than five	11,005	9,685	38,701	38,701
	<u>64,064</u>	<u>60,914</u>	<u>92,332</u>	<u>90,982</u>
Lease payments recognised as an expense	<u>111,042</u>	<u>103,842</u>	<u>113,965</u>	<u>105,699</u>

22 Analysis of changes in net funds – Group

2022/23	1 April	Cashflows	Non-cash	31 March
	£	£	Movements £	£
Long term borrowings	(49,375)	(625)	16,640	(33,360)
Short term borrowings	<u>(11,038)</u>	<u>11,038</u>	<u>(16,640)</u>	<u>(16,640)</u>
Total borrowings	(60,413)	10,413	-	(50,000)
Cash and cash equivalents	<u>1,226,142</u>	<u>77,039</u>	-	<u>1,303,181</u>
Total net funds	<u>1,165,729</u>	<u>87,452</u>	-	<u>1,253,181</u>

Analysis of changes in net funds - Company

2022/23	1 April	Cashflows	Non-cash	31 March
	£	£	Movements £	£
Borrowings	-	-	-	-
Cash and cash equivalents	<u>1,134,410</u>	<u>120,946</u>	-	<u>1,255,356</u>
Total net funds	<u>1,134,410</u>	<u>120,946</u>	-	<u>1,255,356</u>

23 Related party transactions

Trustees received no remuneration. In the current period 2 (2022: Nil) trustees received reimbursement of travel expenses totalling £244 (2022: £Nil). Trustee indemnity insurance of £1,579 (2022: £1,175) was paid during the year.