

The Children's Family Trust

**Trustees' Report & Financial Statements
Year ended 31st December 2019**

**Registered Charity Number: 208607
Company Number: 00398875**

THE CHILDREN'S FAMILY TRUST

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TRUSTEES' REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2019. 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 (FRS102).

Our objects:

Established as a Registered Charity in 1945 and operating as a company limited by guarantee, our stated objectives, as set out in our governing Memorandum of Association, are:

- 1 The relief of children and young persons in need, and in particular those in the care of, or accommodated by, a Local Authority, by
 - 1.1 Providing them with, or otherwise assisting in the provision of, a placement or placements in suitable accommodation and providing them with or assisting in the provision of, appropriate Carers, with the aim of providing them with a stable family life.
 - 1.2 Providing for their education and establishment in life.
- 2 The relief of poverty and in particular the assistance of adults who have as children been in Local Authority care.

Our activities:

Our operational work in England is classified as an independent fostering agency. The standards applied by Ofsted are the primary measures of our success and are in the public domain, as are their Inspection Reports evaluating the quality of our work.

Overall, our purpose remains to provide a stable and successful family life for children in the care system with the aim of preparing them for successful adulthood. The Trust's guiding philosophy is that all children have the right to live '*a natural family life*'. Predominantly we do this through the provision of foster care. Most of our income derives from the fees we charge for this service. Traditionally, but not now exclusively, we have experience in providing for sibling groups and permanent placements – reflected in our core values around a '*family for life*'. However, increasingly, we also provide for children needing short-term care where we apply the same principles as if those children were placed on a '*family for life*' basis.

It follows that we continue in the Trust's tradition of putting the interests of our children first, closely followed by those of our Carers and staff.

Public benefit statement:

Local Authorities have a statutory obligation to provide foster placements for those children brought into the State care system and needing to live away from home. Our work, as a Registered Charity, is to provide such placement opportunities on a transparently not-for-profit basis, to do so to the highest professional standards, and to deliver the best outcomes to those placed in our charge. Our placements are open to all Local Authorities, irrespective of location, and our matching process meets all professional best practices in endeavouring to provide an enduring placement for each individual child. As our fees are met by Local Authorities, and we are providing care for any child that they may present and for whom we are able to affect a suitable match, we work on an entirely inclusive and non-discriminatory basis for the public benefit.

Further, we use our charitable resources to extend and enhance our services, and to meet individual needs, particularly where these are for children no longer supported by the public purse. This is demonstrated by the Trust's continuing support of individuals, now adults, who have been in the care of the Trust but who need, from time to time, the support of the Trust through its Lifetime Carers. This intervention has, in the past, helped prevent the involvement of the State in the lives of families.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Our structure:

As an organisation, the Trust is governed by the Board of Trustees. We employ full-time executive, administrative and professional resources, as well as retaining professional advisers such as legal and audit firms.

As a Registered Charity, the Trust is not a profit-making organisation and no benefit may be derived by its Trustees, who are also Members of the Trust. Accordingly, we are classified as a 'voluntary organisation' within the terms of the Children's Act 1989, section 105.



As a charity and as a company limited by guarantee, the Trustees' Report and Financial Statements, and the Memorandum and Articles of Association are publicly available.

We also make them available to appropriate and interested parties, e.g. Local Authorities, existing/prospective Foster Carers, children in placement or on request. The Articles of Association set out the regulations that govern the company's internal affairs.

Apart from the Trustee body being required to meet the appropriate qualifications to act as Trustees and Directors, they and the staff of the Trust, and the retained Foster Carers, Foster Carers' own children over the age of sixteen, baby-sitters, regular visitors to the Foster Carers' homes, any domestic staff, and the members of the Fostering Panel are all subject to the Disclosure and Barring Service (DBS) checks, formally referred to as Criminal Records Bureau (CRB) checks. We extend this process to other key workers within supporting organisations e.g. human resources and information technology. Further, Foster Carers are subject to additional checks as part of their BAAF Form F-based selection process.

All our professional staff are qualified variously holding CQSW/Diploma in Social Work, Practice Teaching Awards, and a Post-Graduate Diploma in Social Work and an MSc in Organisation Development as well as relevant first degrees. In addition, the Trust has engaged, on a sessional basis, further fully qualified and experienced Social Workers to carry out Assessments and provide additional support out of hours. All these professional Social Work staff are registered with Social Work England, the regulatory body. Several also have experience in working within the private and voluntary sectors. The Social Work teams are supported by our Head Office staff, which includes administration, HR and professional and financial support.

All Foster Carers have passed the TDS induction standards. Throughout the year they are expected to attend a minimum of six internal training courses.

In order to remain current in matters affecting the work of the Trust, it has for many years been a member of the National Council for Voluntary Organisations (NCVO), Children England, The Fostering Network, Foster talk and Coram BAAF (British Association for Adoption and Fostering). We have also added our voice to FFP (Fairer Fostering Partnership) which campaigns within the fostering sector on behalf of 'not for profit' fostering agencies as well as our most recent membership of the National Association of Fostering Providers (NAFP). Through membership of these organizations the Trust looks both to learn from developments in good practice relating both to governance and child-care, and to influence the development and implementation of social policy generally and childcare policy and provision specifically.

The Trust is not a member of any larger organization nor has affiliate organizations.

The Trust has a policy and procedure to deal with any complaints (formal or otherwise) and to secure early resolution of any such matters. The Trust received two complaints in 2019 from an older sibling (over 18) whose two younger siblings were in our care. These were resolved satisfactorily, and the complainant was satisfied that the Trust had dealt with the matter swiftly and effectively involving all concerned.

Trustees / Registered Office and Charity & Company Details:

These details can be found in the "Reference and Administrative Details of The Charity" on page 9.

Pay Policy for Senior Staff:

The Trust needs to operate in a competitive environment yet balance its responsibility to be prudent with charitable monies. The Trust has a Compensation Policy and uses Compensation Guidelines that are reviewed regularly and set out how it will manage pay for senior staff and all other employees.

The over-arching premise is that basic salary ranges should meet the Trust objectives of attracting, retaining and motivating staff.

The Trust continues to commission the services of an external human resources provider to support our HR Manager who has been in post since January 2018. In setting salary ranges for all roles within the organisation the Trust looks at a range of relevant benchmarks such as location, charity sector, charity income and number of employees. Historically the Trust both takes part in and uses feedback from Croner (Wolters Kluwer) salary surveys and statistical models using data from Xpert HR. Proposed salary ranges are agreed by the Board of Trustees usually at the same meeting during which the Budget and 5 Year Plan is signed-off.

The Trust operates a review process to monitor the performance of individual members of staff and inform salary reviews. Proposed salary changes by line managers, within the salary range for the role, are signed-off by the Chief Executive. The Chair of Trustees authorises changes to the Chief Executive's pay.

Our achievements and performance in 2019:

The Trust continued to operate effectively throughout the year. The economic climate within which we work has continued to deteriorate with the result that our income has been squeezed.



Local Authorities continued to lower their fees. New contracts and tenders reflect this downward pressure whilst expectations about what we should deliver have increased. However, we continue to gain entry to additional contracts, which have supported our expansion plans. These additional successful tender bids including several local authorities within the East Midlands region including Derbyshire, Nottinghamshire, Leicestershire, Northamptonshire and Lincolnshire. We are starting to receive referrals because of these contracts, and we are currently planning to open a regional office in 2020 in the East Midlands region.

Recruitment of Foster Carers in all regions continues to prove challenging. However, greater focus on marketing and media strategy alongside upgrading our website has proven worthwhile. Targeted recruitment using several social media platforms is proving to be successful as it has two purposes, the first to raise our profile and the second to target those individuals from backgrounds with relevant experience, space and who are geographically well positioned to meet the needs of our current contracts. We continue to recruit very high calibre Carers who choose to foster on a vocational basis who have a mix of skills and experience to provide a varied and diverse range of placements to Local Authorities. Our Fostering Panels are held regionally, and our panel members live locally to our regional offices.

The number of children we look after increased to nearer the 190 mark with some temporary falls in numbers throughout the year. It is noticeable that most of the referrals we receive across the country, are of children with considerable difficulties and who have experienced very traumatic early lives. For this reason alone, the calibre, quality and skills of the Foster Carer is extremely important.

Key operational events and milestones of the year included:

Ofsted: All regions are registered with Ofsted and all Registered Managers appropriately experienced and qualified.

Our North East Region:

Our North-East region continued its highly valued work throughout 2019. Placement numbers continued to go up and down throughout the year because of several young people moving into independence or onto 'Staying Put' arrangements after many years in foster care with CFT. The region had an average of 46 placements throughout the year (excluding Staying Put). This arrangement means that whilst the young person remains living with their Foster Family the Trust stops receiving a fostering fee for the placement. The local authority will, in most cases financially support the young person in placement but will not provide the Carer or Trust with any financial support. This represents the Trust with some dilemmas given our ethos of 'Family for Life'. Many of our Carers remain committed to the young person they care for, but this arrangement can potentially cause them some financial hardship, particularly if they do not have another spare bedroom or a second child in placement. Most the children placed in the North East are '*family for life*' placements, which tend to be stable and therefore provide a steady income source, which can be relied upon.

Our West Yorkshire Region

Our West Yorkshire office is now well established with the current Manager having been in post for just over 3 years. By the end of the year they had 31 placements. In 2019 the region has 'matured' with many placements remaining stable. However, recruitment of new Foster Carers continues to prove challenging with local authorities in the region offering very competitive packages to potential Carers as well as the promise of always having children available to place.

Our West Midlands Region:

2019 was another positive year for the West Midlands office. The new Registered Manager is now well established and works with a very stable, supportive, and experienced team of Supervising Social Workers.

The number of approved Foster Carers in the West Midlands region has fluctuated throughout 2019 as the region provides many short-term placements alongside several parent and Child placements which usually last for a maximum of 3-4 months. At the end of the year there were 42 approved Carers. However, several Carers 'retired' from fostering alongside several more ending their fostering careers because of very poor health or for personal reasons. This is to be expected particularly when families have fostered for a substantial period. The West Midlands have been very fortunate in retaining several very high calibre Foster Carers over a lengthy period. By the end of the year there was another 9 prospective Carers in assessment who will be approved throughout 2020. Referrals continue to rise in the region receiving an average of 1200 per month.

The Midlands team continues to operate in a congested and highly competitive market. However, the team has made real progress over the year and has become a major contributor to the placements available to Local Authorities across the region.

Our South-Central Region:

We now have a staff team of 6 in the region including 2 Supervising Social Workers, 1 Principle Social Worker and 2 Administrators and a Registered Manager. The region continues to grow in a very 'organic' way with several Carers coming our way because of 'word of mouth'. The region now has 28 approved Carers with another 2 in assessment and 37 children in place.

The region receives an average of 500 referrals a month and their profile in the region is becoming well established with local authorities, this has resulted in local authority placement teams specifically requesting placements with several our Carers in the region. It is worthy of note that this region operates in a fiercely competitive market with over 110 IFA's in Hampshire alone. This is more than a third IFA's in the United Kingdom!

Our East Midlands Region:

Our East Midlands region is still very much in its infancy. However, we have two approved Carers both with children in place. There are currently 4 assessments being completed all of whom will be approved in 2020. At the end of 2019 we appointed a part time administrator to cover the admin and help with the recruitment for the region. The social work tasks are currently covered by several independent workers. We plan to locate a fixed office in the Nottingham/Derby area next year.

Summary:

Closing placement numbers at 31st December 2019 were up by 20 placements on those at the start of the year.

Progress elsewhere

Our Head Office provides a myriad of services and support to all regions. The team comprises of several highly skilled professionals including a HR Manager, Finance Manager and a Marketing & Media Manager, these are supported by several administrators.

Our Marketing & Media department continues to grow and as such a Marketing & Media Assistant was appointed last year to further support development in this area. Raising our profile with local authorities has been key to our continued reputation as a high-quality provider of placements which is slowly paying off. Initial enquiries from potential applicants via our website and Facebook page continues to increase. We also work closely with an external provider who focusses on SEO (Search Engine Optimization) to ensure our visibility on a variety of social media platforms.

Head Office staff ensure that each region is well supported and that any changes to the way we do things are explained thoroughly, including the benefits that will result. The relationship between staff in our Head Office and staff in the regions has been very positive during 2019.

We have also made progress in the management of our contracts and in our ability to respond to tendering opportunities, which has been a collaborative effort between Head Office and Social Work staff.

We have now established two Fostering Panel Advisors serving the North East along with Wakefield and The Midlands and the South. The list of Panel members has been expanded and we have recruited a Chair and Vice Chair for each Panel.

Registered Manager training courses continue to be delivered by 'Skyrocket Partnerships Limited'. Skyrocket has grown in reputation across the sector and one day courses are currently being devised to cover topics in more detail. It is hoped that going into 2020 Skyrocket will continue to grow and deliver more tailored courses in line with the feedback provided by attendees. Skyrocket is shown under Programme Related Investments within the 2019 Statutory Accounts.

Financial review:

Our full results are given in the financial statements, later in this report.

The overall surplus for the year amounted to £262,989 (2018: £228,826 surplus).

Our income continues to come primarily from our child-care provision to Local Authorities. With an increase in the average number of children placed compared to the previous year our Local Authority income increased by £548,106 to £6,952,157 (2018: £6,404,051) or 8.6% when compared to 2018.

The Trust also provided a mix of Over 18 / Lifetime Carer support of £58,883 (2018: £56,808), which is met out of charitable donations, investment income and reserves.

Our financial asset strength remains principally in property, including an Investment Property.

It is the policy of the Trust to hold sufficient assets in cash, or in easily converted forms, to meet its forecast cash requirements and in order to fund continuing growth.

Close financial controls are in place to ensure that expenditure is planned and monitored. Decisions on where, when and how to invest internally to secure growth remain difficult judgements in our situation, where long lead-times are needed before results can be seen.

Risk assessment:

The Trust undertakes a formal Risk Assessment on an annual basis. The Risk Assessment and Risk Register is updated alongside the 5 Year Business Plan. The 5 Year Business Plan takes account of risks identified in the Risk Assessment. Risks are colour coded. Red is critical, Amber is highly important or significant, and Green is minor. Risks are categorised as either Management and Governance, Operational, Financial or External. Controls are in place to reduce or eliminate each identified risk. The mitigation of risk is considered on an ongoing basis by key management. For example, before any operational changes or any developments in activities provided by the Trust, and, within Senior Management and Registered Management meetings. Any newly identified critical risks are flagged up to Trustees either before or at the next planned trustee meeting.

At November 2019 the principal risks facing the charity and the strategies to manage them were as follows:

Risk	Controls
The Trust is unable to respond to placement requests	Communicate closely with commissioners, Explain ethos of the Trust as a permanency provider, Use existing capacity to best effect without compromising quality, Build placement capacity, Work with commissioners to understand their needs.
Local Authorities stance on Staying Put placements	Review potential impact over next 5 years, Maintain dialogue with local authorities concerned, Lobby government via FFP group, Review Budget & 5 Year Plan to earmark potential carer support, Look at staff training to meet needs of Staying Put / Over 18 support.
Government / Local Authority cuts push down fees to unsustainable levels	Review service provision, Review staff utilisation, Find ways of making savings in delivery, Reduce central cost base, Find value suppliers e.g. Insurance, IT, HR, etc., Review policy of limiting the number of placements in each area - increase placement numbers at lower fee, Co-operate with other smaller providers in the sector, Support the development of FFP and develop influence in government / local authorities.
Sector consolidation harms small operators	Monitor changes to the number of agencies operating in the sector, Research possible merger/purchase targets, Get to critical mass and maintain placement numbers, Compete on fee rates and foster carer fees, Continue to build add on services, Monitor LA for tender opportunities.

Brexit Risks:

We feel our Charity is one of low risk with minimal impact. As a longstanding, sustainable Charity we are in a fortunate position to have a good solid structure in place that can support us in a time of downturn or temporary loss of resource. However, it is likely that in the long term as a Charity we will need to consider further changes.

It is for example likely that employment law as we know it, will eventually be overhauled in order to get rid of EU precedence and law which has been adopted over the years. It is unlikely this will be reviewed prior to December 2020 giving us plentiful time to make any changes necessary.

Regardless of our personal views or opinions that each individual may have within our Charity, we do not foresee Brexit to be the doom and gloom to our sector, and instead we would like to approach the issue as one that brings opportunity and possibility for the Country.

Reserves policy:

Free reserves, or unrestricted funds excluding designated funds and fixed assets, amounted to £2,167,686 as at 31st December 2019 (2018: £1,904,697). This represents 3.9 months (2018: 3.5 months) of total annual unrestricted expenditure excluding designated and restricted expenditure. The charity has a reserves policy to accumulate reserves equal to six months of total annual unrestricted expenditure excluding designated and restricted expenditure.

The designated funds of £1,145,571 (2018: £1,145,571) are to meet costs in relation to our support to Lifetime Foster Carers.

The Trust looks at cash and liquid investments available to meet its known and planned requirements. As at 31st December 2019 the Trust had readily realisable cash reserves of £469,468 (2018: £500,373) to cover known and planned requirements of £263,600 (2018: £252,641). The known and planned requirements included, but was not limited to, the following:

- Working capital,
- Dilapidations on leased offices,
- Repairs – partitioning,
- Fostering independence support (unfunded),
- Worcester – refund overpaid fees
- East Midlands office development

Restricted funds will be spent in line with funding restrictions.

Investment policy and performance:

The Trust splits its investments to provide for capital growth and monthly income to support operations until the time when cash flow becomes reliably positive on a monthly basis. Details of these investments are given in the Financial Statements.

The Trust will explore options for investment advice in 2020.

Our plans for the future:

The Aims and Objectives for 2020 continue to be about recruitment, retention and raising the profile of the Trust. Recruitment of new Carers is vital if we are to increase our capacity to provide new placements going forward. However, targeted recruitment in the right geographical areas and identifying the right profile of Carers remains of paramount importance. As a result, we plan to 'reskin' our website in order to make it more of a 'selling tool' and more visually engaging. We plan to work closely with a media development company who will also help us develop a CFT App that can be used by our Carers and children to communicate with the Trust.

Retention of Carers continues to be another one of our key objectives going into 2020. As such we plan to look at the possibility of 'retainer' payments or 'loyalty' payments for our Carers alongside improving their current terms and conditions in order to retain our current Carers and attract new applicants.

In 2020 the Trust will celebrate its 75th birthday. As such we plan to hold several celebrations throughout the year regionally and nationally. These events will, without doubt help us to raise our profile and share the work of CFT as well as its very rich history.

COVID-19:

At the time of drafting this report the UK is close to 'lock down' measures as a result of the spread of COVID-19. As such the Trust has taken the decision to move all staff from an office-based arrangement to working from home. This decision was implemented on Friday March 13th, 2020 and remains in place until further notice.

Our Supervising Social Workers are now conducting supervisions by telephone with our Carers and all meetings are currently taking place remotely. Our priority during this period is to ensure our staff, Carers and children are well and kept safe. We continue to respond to local authority referrals and match the children's needs to the skills and experience of our Carers where appropriate.

However, we currently live and work in 'extraordinary' times where things are changing rapidly and as such may require a rapid change of approach on occasion. We fully expect this arrangement to continue for several months and have made the necessary adjustments in operational functions accordingly. As such, our recruitment and approval processes now take place 'virtually' as do all professionals meetings and reviews.

Under normal circumstances we would review and make any necessary 'adjustments' to our organizational KPI's at the end of the first quarter, dependent upon recruitment and capacity. This 'adjustment' is currently being reviewed and although we are slightly down on predicated numbers this pattern is nothing 'unusual' based on previous years.

We would normally have held several panels by this time. In doing so we create 'capacity' which in turn results in more placements being made. As a result of the 'lockdown' arrangements our March and April panels were put on 'hold' but will now be held throughout May. This will provide opportunity for regions to 'catch up' regarding their KPI's after a 6-week delay in original forecasting.

The number of local authority referrals have continued to rise during the first quarter and sadly, the number of children entering care appears to be increasing more rapidly since the emergence of CO-VID19 and the enforced 'lockdown'.

Our local authority contractors have worked very closely with us during this period and continue to pay invoices on time and regularly provide reassurances that this situation will not change. They are very grateful of the 'added' support we can provide for the children we care for and are working in close collaboration with our professional staff and Carers to ensure the children's needs continue to be met.

We are working very closely with the DfE and our regulatory body 'Ofsted' in ensuring that current practice remains within regulatory guidelines whilst still endeavouring to move the business 'forward' albeit in a 'remote' and 'virtual' fashion during this period.

Whilst it is impossible to plan for all eventualities during such 'unfamiliar' and challenging times the Trust has made as many plans as possible to try and 'negate' several 'potential' problems in the coming months. The reality of some of our families becoming ill as a result of CO-VID19 is one such challenge. As a result, we have 'back up Carers on standby in each region should they be needed. At the time of writing none of our families are showing symptoms of the virus, though a number are self-isolating as a result of their children having underlying health conditions.

Several staff members have been affected by the virus and this has resulted in a period of sick leave. However, as working arrangements have changed and staff no longer spend long periods of time travelling this has created additional 'capacity' within their caseloads to enable them to provide 'cover' for staff absences.

The combination of our children no longer attending school and several of our 'second Carers jobs being 'furloughed' or being self-employed could result in some financial hardship for our families in the coming months. The issue of additional payments for Foster Carers during this period is currently being raised in parliament given the additional 1.6 billion pounds recently added to the local government funds. However, the DfE are stating that this funding does not take into consideration any temporary increases in Carer payments. As a result, we have considered how we can provide additional financial support to our foster families and plan to increase their current fee by 20.00 per week over a 10-week period in acknowledgement of the extra costs of caring for our children 24/7. This payment takes into consideration school holidays and will take them through to September 1st. The total amounts to approximately 25,000 pounds.

There certainly appears to be an increase in interest in fostering currently. I have no doubt that this is a result of families considering their future, their ability to earn an income going forwards combined with a desire to 'make a difference' given the climate we are operating in. We are working hard to take 'advantage' of this wave of interest and have made the necessary 'adjustments' to how we recruit to capture this.



Acknowledgements:

This report is an opportunity for us to recognise those that help give us our distinctive quality. This quality results partly from the knowledge that our work is not undertaken for profit but to ensure that children get the care and support they need to become well-adjusted and contributing adults later in life. Our tagline of a '*family for life*' underlines our commitment to those who need it that we will help them in their transition to independent adult living with supportive relationships beyond those provided within the State care system.

Our key debt is to our outstanding Foster Carers as it is, they who provide the care to those children entrusted to us. Some of these individuals have provided decades of unflinching selfless service to their extended families, now often including grandchildren, and even great-grandchildren. Others are recent recruits who intend to work as Foster Carers for a set period of their lives. To all of them, for all their skill and dedication, we give thanks.

We additionally acknowledge that it is our staff team who organise and make this possible, and we would like to take this opportunity to thank them all. In addition to our direct staff we would like to recognise and thank our wider community of retained sessional Social Workers and other specialists, our Fostering Panel, key support firms and consultants of all types who give us the professionalism we need to provide such an excellent quality of care. Finally, as Chairman, I would like to thank the Trustees for their contribution as well as our other financial supporters who fund our growth and help to make the work of the Trust achievable.

Related parties:

All related party transactions can be seen in note 19 to the Financial Statements.

Trustee Training and Induction:

The Trustees have chosen to manage the governance of the Trust as a small but involved group with complementary skills covering our heritage and core values, our professional work, education, and corporate business skills. The Trustees periodically consider whether, and where and when, additional or replacement skills and experiences are required. Recruitment channels have included national advertising, executive search, the use of nationally accepted clearing houses, as well as individual networking to seek out specific skills or expertise. Appointments are made after a process that allows candidates to explore the Trust's work and become familiar with the management team and the Trustees and then by the Trustee body in its entirety. Trustees undergo induction and training in their responsibilities and development affecting both their role and the work of the Trust.

Statement of Trustees' Responsibilities:

The Trustees (who are also the Directors of the charity for purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance 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 (FRS102).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.



The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee Indemnity insurance is included within Management Liability insurance cover provided by Zurich Insurance with an overall limit of indemnity of £1million. The cost of the Trustee Indemnity insurance is not given as it is not separately identifiable within the overall insurance cover cost.

Statement of Information for Auditors:

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small Company Provisions:

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption provided by section 408 and section 414B (b) of the Companies Act 2006.

On behalf of the Board of Trustees

Canon John Glover DL
Chairman

**Hanbury Court,
Harris Business Park,
Stoke Prior,
Bromsgrove,
Worcestershire,
B60 4DJ**

Date 5th May 2020

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS, for the year ended 31st December 2019:

Charity Name: The Children's Family Trust (a company registered in England and Wales)

Company Registration Number: 398875

Charity Registered Number: 208607

Trustees: Canon J Glover DL, Chair
Mrs A Oliver
Mr N Harrison
Mrs S Pinner
Dr V Wigfall
Mr D Williams
Dr M Hine
Mr S Paley (appointed 6 February 2019)
Mr T Gormley (appointed 6 February 2019)
Mrs L Jermy (appointed 6 February 2019)

Registered Office: Hanbury Court
Harris Business Park
Stoke Prior
Bromsgrove
Worcestershire
B60 4DJ

Chief Executive Officer: Mrs M Mulholland

Auditors: Mazars LLP
45 Church Street
Birmingham
West Midlands
B3 2RT

Solicitors: BPE Solicitors LLP
St James' House
St James' Square
Cheltenham
GL50 3PR

Bankers: HSBC Plc
Redditch Commercial Centre
Church Green West
Redditch
Worcestershire
B97 4E

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S FAMILY TRUST

Opinion

We have audited the financial statements of The Children's Family Trust (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, Balance Sheet, 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 preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the trustees' view on the impact of COVID-19 as disclosed on page 7, and the consideration in the going concern basis of preparation on page 15 and non-adjusting post balance sheet events on page 25.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's activities, beneficiaries, suppliers and the wider economy.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific 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' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed 21st July 2020



Ian Holder
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street, Birmingham, B3 2RT

STATEMENT OF FINANCIAL ACTIVITIES (including an Income and Expenditure Account) for the year ended
31 December 2019

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Income:						
Donations and legacies	2	31,423	-	-	31,423	15,743
<i>Income from charitable activities:</i>						
Foster care local authority fees and recharges		6,952,157	-	-	6,952,157	6,404,051
Student fees		1,170	-	-	1,170	840
<i>Income from investments:</i>						
Rents from investment property		20,000	-	-	20,000	29,760
Listed investments		3,511	-	-	3,511	6,624
Bank interest received		10	-	-	10	-
<i>Other income</i>						
Gain on fixed asset disposal		-	-	-	-	-
Miscellaneous income		318	-	-	318	998
Total Income		7,008,589	-	-	7,008,589	6,458,016
Expenditure:						
<i>Cost of raising funds:</i>						
Expenditure on raising donations and legacies		684	-	-	684	323
Investment management costs		43,406	-	-	43,406	54,856
<i>Expenditure on charitable activities</i>						
Foster care	4	6,664,605	-	-	6,664,605	6,195,798
Fostering independence support	4	2,353	-	-	2,353	2,738
Lifetime carer costs	4	-	56,530	-	56,530	54,070
<i>Other expenditure</i>						
Loss on fixed asset disposal		-	-	-	-	-
Total Expenditure		6,711,048	56,530	-	6,767,578	6,307,785
Revaluation gain on property		-	-	-	-	100,000
Other gains / (losses) on investments		21,978	-	-	21,978	(21,405)
Net income / (expenditure) before transfers		319,519	(56,530)	-	262,989	228,826
Transfers between funds	14	(56,530)	56,530	-	-	-
Net movement in funds		262,989	-	-	262,989	228,826
Reconciliation of funds						
Fund balances brought forward at 1 January 2019	14	1,904,697	1,145,571	412	3,050,680	2,821,854
Total funds carried forward		2,167,686	1,145,571	412	3,313,669	3,050,680

- All the above results are derived from continuing activities.
- The notes on pages 15 to 26 form part of these financial statements.

BALANCE SHEET at 31 December 2019

	Notes	2019 £	£	2018 £	£
Fixed Assets:					
Tangible fixed assets	7	1,798,510		1,618,753	
Fixed asset investments	8	966,572		1,063,223	
Programme related investments	8	6,091		6,091	
Total Fixed Assets		2,771,173		2,688,067	
Current Assets:					
Debtors	9	486,667		383,447	
Investments – Short Term Deposits	10	3,389		103,229	
Cash at bank and in hand		466,079		397,144	
Total Current Assets		956,135		883,820	
Liabilities:					
Creditors: Amounts falling due within one year	11	(247,831)		(314,613)	
Net Current Assets		708,304		569,207	
Creditors: Amounts falling due after more than one year	13	(119,808)		(167,594)	
Dilapidations provision	13a	(46,000)		(39,000)	
Net Assets		3,313,669		3,050,680	
The funds of the charity:					
Unrestricted funds	14	3,313,257		3,050,278	
Restricted funds		412		412	
Total charity funds		3,313,669		3,050,680	



Canon J Glover DL

Chairman

Date 5th May 2020

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Trustees, authorised for issue and signed on its behalf.

The notes on pages 15 to 26 form part of these financial statements.

		2019		2018	
		£	£	£	£
Cash flows from operating activities:	Note				
Net cash provided by (used in) operating activities	15		131,831		54,014
Cash flows from investing activities:					
Dividends, interest & rents from investments		23,762		35,919	
Purchase of property, plant & equipment		(257,491)		(38,190)	
Proceeds from the sale of investments		218,619		-	
Net cash provided by (used in) investing activities			(15,110)		51,743
Cash flows from financing activities:					
Repayments of borrowing		(47,786)		(78,636)	
Net cash provided by (used in) financing activities			(47,786)		(78,636)
Increase (decrease) in cash and cash equivalents in the year			68,935		(26,893)
Cash and cash equivalents at the beginning of the year			397,144		424,037
Cash and cash equivalents at the end of the year			466,079		397,144

STATEMENT OF CASH FLOWS for year ending 31st December 2019

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1. PRINCIPLE ACCOUNTING POLICIES

1.1 Basis of preparation

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 (FRS102) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Children's Family Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.2 Preparation of the accounts on a going concern basis

The trust reported a cash inflow of £68,935 for the year (2018: outflow £26,893).

The Trustees have prepared detailed financial and trading performance projections for the ensuing year. Those projections are prepared as far as possible by including only known business that the company is contracted to, or extremely likely to contract to, carry out during the year. Those projections are reviewed and revised at the end of each reporting period within the company's financial year. On the basis of those projections, the Trustees have satisfied themselves, as far as they are reasonably able and unforeseen events aside, that the company is in a position whereby it may adopt a going concern basis of accounting in preparing the annual financial statements.

1.3 Use of estimates and judgements

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.

The charity recognises its investment properties at fair value at each reporting date. There is a degree of judgement and estimation in ascertaining the fair value of the property, please see note 8 for further information.

1.4 Company status

The company is a company limited by guarantee. The Directors of the company are the Trustees named in the "Reference and Administrative Details". In the event of the company being wound up, the liabilities in respect of the guarantee is limited to £5 per member of the company.

1.5 Fixed assets

Tangible fixed assets are stated at cost less depreciation. The trust owned 6 domestic properties as at 31st December 2018. It is assumed that the buildings element of these properties represents two thirds of the overall cost. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	2% straight line
Office improvements	-	'Over lease term'
Fixtures, fittings and equipment	-	33% straight line

Only items over £500 are capitalised.

Intangible fixed assets are amortised over 3 years, which represents their expected useful lives.

Software	-	33% straight line
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1.6 Operating lease agreements

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

1.7 Investments

Investment properties:

Investment properties are included in the Balance Sheet at their open market value in accordance with the SORP. Gains and losses on disposal and revaluation are charged or credited to the Statement of Financial Activities.

Listed investments:

Listed investments have been stated at mid-market value at the Balance Sheet date. Realised gains or losses are calculated as the difference between sale proceeds and market value at the previous Balance Sheet date.

All gains and losses whether realised or unrealised are taken to the Statement of Financial Activities.

Unlisted investments:

Unlisted investments are valued at cost.

Investments in subsidiaries and joint ventures:

Investments in subsidiaries and joint ventures are recognised at cost less impairment.

1.8 Taxation

The company is a registered charity and as such is not generally liable to taxation.

1.10 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earliest of the company being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified, and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.11 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the reserves.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable expenditure comprises those costs incurred by the charity 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.

1.12 Pension costs

The company has a Group Pension Plan in place with Scottish Life. Since introduction uptake of the scheme has been very high with 48 employees in the scheme as at 31st December 2019. From 1st April 2019, employee contribution rate was raised from 4% to 5%. This is now standard for all employees. The trust matches employee contribution rates up to 5% of salary.

In addition, the company continues to contribute to 2 individual personal pension schemes which were in place before the company Group Pension Plan. Again, the trust matches employee contribution rates up to 5% of salary.

The annual contributions payable is charged to the Statement of Financial Activities.

1.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.14 Financial Instruments

The trust only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a complex nature. Such financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. INCOME FROM DONATIONS AND LEGACIES

	2019 £	2018 £
Donations	31,423	15,743
	<u>31,423</u>	<u>15,743</u>

All income received from donations and legacies in 2019 and 2018 was unrestricted.

3. NET INCOMING RESOURCES

	2019 £	2018 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	77,734	64,535
Amounts payable in respect of operating leases		
- land and building rental	115,233	96,640
- other operating leases	6,680	6,270
Auditor's remuneration:		
- Audit Fees	12,000	10,980
- Accountancy & Taxation	-	-
Pension costs	124,150	55,108
Interest payable	4,823	6,476
	<u>77,734</u>	<u>64,535</u>

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Foster Care £	Fostering Independence £	Lifetime Carers £	Total 2019 £	Total 2018 £
Families' costs	4,281,420	1,888	37,482	4,320,790	4,045,786
Fostering Panel and Carers' recruitment	122,593	-	-	122,593	83,461
Salaries and related	1,162,077	-	-	1,162,077	992,414
Depreciation	44,783	-	9,822	54,605	44,044
Governance costs – note 5	81,046	36	710	81,792	90,303
Support costs – note 5	972,686	429	8,516	981,631	996,598
	<u>6,664,605</u>	<u>2,353</u>	<u>56,530</u>	<u>6,723,488</u>	<u>6,252,606</u>

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	General Support	Governance Costs	Total 2019	Total 2018	Basis of Apportionment
	£	£	£	£	
Salaries and related	461,788	40,155	501,943	539,246	On time spent
General office costs	495,715	4,446	500,161	484,306	Pro rata FTE
					Staff
Depreciation	24,128	-	24,128	20,491	Direct usage
Trustee expenses reimbursed	-	4,412	4,412	7,134	Governance
Trustee board meeting costs	-	3,850	3,850	4,924	Governance
Trustee training	-	-	-	-	Governance
Audit fees	-	19,583	19,583	10,680	Governance
Accountancy services	-	-	-	-	Governance
Legal and professional	-	6,537	6,537	17,257	Governance
Bank charges	-	2,809	2,809	2,863	Governance
	<u>981,631</u>	<u>81,792</u>	<u>1,063,423</u>	<u>1,086,902</u>	

6. STAFF COSTS

	2019 £	2018 £
Wages and salaries	1,391,115	1,333,842
Social security costs	148,755	142,710
Pension costs	124,150	55,108
	<u>1,664,020</u>	<u>1,531,660</u>

	2019 Number	2019 FTE	2018 Number	2018 FTE
The average number of employees during the year was as follows:				
Direct charitable purpose	38	38	37	37
Management and administration	10	10	8	8
	<u>48</u>	<u>48</u>	<u>45</u>	<u>45</u>

The number of highest paid employees was:	2019	2018
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1

For these employee's employer pension contributions amounted to £21,483 (2018: £13,723).

The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2018: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £Nil).

The key management personnel of the charity are the trustees, the Chief Executive Officer, the Head of Finance, and the Regional Manager(s). The total employee benefits of the key management personnel were £363,789 (2018: £297,559).

Termination payments in respect of staff leavers during the year amounted to £Nil (2018: £Nil). The amount related to payment in lieu of salary was £Nil (2018: £Nil).

7. FIXED ASSETS

Tangible Fixed Assets	Land and Buildings £	Office Improvements £	Furniture, fittings & equipment £	Total £
Cost				
As at 1 January 2019	1,638,912	101,594	229,928	1,970,434
Additions	235,999	13,684	7,808	257,491
	<u>1,874,911</u>	<u>115,278</u>	<u>237,736</u>	<u>2,227,925</u>
As at 31 December 2019	<u>1,874,911</u>	<u>115,278</u>	<u>237,736</u>	<u>2,227,925</u>
Depreciation				
As at 1 January 2019	116,638	31,017	204,026	351,681
Charge	27,787	21,988	27,959	77,734
	<u>144,425</u>	<u>53,005</u>	<u>231,985</u>	<u>429,415</u>
As at 31 December 2019	<u>144,425</u>	<u>53,005</u>	<u>231,985</u>	<u>429,415</u>
Net Book Value				
As at 31 December 2019	<u>1,730,486</u>	<u>62,273</u>	<u>5,751</u>	<u>1,798,510</u>
As at 31 December 2018	<u>1,522,274</u>	<u>70,577</u>	<u>25,902</u>	<u>1,618,753</u>

8. INVESTMENTS

Fixed Asset Investments

	Listed securities £	Unlisted securities £	Investments in subsidiary £	Total £
Market value at 1 January 2019	158,221	5,000	2	163,223
Disposals	(118,629)	-	-	(118,629)
Transfers to Short Term Investments	-	-	-	-
Realised gains/(losses)	3,681	-	-	3,681
Unrealised gains/(losses)	18,297	-	-	18,297
	<u>61,570</u>	<u>5,000</u>	<u>2</u>	<u>66,572</u>
Market value at 31 December 2019	<u>61,570</u>	<u>5,000</u>	<u>2</u>	<u>66,572</u>

Investment Property

	£
Valuation at 1 January 2019	900,000
Additions to investment at cost	-
Revaluation	-
	<u>900,000</u>
As at 31 December 2019	<u>900,000</u>
Depreciation	-
NBV At 31 December 2019	<u>900,000</u>
NBV at 31 December 2018	<u>900,000</u>
Historical Cost	493,217

The Trustees obtained two independent informal valuations of the property during 2019. The property is recognised at £900,000 as at 31st December 2019 representing the fair value of the property based on the two open market valuations.

Programme Related Investments

Investment in Skyrocket

	£
Cost as at 1 January and 31 December 2019	10,000
Impairment as at 1 January and 31 December 2019	(3,909)
	<u>6,091</u>
Net book value as at 31 December	<u>6,091</u>

The trust owns a one third share of the net assets of Skyrocket Partnerships Limited, a company incorporated in England. The joint venture provides training programmes specifically aimed at training and mentoring Registered Managers in the Fostering sector.

The trust recognises the investment in the joint controlled entity at cost less any impairment to date. For the period ending 30th June 2019 the entity recorded a deficit of £8,297 and had a deficit on reserves of £14,589 at the Balance Sheet date.

	2019 £	2018 £
Investments at market value comprise:		
Property	900,000	900,000
Listed investment	61,570	158,221
Unlisted investments	5,000	5,000
Investment in subsidiary	2	2
Programme Related Investments	6,091	6,091
Total market value	<u>972,663</u>	<u>1,069,314</u>

All the fixed asset investments are held in the UK.

FTSE 100 2019:	7,542.4 (12.1% increase on 2018 close)
FTSE 100 2018:	6,728.1

The following investments represent more than 5% of the market value of investments:

	£	%
Property	900,000	92.3

Valuation

Unlisted investments at cost.

If the investments had not been revalued, they would have been included on the historic cost basis, at £44,328 (2018: £113,913).

At 31 December 2019 the Trust held 100% of the allotted share capital of CFT Trading Company Ltd, a company registered in England and Wales, which is a dormant company.

Capital and reserves of the Subsidiary Undertaking at 31 December 2019 and at 31 December 2018 were as follows:

Share Capital	£2
Reserves	£2

The Investment in listed securities as at the year-end can be broken down as to £Nil within Indirect Investment in listed securities and £61,570 within direct investment in listed securities, shown as "Listed investment" above.

9. DEBTORS

	2019 £	2018 £
Trade debtors	411,636	334,311
Prepayments	66,319	40,916
Other debtors	8,712	8,220
	<u>486,667</u>	<u>383,447</u>

10. INVESTMENTS – SHORT TERM DEPOSITS

	2019 £	2018 £
Balance at 1 January 2019	103,229	102,762
Withdrawals	(99,990)	-
Interest received and retained in account	150	467
Balance as at 31 December 2019	<u>3,389</u>	<u>103,229</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	46,950	38,165
Other creditors	13,144	1,840
Investments in Subsidiary	2	2
Taxation and other social security	45,496	40,868
Accruals	97,383	128,485
Deferred income (Note 12)	14,746	75,143
Commercial Mortgage Loan – HSBC Bank PLC	30,110	30,110
	<u>247,831</u>	<u>314,613</u>

12. DEFERRED INCOME

	Balance 1 January 2019	Arising in year	Released in year	Balance 31 December 2019
	£	£	£	£
Deferred Income	75,143	-	(60,397)	14,746

Deferred income mainly relates to foster care fee income received in December 2019 relating to January 2020 foster care provision.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Commercial Mortgage Loan – HSBC Bank PLC (falling due between 1 and 5 years)	119,808	120,441
Commercial Mortgage Loan – HSBC Bank PLC (falling due after 5 years)	-	47,153
	<u>119,808</u>	<u>167,594</u>

The commercial mortgage loan with HSBC was agreed to complete the purchase of the Hanbury Court offices during May 2015. The loan is at a rate of 1.85% above the Bank of England Base Rate. Up until the 31st December 2019 the Bank of England Base Rate was 0.75% which equated to a rate of 2.6%. A Letter of Negative Pledge was agreed and signed by the charity ahead of the mortgage loan in March 2015 as security against the property which had a net book value of £649,142 as at 31st December 2019. A total of £52,611 was paid to HSBC in respect of this loan during the year (2018: £85,112), of which £47,788 related to capital repayments (2018: £78,636) and £4,823 to interest charged (2018: £6,476).

13a. DILAPIDATIONS PROVISION

	2019	2018
	£	£
Dilapidations provision	46,000	39,000
	<u>46,000</u>	<u>39,000</u>

The dilapidations provision relates to two leasehold properties.

14. STATEMENT OF FUNDS

	Balance 1 January 2019 £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance 31 December 2019 £
<i>Unrestricted funds</i>						
Designated funds	1,145,571	-	(56,530)	56,530	-	1,145,571
General funds	1,904,697	7,008,589	(6,711,048)	(56,530)	21,978	2,167,686
Total unrestricted funds	3,050,268	7,008,589	(6,767,578)	-	21,978	3,313,257
<i>Restricted funds</i>						
Big Lottery Fund – Ace in the Pack	300	-	-	-	-	300
North East Carers	112	-	-	-	-	112
Total restricted Funds	412	-	-	-	-	412
Total funds	3,050,680	7,008,589	(6,767,578)	-	21,978	3,313,669

The majority of the charity's income, and therefore expenditure, continues to relate to foster care placements with Local Authorities. This is classified as unrestricted income as it is felt that this best reflects the substance of the transactions.

The designated fund provides funds to meet costs in relation to our support to Lifetime Foster Carers. The charity does not receive any direct income to provide this support. The timing of expenditure for these designated funds is likely to be spread over the next 25 to 30 years. The transfer between designated and general funds equates to the value of the lifetime carer costs incurred the year.

The restricted funds remaining at the end of the year were £412. Of this £300 related to a Big Lottery Fund grant received in 2016 of £8,760 to fund media workshops to produce educational videos around the themes of being in foster care and associated issues.

15. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net movement in funds	262,989	228,826
Adjustments:		
Depreciation charge	77,734	64,535
(Gains)/losses on investments	(21,978)	(78,595)
Dividends, interest and rents from investments	(23,512)	(36,384)
Increase/(decrease) in provisions	7,000	-
(Increase)/decrease in debtors	(103,220)	(90,717)
Increase/(decrease) in creditors	(67,182)	(33,651)
Net cash provided by operating activities	131,831	54,014

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Balance 31 December 2019 £
Balances at 31 December 2019 are represented by:			
Tangible fixed assets	1,798,510	-	1,798,510
Investments	976,052	-	976,052
Cash at bank and in hand	465,667	412	466,079
Dilapidations provision	(46,000)	-	(46,000)
Other net current assets	238,836	-	238,836
Creditors of more than one year	(119,808)	-	(119,808)
Total net assets	<u><u>3,313,257</u></u>	<u><u>412</u></u>	<u><u>3,313,669</u></u>

	Unrestricted	Restricted	Balance 31 December 2018 £
Balances at 31 December 2018 are represented by:			
Intangible fixed assets	-	-	-
Tangible fixed assets	1,618,753	-	1,618,753
Investments	1,069,314	-	1,069,314
Cash at bank and in hand	396,732	412	397,144
Other net current assets	133,063	-	133,063
Creditors of more than one year	(167,594)	-	(167,594)
Total net assets	<u><u>3,050,268</u></u>	<u><u>412</u></u>	<u><u>3,050,680</u></u>

17. FINANCIAL INSTRUMENTS

The carrying values of the financial assets and liabilities are summarised by category below:

	2019 £	2018 £
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 9)	<u>420,348</u>	<u>342,531</u>
	420,348	342,531
Financial liabilities		
Measured at amortised cost		
Loans payable (see notes 11 and 13)	149,918	197,704
Measured at undiscounted amount payable		
Trade and other creditors (see note 11)	<u>60,097</u>	<u>79,005</u>
	210,015	276,709

18. OPERATING LEASE COMMITMENTS

At 31 December 2019/2018 the future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Expiry date:		
Due within 1 year:		
Land and buildings	56,305	62,184
Other	7,260	6,840
Between 2 and 5 years:		
Land and buildings	160,990	12,481
Other	36,302	7,739
More than 5 years:		
Land and buildings	-	-
Other	-	-

19. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

The charity was under the control of the Trustees (listed in Reference and Administrative Details) during the current and previous year. No Trustee received any remuneration during the year (2018: £nil).

The Trustees were reimbursed £4,412 (2018: £12,313) for their travel and subsistence costs, included in pursuance of the Charity's objectives. The amount reimbursed during the year of £4,412 was in respect of claims received from 10 of the 10 trustees who served during the year (2018: £12,313 in respect of claims received from 8 of the 8 trustees who served during 2018).

Mr D Williams was appointed as a Trustee in September 2013. He is a partner with BPE Solicitors LLP. During the year the company paid BPE Solicitors LLP £Nil for services provided (2018: £9,136). As at the 31st December 2019 there was a creditor balance owing to BPE Solicitors LLP of £Nil (2018: £Nil).

Mrs M Mulholland was appointed Chief Executive of the company from 1st September 2014. During the year the company paid £24,922 to her spouse Mr L Mulholland for building related services provided in respect of the relocation of the Yorkshire region and work on the investment property Orchard Cottage (2018: £12,564). As at the 31st December 2019 there was a creditor balance owing to Mr L Mulholland of £Nil (2018: £4,134). During the year the company paid £23,496 to her daughter Miss H Mulholland for foster care related services (2018: £3,481). As at the 31st December 2019 there was a creditor balance owing of £Nil to Miss H Mulholland (2018: £243).

The Trustees and management have taken steps to ensure all related party transactions are on normal commercial terms.

20. CONTINGENT LIABILITIES

At 31 December 2019 there were no contingent liabilities to be disclosed (2018: £nil)

21. CAPITAL COMMITMENTS

At 31 December 2019 there were no capital commitments (2018: £nil).

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Please refer to notes of page 7 regarding **CO-VID19 update**.

23. **STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVES**
(Including an Income and Expenditure Account) for the year ended 31 December 2018

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 2018 £
Income:				
Donations and legacies	15,743	-	-	15,743
<i>Income from charitable activities:</i>				
Foster care local authority fees and recharges	6,404,051	-	-	6,404,051
Student fees	840	-	-	840
<i>Income from investments:</i>				
Rents from investment property	29,760	-	-	29,760
Listed investments	6,624	-	-	6,624
Bank interest received	-	-	-	-
<i>Other income</i>				
Gain on fixed asset disposal	-	-	-	-
	998	-	-	998
Total Income	6,458,016	-	-	6,458,016
Expenditure:				
<i>Cost of raising funds:</i>				
Expenditure on raising donations and legacies	323	-	-	323
Investment management costs	54,856	-	-	54,856
<i>Expenditure on charitable activities</i>				
Foster care	6,195,798	-	-	6,195,798
Fostering Independence support	2,738	-	-	2,738
Lifetime carer costs	-	54,070	-	54,070
<i>Other expenditure</i>				
Loss on fixed asset disposal	-	-	-	-
Total Expenditure	6,253,715	54,070	-	6,307,785
Net gains on investments	100,000	-	-	100,000
	(21,405)			(21,405)
Net income / (expenditure) before transfers	282,896	(54,070)	-	228,826
Transfers between funds	(54,070)	54,070	-	-
Net movement in funds	228,826	-	-	228,826
Reconciliation of funds				
Fund balances brought forward at 1 January 2017	1,675,871	1,145,571	412	2,821,854
Total funds carried forward	1,904,697	1,145,571	412	3,050,680