

**The Children's Family Trust**

**Trustees' Report & Financial Statements**

**Year ended 31st December 2015**

**Registered Charity Number: 208607**

**Company Number: 00398875**

## Contents:

Report of the Trustees	1
Reference and Administrative Details	10
Auditors Report	11
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes to the Financial Statements	15



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 2015. 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. The majority of our income derives from the fees we charge for this service. Traditionally, but not now exclusively, we have particular 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, a Practice Teaching Award, 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 the Health and Care Professions Council. 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, 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, and the British Association for Adoption and Fostering (BAAF). We have also added our voice to FtSE (Fostering through Social Enterprise) 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 child care 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 no complaints in 2015.

### 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 has commissioned the services of an external Human Resources Company in the past year to add support to our new in house HR Manager who has been in post for a year. 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 XperTHR. 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 supervision and appraisal 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 2015:**

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. 2015 saw our new offices in Wakefield and Petersfield become more established. The office relocation from Basingstoke to Petersfield allows us to manage a wider geographical spread of Foster Carers across Hampshire and Surrey.

Our established offices have supported the development of the new offices, which we expect to mature further in 2016. We have invested considerable resources by appointing a number of high calibre staff with the skills and commitment to push our fostering service forward.

Recruitment of Foster Carers in all regions proved challenging throughout the year. However developing a marketing and media strategy alongside redesigning our website primarily as a recruitment tool has started to show results. We continue to recruit very high calibre Carers who choose to foster on a vocational basis who have a sufficient 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 also increased over the year. It is noticeable that many of the referrals we receive across the country, are of children with considerable difficulties and who have experienced very difficult early lives. In these cases the calibre, quality and skills of the Foster Carer is extremely important.

### **Key operational events and milestones of the year included:**

#### **Ofsted:**

A full 5 day Inspection was carried out by Ofsted in our West Midlands region in November 2015. The Inspection went well with an overall award of 'Good' for all headings.

Our Registered Managers in Wakefield and South Central are both now registered with Ofsted in their respective areas. However both regions still await their first Inspection. A change of Registered Manager in the West Midlands region took place during 2015 resulting in an application for a new registration to Ofsted. This application is currently outstanding. However our Inspector agreed that the recent inspection be covered by the previous Registered Manager who remains employed by the Trust as a Senior Manager based at the West Midlands office.

#### **Our North East Region:**

Our North East region continued its highly valued work throughout 2015. Placement numbers dipped slightly and the region had average of 40 placements throughout the year. This 'dip' was primarily a result of a number of young people who have been cared for by the Trust for a significant period of time reaching their 18<sup>th</sup> birthday and moving onto a 'Staying Put' arrangement. 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. The majority of 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 started the year with a new Registered Manager in post with the previous Registered Manager taking up post as Regional Service Manager for the whole of the North. This arrangement has provided continuity for both West Yorkshire and the North East region. By the end of the year they had 16 placements. This number was less than the budgeted figure of 23 for the year end, due largely to the ongoing challenges of recruiting high quality Foster Carers which in turn left us with limited capacity to secure appropriate placements. A strategy of 'targeted recruitment' in the region was put into place as a result of these shortfalls and is now slowly yielding more positive results.

### Our West Midlands Region:

2015 was another positive year for the West Midlands office. The new Registered Manager took up post in June with the previous Registered Manager taking up post as Regional Service Manager for the whole of the South, thus providing continuity for the region. The new Registered Manager formerly occupied the post of Principle Social Worker within the West Midlands team and as such is well-respected by her colleagues and Foster Carers.

The number of approved Foster Carers in the West Midlands region remained relatively stable throughout 2015. At the end of the year there were 43 approved Carers which is 4 less than at the end of the previous year. However several Carers 'retired' from fostering alongside several more ending their fostering careers as a result of very poor health or for personal reasons. This is to be expected particularly when families have fostered for a substantial period of time. The West Midlands have been very fortunate in retaining a number of very high calibre Foster Carers over a lengthy period of time. By the end of the year there was another 12 prospective Carers in assessment who will be approved throughout 2016.

The region currently has an Apprentice Administrator who has proved to be very useful to the team.

We also tendered for several large contracts in the region which we are currently awaiting the outcome of. Referrals continue to rise with the region receiving an average of 300 per month. In August 2015 placement numbers rose to almost 80 only to drop again to 55 by the year end. This is reflective of the type of placements made in the West Midlands region. A number of these are Parent & Child assessment placements which often last a maximum of 12 weeks, others are short term and rehabilitation back to birth relatives is often the longer term plan for these children.

During August the West Midlands and Head Office teams moved from our Droitwich address to new offices purchased by the Trust on the Harris Business Park in Bromsgrove. Hanbury Court has provided us with much needed floor space and parking facilities. This has meant that there are many more opportunities for children to participate in events based at the office alongside the provision of a Contact room specifically for our children to enjoy positive contact with their birth families.

The Midlands team continues to operate in a congested and highly competitive market place. 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:

Our South Central office relocated to Petersfield in August 2013. This was because the interest we had expected in the Basingstoke area was far less than we had anticipated and it became clear early on that the majority of the enquiries from potential Foster Carers were coming from the south coast. We therefore decided to move further south but at the same time position ourselves to have access to the north of Hampshire and parts of Surrey.

We now have a staff team of 5 in the region including 3 Supervising Social Workers, an Administrator and Registered Manager. The region continues to grow in a very 'organic' way with several Carers coming our way as a result of 'word of mouth'. As a result the region now have 19 approved Carers with another 5 in assessment and 23 children in place. Placement numbers rose to 26 earlier in the year however a sibling group of 3 were rehabilitated with birth family.

The region receives an average of 200 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 a number of our Carers in the region.

We are rapidly growing out of the current office in Petersfield. Therefore we plan to move next year to larger premises whereby all Foster Carers training and meetings can be held on site.



### Summary:

Although closing placement numbers were up by just 1 placement on those at the start of the year our average placement numbers throughout the year were up by over 14 compared to 2014 or 11.6%.

### Progress elsewhere

Over the year there has been some significant changes to our Head Office staff. Our external HR Advisor decided to retire after 10 years of working with us. However, given the number of full time permanent employees we now have, it made sound business sense to appoint a permanent in-house candidate to this post. At the same time the current Business and Administration Manager's role has grown substantially.

Therefore the newly appointed HR & Administration Manager will also be responsible for overseeing the support and management of all administration staff in Head Office, thus freeing up the Business Manager to focus entirely on financial matters. As such his job role has been retitled 'Head of Finance'. Changes to the way that management accounts were presented and a review of our CHARMS database system brought about improvements in the way we managed our business. Information presented to the Trustees was more accurate and timely. The Trust timed the upgrade of its accounting software from Sage 50 to Sage 200 with the 31<sup>st</sup> December 2014 year end date. The upgrade was successful and the Trust has benefited from the additional features provided by Sage 200.

The role of Charms Administrator which was a secondment arrangement continued throughout 2015. The decision to appoint an internal candidate to the role has been hugely beneficial to the Trust. As a result the majority of our recordings and reports are held on our database with all staff members now able to utilize it fully. Now the database is being fully utilized further development, maintenance and upkeep will be continued by a part time Administrator in the NE region on her return from maternity leave next year. The current post holder will move into a Marketing & Media role at the start of 2016.

We appointed a new Trust Administrator during 2015 as the previous post holder moved into her current role of HR & Administration Manager. The new Trust Administrator has considerable experience of working for a local charity and some expertise regarding fundraising, which we will hopefully capitalize on in 2016.

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 over the past year.

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 Panels 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.

### Financial review:

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

The overall surplus for the year amounted to £24,275 (Restated 2014: £264,439 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 £418,356 to £5,352,773 (Restated 2014: £4,934,417) or 8.5% when compared to 2014.

The overall surplus/deficit on our core fostering service provided to Local Authorities was £48,761 (Restated 2014: £41,255 surplus).

The Trust also provided a mix of Over 18 / Lifetime Carer support of £130,007 (Restated 2014: £109,993), 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 2015 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 Ftse 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 FtSE 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,



### Reserves policy:

Free reserves, or unrestricted funds excluding designated funds and fixed assets, amounted to £1,570,479 as at 31<sup>st</sup> December 2015 (Restated 2014: £1,546,204). This represents 3.5 months (Restated 2014: 3.7 months) of total annual expenditure.

The designated funds of £1,078,874 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 31<sup>st</sup> December 2015 the Trust had readily realisable cash reserves of £454,007 to cover known and planned requirements of £376,072. The known and planned requirements included, but was not limited to, the following:

- Working capital,
- Local Authority fee income pressure,
- Dilapidations on leased offices,
- IT equipment replacement programme,
- Over 18 support (unfunded),
- Office relocations (lease renewals)

### 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. Disposal of investments during the year realised £281,112. Cash generated was used to part fund the purchase of the new Hanbury Court offices for Head Office and the West Midlands region.

The Trust will explore options for investment advice in 2016.

### Our plans for the future:

The Aims and Objectives for 2016 will 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 type of Carers is of paramount importance. Our plan to do this includes looking at our current 'Register of Interest' which includes the names of anyone who has shown an interest in fostering for us. Current research suggests that a Carer base can be increased by up to 60% simply by revisiting this list 3 years after their initial enquiry. Identifying which local authorities need placements for which group of children in what area is also something we can do using much of our own statistics now. Using our new website and social media in general is also key. Since the launch of our new website at the end of October we have had 6 enquiries and one family now in assessment. Our Facebook page has also generated a second family now in assessment.

Building on our Media and Marketing objectives we plan to appoint a Media and Marketing Officer on a 2 year fixed contract at the start of 2016.

To tie in with Recruitment and Raising our Trust Administrator will take on the responsibility of exploring the possibilities and potential of Fundraising for the CFT. She has a wealth of experience as her previous role involved running a small local charity for 5 years which relied entirely on fundraising and charitable donations. The plan will be for her to work closely with the Media & Marketing Officer to put a proposal together identifying 2 small initiatives that we can 'run' which will enable us to then see what we need, what we can realistically manage and who we need to run a sustained and effective fundraising campaign next year.

The commissioning of an external Marketing & Media agency to support us initially with our plan in raising the profile of the Trust is also under consideration for 2016. We will therefore seek several proposals from a number of Media & Marketing agencies before making a final decision.

Retention of staff and Carers is another one of our key objectives for 2016. As such we are looking at how we supervise and appraise our current staff with a view to ensuring these processes demonstrate that they are valued. ACASS will be delivering some training to the management team early in 2016 as a starting point regarding this issue.

Retention of Carers is also vital if we are to continue to grow. We receive a number of recommendations by 'word of mouth', often these recommendations result in the Trust acquiring very high quality Carers. Many of our Carers will also undertake an NVQ qualification next year. We also plan to put a paid 'Mentoring' service in place involving experienced Carers supporting new Carers as well as Carers providing ongoing support to others who may be going through a particularly difficult time. This has happened on an 'informal' basis for some time in the West Midlands and has worked very well but now needs to be formally recognized and operate in all 4 regions next year. Given the wealth of knowledge and expertise our Carers have we



also plan to approach some of them to provide some 'in house' training for less experienced Carers. Hopefully by doing some of this our Carers continue to be recognized as our most precious commodity and therefore valued by staff, panel members and our local authority colleagues.

The continued development of the two newer regions involved the investment of substantial resources and it will still take some time for this to produce the return hoped for. Whilst the South Central region is now breaking even West Yorkshire is proving more challenging in terms of growth. However with the appointment of both a permanent Registered Manager and a Regional Service Manager now complete it is hoped that this will substantially aid growth and development in the region this coming year. Further investment will be required as the regions grow. Realistic targets have been set out in next year's budget, which should be attainable.

Plans to establish a sub office in the 'north Midlands' are currently on hold. Given our move to Hanbury Court this year and the considerable change this represented for both staff and Carers, management took the decision along with our trustees to 'shelve' this plan in the immediate future.

Changes will continue to be made to our infrastructure, particularly our IT systems. We plan to move emails to the 'cloud' within the first week of 2016. This transfer to Office 365 will free up our dedicated email server and allow better utilisation of our IT hardware.

### **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 tag-line 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 actually 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 particular 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 18 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 Director's 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 Markel (UK) Ltd 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 Directors' 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

*J. Glover*

Canon John Glover DL  
Chairman

27/1/2016

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



**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS, for the year ended 31st December 2015:**

<b>Charity Name:</b>	The Children's Family Trust (a company registered in England and Wales)
<b>Company Registration Number:</b>	00398875
<b>Charity Registered Number:</b>	208607
<b>Trustees:</b>	Canon J Glover DL, Chair Ms A Oliver Mr N Harrison Mrs S Pinner Mrs V Wigfall Mr D Williams Mr P Winter (appointed 3 <sup>rd</sup> March 2015, resigned 10 <sup>th</sup> February 2016) Dr. M. Hine (appointed 29 <sup>th</sup> April 2015) Mr. N Lawton (appointed 16 <sup>th</sup> September 2015, resigned 16 <sup>th</sup> February 2016)
<b>Registered Office:</b>	Hanbury Court, Harris Business Park, Stoke Prior, Bromsgrove, Worcestershire B60 4DJ
<b>Chief Executive Officer:</b>	Mrs M Mulholland
<b>Auditors:</b>	Mazars LLP 45 Church Street Birmingham West Midlands B3 2RT
<b>Solicitors:</b>	BPE Solicitors LLP St James' House St James' Square Cheltenham GL50 3PR
<b>Bankers:</b>	HSBC Plc Redditch Commercial Centre Church Green West Redditch Worcestershire B97 4EA

## **AUDITOR'S REPORT**

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

We have audited the financial statements of The Children's Family Trust for the year ended 31st December 2015 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

#### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Director's Responsibilities set out on pages 8 and 9, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company as at 31st December 2015 and of its incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustee's Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Director's report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

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

*12 May 2016*



**STATEMENT OF FINANCIAL ACTIVITIES (including an Income and Expenditure Account) for the year ended 31 December 2015**

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Total 2015 £	Total 2014 – Note 22 £
<b>Income:</b>					
Donations and legacies	2	48,721	-	48,721	14,486
<i>Income from charitable activities:</i>					
Foster care local authority fees and recharges		5,352,773	-	5,352,773	4,934,417
Student fees		9,535	-	9,535	3,276
<i>Income from investments:</i>					
Rents from investment property		17,136	-	17,136	16,926
Listed investments		5,341	-	5,341	4,937
Bank interest received		45	-	45	511
<i>Other income</i>					
Gain on fixed asset disposal		-	-	-	143,923
<b>Total Income</b>		<b>5,433,551</b>	<b>-</b>	<b>5,433,551</b>	<b>5,118,476</b>
<b>Expenditure:</b>					
<i>Cost of raising funds:</i>					
Expenditure on raising donations and legacies		126	-	126	-
Investment management costs		1,043	-	1,043	1,860
<i>Expenditure on charitable activities</i>					
Foster care	4	5,308,515	-	5,308,515	4,898,012
Over 18 support	4	34,507	-	34,507	28,662
Lifetime carer costs	4	-	95,500	95,500	81,331
<i>Other expenditure</i>					
Loss on fixed asset disposal		5,032	-	5,032	-
<b>Total Expenditure</b>		<b>5,349,223</b>	<b>95,500</b>	<b>5,444,723</b>	<b>5,009,865</b>
<b>Net gains on investments</b>		<b>35,447</b>	<b>-</b>	<b>35,447</b>	<b>155,828</b>
<b>Net income / (expenditure) before transfers</b>		<b>119,775</b>	<b>(95,500)</b>	<b>24,275</b>	<b>264,439</b>
Transfers between funds	14	(95,500)	95,500	-	-
<b>Net movement in funds</b>		<b>24,275</b>	<b>-</b>	<b>24,275</b>	<b>264,439</b>
<b>Reconciliation of funds</b>					
Fund balances brought forward at 1 January 2015	1.5 & 14	1,546,204	1,078,874	2,625,078	2,360,639
<b>Total funds carried forward</b>		<b>1,570,479</b>	<b>1,078,874</b>	<b>2,649,353</b>	<b>2,625,078</b>

- All of the above results are derived from continuing activities.
- All recognised gains or losses are included in the Statement of Financial Activities.
- There were no Restricted Funds brought forward, carried forward or movements within the year
- The notes on pages 15 to 27 form part of these financial statements.




**BALANCE SHEET at 31 December 2015**

	Notes	2015 £	2014 £
<b>Fixed Assets:</b>			
Intangible fixed assets	7	6,822	10,233
Tangible fixed assets	7	1,544,837	820,946
Fixed asset investments	8	1,082,562	1,228,227
<b>Total Fixed Assets</b>		<b>2,634,221</b>	<b>2,059,406</b>
<b>Current Assets:</b>			
Debtors	9	415,674	329,123
Investments – Short Term Deposits	10	102,289	201,873
Cash at bank and in hand		281,370	288,075
<b>Total Current Assets</b>		<b>799,333</b>	<b>819,071</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(345,326)	(253,399)
<b>Net Current Assets</b>		<b>454,007</b>	<b>565,672</b>
Creditors: Amounts falling due after more than one year	13	(438,875)	-
<b>Net Assets</b>		<b>2,649,353</b>	<b>2,625,078</b>
<b>The funds of the charity:</b>			
Unrestricted funds	14	2,649,353	2,625,078
<b>Total charity funds</b>		<b>2,649,353</b>	<b>2,625,078</b>

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.

  
Canon J Glover DL  
Chairman

Date 27/4/16

The notes on pages 15 to 27 form part of these financial statements



STATEMENT OF CASH FLOWS for year ending 31<sup>st</sup> December 2015

		2015		2014	
		£	£	£	£
<b>Cash flows from operating activities:</b>	<b>Note</b>				
<b>Net cash provided by (used in) operating activities</b>	<b>15</b>		<b>9,959</b>		<b>(34,696)</b>
<b>Cash flows from investing activities:</b>					
Dividends, interest & rents from investments		22,106		21,864	
Proceeds from the sale of property, plant & equipment		100		237,231	
Purchase of property, plant & equipment		(788,967)		(55,261)	
Proceeds from the sale of investments		281,112		84,000	
Purchase of investments		-		(200,000)	
<b>Net cash provided by (used in) investing activities</b>			<b>(485,649)</b>		<b>87,834</b>
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		(11,015)		-	
Cash inflows from new borrowing		480,000		-	
<b>Net cash provided by (used in) financing activities</b>			<b>468,985</b>		<b>-</b>
<b>Increase (decrease) in cash and cash equivalents in the year</b>			<b>(6,705)</b>		<b>53,138</b>
<b>Cash and cash equivalents at the beginning of the year</b>			<b>288,075</b>		<b>234,937</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>281,370</b>		<b>288,075</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 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 transition to these Financial Reporting Standards took place on 1<sup>st</sup> January 2014.

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 outflow of £6,705 for the year.

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 estimate that has the most significant effect relates to fixed assets.

##### *Determining residual values and useful economic lives of fixed assets*

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and, therefore, requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a number of factors, including the property market and maintenance programme.

#### 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 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required.

In accordance with the requirements of FRS102 a reconciliation of opening balances is provided.

	1 January 2014 £	1 January 2015 £
Fund balances as previously stated	2,630,639	2,637,001
Short term compensated absences	-	(1,460)
Change in accounting estimate	-	(10,463)
	<u>2,630,639</u>	<u>2,625,078</u>



#### 1.6 Fixed assets

Tangible fixed assets are stated at cost less depreciation. The trust owned 6 domestic properties as at 31<sup>st</sup> December 2015. It was assumed that the buildings element of these properties represents two thirds of the overall cost. The trustees revised the depreciation accounting policy to start depreciating buildings as at 1<sup>st</sup> January 2014. The cumulative depreciation on land and buildings as at 1<sup>st</sup> January 2015 is, therefore, restated to include a further £10.463 for the 2014 year. 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 depreciated over 3 years.

Software	-	33% straight line
----------	---	-------------------

The trust upgraded its accounting software in late 2014 with the purchase of Sage 200. Sage 200 went 'live' from the 1<sup>st</sup> January 2015. In accordance with FRS102 this was reclassified as an intangible fixed asset at 31<sup>st</sup> December 2014. Depreciation was charged from 2015.

#### 1.7 Operating lease agreements

Rentals applicable to operating leases where substantially all of 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.

#### 1.8 Investments

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 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 are valued at cost.

#### *Associated undertakings:*

Investments in associates are stated at the amount of the company's share of net assets. The Statement of Financial Activities includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

#### 1.9 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 put in place a Group Pension Plan with Scottish Life from 1<sup>st</sup> October 2014 in order to plan ahead for auto-enrolment. Since introduction uptake of the scheme has been very high with 29 employees in the scheme as at 31<sup>st</sup> December 2015. Employee contribution rates start at 3% of salary. The trust matches employee contribution rates up to 5% of salary.

In addition the company continues to contribute to 4 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 are 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 is 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 is set out in the notes to the financial statements.

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



2. INCOME FROM DONATIONS AND LEGACIES

	2015 £	2014 £
Donations	13,721	14,486
Legacies	35,000	-
	<u>48,721</u>	<u>14,486</u>

All income received from donations and legacies in 2015 and restated 2014 was unrestricted.

3. NET INCOMING RESOURCES

	2015 £	2014 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	63,355	55,788
Amounts payable in respect of operating leases		
- land and building rental	81,841	87,048
- other operating leases	10,356	10,775
Auditor's remuneration:		
-Audit Fees	10,350	10,116
-Accountancy & Taxation	1,638	-
Pension costs	33,094	29,148
	<u>33,094</u>	<u>29,148</u>

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Foster Care £	Over 18 Support £	Lifetime Carers £	Total 2015 £
Families' costs	3,181,715	29,810	72,036	3,283,561
Fostering Panel and Carers' recruitment	103,203	-	-	103,203
Salaries and related	1,274,543	-	-	1,274,543
Depreciation	26,387	-	10,463	36,850
Governance costs – note 5	81,277	528	1,462	83,267
Support costs – note 5	641,390	4,169	11,539	657,098
	<u>5,308,515</u>	<u>34,507</u>	<u>95,500</u>	<u>5,438,522</u>

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	General Support £	Governance Costs £	Total 2015 £	Basis of Apportionment
Salaries and related	214,374	20,914	235,288	On time spent
General office costs	416,219	6,787	423,006	Pro rata FTE Staff
Depreciation	26,505	-	26,505	Direct usage
Trustee expenses reimbursed	-	6,751	6,751	Governance
Trustee board meeting costs	-	7,991	7,991	Governance
Trustee training	-	1,360	1,360	Governance
Audit fees	-	10,350	10,350	Governance
Accountancy services	-	1,638	1,638	Governance
Legal and professional	-	18,956	18,956	Governance
Bank charges	-	8,521	8,521	Governance
	<u>657,098</u>	<u>83,268</u>	<u>740,366</u>	



## 6. STAFF COSTS

	2015 £	2014 £
Wages and salaries	1,307,242	1,181,695
Social security costs	134,471	119,782
Pension costs	33,094	29,148
	<u>1,474,807</u>	<u>1,330,625</u>

	2015 Number	2014 Number
The average monthly headcount of employees during the year was as follows:		
Direct charitable purpose	37	35
Management and administration	7	5
	<u>44</u>	<u>40</u>

The number of highest paid employees was:

In the band £70,001 - £80,000	-	2
In the band £90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

For the employee whose remuneration exceeded £90,001 pension contributions amounting to £4,243 (2014: £3,683) were paid into that individual's pension plan.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2014: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2014: £Nil).

The key management personnel of the charity are the trustees, the Chief Executive Officer and the Head of Finance. The total employee benefits of the key management personnel were £156,542 (2014: £146,563).

Termination payments in respect of staff leavers during the year amounted to £11,343 (2014: £26,731).



7. FIXED ASSETS

Intangible Fixed Assets	Software £
<b>Cost</b>	
As at 1 January 2015	-
Transfer from Tangible Assets	10,233
Restated as at 1 January 2015	10,233
Additions	-
Disposals	-
	<hr/>
As at 31 December 2015	10,233
	<hr/>
<b>Depreciation</b>	
As at 1 January 2015	-
Charge	3,411
Disposals	-
	<hr/>
As at 31 December 2015	3,411
	<hr/>
<b>Net Book Value</b>	
As at 31 December 2015	6,822
	<hr/>
As at Restated 31 December 2014	10,233
	<hr/>

Tangible Fixed Assets	Land and Buildings £	Office Improvements £	Furniture, fittings & equipment £	Total £
<b>Cost</b>				
As at 1 January 2015	780,960	70,225	182,913	1,034,098
Transfers	11,050	(11,050)	-	-
Transfer to Intangible Assets	-	-	(10,233)	(10,233)
Restated as at 1 January 2015	792,010	59,175	172,680	1,023,865
Additions	759,609	-	29,358	788,967
Disposals	-	(35,156)	(4,336)	(39,492)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2015	1,551,619	24,019	197,702	1,773,340
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
As at 1 January 2015	-	42,860	149,596	192,456
Change in accounting estimate	10,463	-	-	10,463
Transfers	11,050	(11,050)	-	-
Restated as at 1 January 2015	21,513	31,810	149,596	202,919
Charge	25,655	9,182	25,107	59,944
Disposals	-	(30,024)	(4,336)	(34,360)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2015	47,168	10,968	170,367	228,503
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
As at 31 December 2015	1,504,451	13,051	27,335	1,544,837
	<hr/>	<hr/>	<hr/>	<hr/>
As at Restated 31 December 2014	770,497	27,365	23,084	820,946
	<hr/>	<hr/>	<hr/>	<hr/>



## 8. INVESTMENTS

### Fixed Asset Investments

	Listed securities £	Unlisted securities £	Investments in subsidiary £	Total £
Market value at 1 January 2015	523,225	5,000	2	528,227
Disposals	(131,112)	-	-	(131,112)
Transfer to short term investments: Zurich International matures June 2016	(50,000)	-	-	(50,000)
Realised gains	15,062	-	-	15,062
Unrealised gains	20,385	-	-	20,385
Market value at 31 December 2015	<u>377,560</u>	<u>5,000</u>	<u>2</u>	<u>382,562</u>

### Investment Property

Valuation at 1 January 2015	700,000
Transfers	-
Revaluation	-
As at 31 December 2015	<u>700,000</u>
Depreciation	-
NBV At 31 December 2015	<u>700,000</u>
NBV at Restated 31 December 2014	<u>700,000</u>
Historical Cost	493,217

The valuation is as per an RICS Valuation based on professional standards 2014 conducted by Stiles, Harold, and Williams on the 3<sup>rd</sup> February 2015. It noted an Assured Tenancy Agreement was in place and assumes vacant possession on disposal. The valuation takes into account the fact that the property may need further works to realise a higher sales return.

	2015 £	2014 £
<b>Investments at market value comprise:</b>		
Property	700,000	700,000
Listed investment	377,560	523,225
Unlisted investments	5,000	5,000
Investment in subsidiary	2	2
Total market value	<u>1,082,562</u>	<u>1,228,227</u>

All the fixed asset investments are held in the UK.

FTSE 100 2015:	6,242.3 (4.9% fall on 2014 close)
FTSE 100 2014:	6,566.1



## 8. INVESTMENTS (Continued)

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

	£	%
Property	700,000	64.7
Other Listed Shares	144,157	13.3
Cater Allen	122,500	11.3
Legal & General	110,903	10.2

### Valuation

Unlisted investments at cost.

If the investments had not been revalued they would have been included on the historic cost basis, the cost and net book value as at 31 December 2015 of £363,913 (Restated 2014: £363,913).

At 31 December 2015 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 2015 and restated 31 December 2014 were as follows:

Share Capital	£2
Reserves	£2

The Investment in listed securities as at the year-end can be broken down as to £233,403 within Indirect Investment in listed securities and £144,157 within direct investment in listed securities, shown as "Other Listed Shares" above.

## 9. DEBTORS

	2015 £	2014 £
Trade debtors	331,761	277,436
Prepayments	45,622	49,827
Legacy debtor	35,000	-
Other debtors	3,291	1,860
	<u>415,674</u>	<u>329,123</u>

## 10. INVESTMENTS – SHORT TERM DEPOSITS

	2015 £	2014 £
Balance at 1 January 2015	201,873	85,363
Withdrawals	(150,000)	(84,000)
Transfers from Fixed Asset Investments – Zurich Zelga 7 account (matures June 2016)	50,000	-
Deposits	-	200,000
Interest received and retained in account	416	510
Balance as at 31 December 2015	<u>102,289</u>	<u>201,873</u>

The CCLA COIF Deposit balances were previously included within Cash at bank and in hand as at the 31<sup>st</sup> December 2014. Due to the nature of the accounts these have now been transferred and shown separately within Current Assets for 2015 and within 2014 restated balances.



**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015	2014
	£	£
Trade creditors	61,590	40,016
Other creditors	24,581	22,762
Investments in Subsidiary	2	2
Taxation and other social security	41,895	40,171
Accruals	89,025	78,466
Deferred Income	95,340	70,522
Short-term compensated absences (holiday pay)	2,783	1,460
Commercial Mortgage Loan – HSBC Bank PLC	30,110	-
	<u>345,326</u>	<u>253,399</u>

**12. DEFERRED INCOME**

	Restated Balance 1 January 2015	Arising in year	Released in year	Balance 31 December 2015
	£	£	£	£
Deferred Income	70,522	65,340	(40,522)	95,340

Deferred income mainly relates to foster care fee income received in December 2015 relating to January 2016 foster care provision.

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

	2015	2014
	£	£
Commercial Mortgage Loan – HSBC Bank PLC (falling due between 1 and 5 years)	120,441	-
Commercial Mortgage Loan – HSBC Bank PLC (falling due after 5 years)	318,434	-
	<u>438,875</u>	<u>-</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. This equated to a rate of 2.35% for the year. A Letter of Negative Pledge was agreed and signed by the charity ahead of the mortgage loan in March 2015 as security. A total of £17,564 was paid to HSBC in respect of this loan during the year (2014: £Nil), of which £11,015 related to capital repayments and £6,549 to interest charged.



14. STATEMENT OF FUNDS

	Restated Balance 1 January 2015	Incoming resources	Resources expended	Transfers in/out	Gains/ losses	Balance 31 December 2015
	£	£	£	£	£	£
<i>Unrestricted funds</i>						
Designated funds	1,078,874	-	(95,500)	95,500	-	1,078,874
General funds	1,546,204	5,433,551	(5,349,223)	(95,500)	35,447	1,570,479
Total unrestricted funds	2,625,078	5,433,551	(5,444,723)	-	35,447	2,649,353
Total funds	2,625,078	5,433,551	(5,444,723)	-	35,447	2,649,353

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. As the charity does not receive any direct income to provide this support a transfer has been made from unrestricted general funds in the year. The timing of expenditure for these designated funds is likely to be spread over the next 25 to 30 years.

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

	2015 £	2014 £
Net movement in funds	24,275	264,439
Adjustments:		
Depreciation charge	63,355	55,788
Gains on investments	(35,447)	(155,649)
Dividends, interest and rents from investments	(22,522)	(22,374)
Loss / (Profit) on the sale of fixed assets	5,032	(143,923)
Increase in debtors	(86,551)	(89,215)
Increase in creditors	61,817	56,238
Net cash provided by operating activities	9,959	(34,696)

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £
Balances at 31 December 2015 are represented by:	
Intangible fixed assets	6,822
Tangible fixed assets	1,544,837
Investments	1,134,851
Cash at bank and in hand	281,370
Other net current assets	120,348
Creditors of more than one year	(438,875)
Total net assets	2,649,353



#### 17. OPERATING LEASE COMMITMENTS

At 31 December 2015 the future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£	£
<b>Expiry date:</b>		
Due within 1 year:		
Land and buildings	58,775	66,647
Other	7,389	10,356
Between 2 and 5 years:		
Land and buildings	156,670	206,445
Other	432	7,821
More than 5 years:		
Land and buildings	-	9,000
Other	-	-

#### 18. 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 (Restated 2014: £nil).

The Trustees were reimbursed £6,751 (Restated 2014: £9,804) for their travel and subsistence costs, included in pursuance of the Charity's objectives. The amount reimbursed during the year of £6,751 was in respect of claims received from 6 of the 9 trustees who served during the year (2014: £9,804 claims received from 3 of 7 trustees who served during 2014).

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 £10,749 for services provided (Restated 2014: £3,626). As at the 31<sup>st</sup> December 2015 there was a creditor balance owing to BPE Solicitors LLP of £Nil (Restated 2014: £3,626).

Mr N Lawton was appointed as a Trustee in September 2015 (resigned February 2016). He is the Chairman of the Lawton Communications Group. Lawton Communications are the parent company of Five by Five who carried out a marketing audit at the Trust in late 2015. As at the year-end there was a provision recognised in the accounts for £5,000, (2014: £Nil), for this work.

Mrs M Mulholland was appointed Chief Executive of the company from 1<sup>st</sup> September 2014. During the year the company paid £78,782 to her spouse Mr L Mulholland for building related services provided in respect of the purchase of Hanbury Court and the relocation of Head Office / West Midlands region during the summer (Restated 2014: £36,054). As at the 31<sup>st</sup> December 2015 there was a creditor balance owing to Mr L Mulholland of £Nil (Restated 2014: £Nil). During the year the company paid £7,049 to her daughter Miss H Mulholland for foster care related services (Restated 2014: £4,440). As at the 31<sup>st</sup> December 2015 there was a creditor balance owing of £Nil to Miss H Mulholland (Restated 2014: £nil).

#### 19. CONTINGENT LIABILITIES

At 31 December 2015 there were no contingent liabilities to be disclosed (Restated 2014: £nil)

#### 20. CAPITAL COMMITMENTS

At 31 December 2015 there were no capital commitments (Restated 2014: £nil).



**21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The trust served notice on the South Central regional office at Petersfield on the 4<sup>th</sup> January 2016. The trust took advantage of the lease break clause to end the lease at 31<sup>st</sup> July 2016. The restated operating lease commitments pertaining to land and buildings are shown below:

	2015 £
Expiry date:	
Due within 1 year: Land and buildings	52,625
Between 2 and 5 years: Land and buildings	133,300
More than 5 years: Land and buildings	-



22. **STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVES**  
(Including an Income and Expenditure Account) for the restated year ended 31 December 2014

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Total 2014 £
<b>Income:</b>				
Donations and legacies		14,486	-	14,486
<i>Income from charitable activities:</i>				
Foster care local authority fees and recharges		4,934,417	-	4,934,417
Student fees		3,276	-	3,276
<i>Income from investments:</i>				
Rents from investment property		16,926	-	16,926
Listed investments		4,937	-	4,937
Bank interest received		511	-	511
<i>Other income</i>				
Gain on fixed asset disposal		143,923	-	143,923
<b>Total Income</b>		<b>5,118,476</b>	<b>-</b>	<b>5,118,476</b>
<b>Expenditure:</b>				
<i>Cost of raising funds:</i>				
Expenditure on raising donations and legacies		-	-	-
Investment management costs		1,860	-	1,860
<i>Expenditure on charitable activities</i>				
Foster care		4,898,012	-	4,898,012
Over 18 support		28,662	-	28,662
Lifetime carer costs		81,331	-	81,331
<i>Other expenditure</i>				
Loss on fixed asset disposal		-	-	-
<b>Total Expenditure</b>		<b>5,009,865</b>	<b>-</b>	<b>5,009,865</b>
<b>Net gains on investments</b>		<b>155,828</b>	<b>-</b>	<b>155,828</b>
<b>Net income / (expenditure) before transfers</b>		<b>264,439</b>	<b>-</b>	<b>264,439</b>
Transfers between funds		(1,078,874)	1,078,874	-
<b>Net movement in funds</b>		<b>(814,435)</b>	<b>1,078,874</b>	<b>264,439</b>
<b>Reconciliation of funds</b>				
Fund balances brought forward at 1 January 2014		2,360,639	-	2,360,639
<b>Restated funds carried forward</b>		<b>1,546,204</b>	<b>1,078,874</b>	<b>2,625,078</b>

