

The Children's Family Trust

**Trustees' Report & Financial Statements
Year ended 31st December 2016**

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

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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 2016. 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.



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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 2016.

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 XperHR. 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 2016:

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. 2016 saw our newer regions move into a 'surplus' position for the first time. The South-Central region have outgrown their office in Petersfield and therefore new, larger premises have been secured in Waterlooville. The lease on these premises is for a 6-year period. Given the size of the offices there are no plans to move within this period. The office move took place in August 2016. The move to Waterlooville provides greater accessibility for our Foster Carers and remains within a 10-mile radius for existing staff.

Our West Yorkshire region has gone from strength to strength during 2016 and has also outgrown their current premises on the Nostell Priory. Therefore, notice has been given and a planned move to bigger premises will take place around April 2017.

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 remained similar to that of 2015 with some temporary rises 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:

Our Registered Managers in West Yorkshire and South Central are both now registered with Ofsted in their respective areas. Both regions underwent their first inspection in early 2016. Both were awarded an overall 'Good', West Yorkshire with Outstanding features.

Our North East Region:

Our North-East region continued its highly-valued work throughout 2016. Placement numbers dipped slightly and the region had an average of just over 34 placements throughout the year (excluding Staying Put). This 'dip' was primarily a result of several of our young people who have been cared for by the Trust for a significant period of time reaching their 18th 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. 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 2 years. By the end of the year they had 22 placements. In 2016 the region has gone from strength to strength and now has a very well-oiled process in place regarding the recruitment of Foster Carers. As a result, they currently have 8 Carers in assessment and 17 approved Carers. A strategy of 'targeted recruitment' in the region was put into place and has certainly yielded some very positive results.

Our West Midlands Region:

2016 was another positive year for the West Midlands office. The Registered Manager is now well established and works with a very stable, supportive, and experienced team of Supervising Social Workers. The post of Regional



Service Manager for the West Midlands and South Central regions is currently vacant. The Chief Executive has covered this post. The vacancy will be advertised in March 2017.

The number of approved Foster Carers in the West Midlands region remained relatively stable throughout 2016. At the end of the year there were 42 approved Carers which is 1 less than at the end of the previous year. 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 of time. By the end of the year there was another 4 prospective Carers in assessment who will be approved throughout 2017.

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

We also tendered and were successful in securing several large contracts in the region. Referrals continue to rise with the region receiving an average of 500 per month. Throughout the year placement numbers rose and dropped. This is reflective of the type of placements made in the West Midlands region. Several of these are Parent and Child assessment placements which often last a maximum of 12 weeks, and others are short term. Rehabilitation back to birth relatives is often the longer-term plan for these children.

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 relocated to Waterlooville in August 2016. This was a result of sustained growth regarding both staff and Carers. The new offices are spacious, well located and on a lease for 6 years.

We now have a staff team of 6 in the region including 3 Supervising Social Workers, 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 25 approved Carers with another 2 in assessment and 25 children in place. Placement numbers rose to 29 earlier in the year, however, a sibling group of 3 were rehabilitated with their birth family and a couple of short term Mother and Baby placements came to a natural end.

The region receives an average of 250 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 of our Carers in the region. It is worthy of note that this region operates in a fiercely competitive market place with over 110 IFA's in Hampshire alone. This is more than a third IFA's in the UK!

Summary:

Closing placement numbers at 31st December 2016 were up by 20 placements on those at the start of the year at 1st January 2016. However, due to changes in placement numbers throughout the year, our average placement numbers for the year were up by 2 when compared to 2015.

Progress elsewhere

Our Head Office staff remain relatively stable. Our in-house HR and Administration Manager has now been in post for over 2 years. We continue to seek advice regarding more complex HR issues from our external support service, this has proved invaluable during 2016.

The appointment of a Marketing & Media Officer at the start of 2016 has proved to be an excellent resource for the Trust. 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. We have had several initial enquiries from potential applicants via our website and Facebook page, this continues to increase.

The role of Charms Administrator was handed over to our part time Administrator in the NE. The decision to keep this role 'in house' is enormously beneficial to CFT in terms of continuity for both Carers and staff. The current post holder moved into a Marketing & Media role at the start of 2016.



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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 2016.

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 £202,975 (2015: £24,275 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 £114,580 to £5,467,353 (2015: £5,352,773) or 2.1% when compared to 2015.

The overall deficit on our core fostering service provided to Local Authorities was £43,719 (2015: £48,761 surplus).

The Trust also provided a mix of Over 18 / Lifetime Carer support of £121,424 (2015: £130,007), 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 2016 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 | <p>Review service provision,</p> <p>Review staff utilisation,</p> <p>Find ways of making savings in delivery,</p> <p>Reduce central cost base,</p> <p>Find value suppliers e.g. Insurance, IT, HR, etc.,</p> <p>Review policy of limiting the number of placements in each area - increase placement numbers at lower fee,</p> <p>Co-operate with other smaller providers in the sector,</p> <p>Support the development of FtSE and develop influence in government / local authorities.</p> |
| Sector consolidation harms small operators | <p>Monitor changes to the number of agencies operating in the sector,</p> <p>Research possible merger/purchase targets,</p> <p>Get to critical mass and maintain placement numbers,</p> <p>Compete on fee rates and foster carer fees,</p> <p>Continue to build add on services,</p> <p>Monitor LA for tender opportunities.</p> |

Reserves policy:

Free reserves, or unrestricted funds excluding designated funds and fixed assets, amounted to £1,702,635 as at 31st December 2016 (2015: £1,570,479). This represents 3.7 months (2015: 3.5 months) of total annual unrestricted expenditure excluding designated and restricted expenditure.

The designated funds of £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 2016 the Trust had readily realisable cash reserves of £695,170 to cover known and planned requirements of £454,267. 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 property refurbishment

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. Disposal of investments during the year realised £55,164.

The Trust will explore options for investment advice in 2017.

Our plans for the future:

The Aims and Objectives for 2017 will 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 type of Carers is of paramount importance. Our



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plans to do this continue to include 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 website and the continued updated of our Facebook page we have had many more fostering enquiries and individuals visiting and staying on our website for longer periods of time.

The commissioning of an external Marketing & Media agency to support us initially with our plan in raising the profile of the Trust also took place during the year. And whilst we have decided not to move any further forward with them next year, the work they did for us in the North East and West Yorkshire has been very helpful and generated several positive leads for us.

Retention of staff and Carers continues to be another one of our key objectives going into 2017. As such we are continuing to look at how we supervise and appraise our current staff with a view to ensuring these processes demonstrate that they are valued. Our Appraisal and pay review process will be 'overhauled' during 2017.

Retention of Carers is also vital if we are to continue to grow. We receive several recommendations by 'word of mouth', often these recommendations result in the Trust acquiring very high quality Carers. More of our Carers will also undertake an NVQ qualification next year. Our planned and paid 'Mentoring' service is now 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 worked very well throughout the organization and is very much appreciated by our Carers. 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.

Plans to establish a sub office in the 'north Midlands' remain currently on hold. However, having looked at our referrals over a 12-month period we received the highest number throughout CFT from Warwickshire and Gloucestershire, some 800 or more. Therefore, if we were to consider 'branching' out further then these regions and the demands of our contracts would need to be considered.

Changes will continue to be made to our infrastructure, particularly our IT systems.

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 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 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 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

J. Glover, 26/4/17

Canon John Glover DL
Chairman

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 2016:

| | |
|-------------------------------------|--|
| Charity Name: | The Children's Family Trust (a company registered in England and Wales) |
| Company Registration Number: | 00398875 |
| Charity Registered Number: | 208607 |
| Trustees: | Canon J Glover DL, Chair Ms A Oliver Mr N Harrison Mrs S Pinner Mrs V Wigfall Mr D Williams Mr P Winter (resigned 10 th February 2016) Dr. M. Hine Mr. N Lawton (resigned 16 th February 2016) |
| 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 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 2016 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 Trustees' Responsibilities set out on page 8, 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

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 2016 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 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters 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 directors' 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 Trustees report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

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

8 May 2017



STATEMENT OF FINANCIAL ACTIVITIES (including an Income and Expenditure Account) for the year ended 31 December 2016

| | Notes | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Restricted Funds £ | Total 2016 £ | Total 2015 £ |
|--|----------|------------------------------------|---------------------------------------|--------------------------|--------------------|--------------------|
| Income: | | | | | | |
| Donations and legacies | 2 | 14,643 | - | 8,872 | 23,515 | 48,721 |
| <i>Income from charitable activities:</i> | | | | | | |
| Foster care local authority fees and recharges | | 5,467,353 | - | - | 5,467,353 | 5,352,773 |
| Student fees | | 3,800 | - | - | 3,800 | 9,535 |
| <i>Income from investments:</i> | | | | | | |
| Rents from investment property | | 13,566 | - | - | 13,566 | 17,136 |
| Listed investments | | 4,498 | - | - | 4,498 | 5,341 |
| Bank interest received | | - | - | - | - | 45 |
| <i>Other income</i> | | | | | | |
| Gain on fixed asset disposal | | - | 316,925 | - | 316,925 | - |
| Total Income | | 5,503,860 | 316,925 | 8,872 | 5,829,657 | 5,433,551 |
| Expenditure: | | | | | | |
| <i>Cost of raising funds:</i> | | | | | | |
| Expenditure on raising donations and legacies | | 556 | - | - | 556 | 126 |
| Investment management costs | | 12,149 | - | - | 12,149 | 1,043 |
| <i>Expenditure on charitable activities</i> | | | | | | |
| Foster care | 4 | 5,516,190 | - | 4,750 | 5,520,940 | 5,308,515 |
| Over 18 support | 4 | 14,965 | - | - | 14,965 | 34,507 |
| Lifetime carer costs | 4 | - | 106,459 | - | 106,459 | 95,500 |
| <i>Other expenditure</i> | | | | | | |
| Loss on fixed asset disposal | | 2,804 | - | - | 2,804 | 5,032 |
| Total Expenditure | | 5,546,664 | 106,459 | 4,750 | 5,657,873 | 5,444,723 |
| Net gains on investments | | 31,191 | - | - | 31,191 | 35,447 |
| Net income / (expenditure) before transfers | | (11,613) | 210,466 | 4,122 | 202,975 | 24,275 |
| Transfers between funds | 14 | 143,769 | (143,769) | - | - | - |
| Net movement in funds | | 132,156 | 66,697 | 4,122 | 202,975 | 24,275 |
| Reconciliation of funds | | | | | | |
| Fund balances brought forward at 1 January 2016 | 1.5 & 14 | 1,570,479 | 1,078,874 | - | 2,649,353 | 2,625,078 |
| Total funds carried forward | | 1,702,635 | 1,145,571 | 4,122 | 2,852,328 | 2,649,353 |

- All of the above results are derived from continuing activities.
- All recognised gains or losses are included in the Statement of Financial Activities.
- No Restricted Funds were brought forward from 2015. Restricted funds received during the year were £8,872. Restricted funds spent during the year amounted to £4,750 leaving £4,122 carried forward at the year-end (see note 14).
- The notes on pages 15 to 25 form part of these financial statements.



BALANCE SHEET at 31 December 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|---|-------|------------------|------------------|----------------|------------------|
| Fixed Assets: | | | | | |
| Intangible fixed assets | 7 | | 4,048 | | 6,822 |
| Tangible fixed assets | 7 | | 1,604,544 | | 1,544,837 |
| Fixed asset investments | 8 | | 864,215 | | 1,082,562 |
| Total Fixed Assets | | | 2,472,807 | | 2,634,221 |
| Current Assets: | | | | | |
| Debtors | 9 | 434,466 | | 415,674 | |
| Investments – Short Term Deposits | 10 | 346,897 | | 102,289 | |
| Cash at bank and in hand | | 289,450 | | 281,370 | |
| Total Current Assets | | 1,070,813 | | 799,333 | |
| Liabilities: | | | | | |
| Creditors: Amounts falling due within one year | 11 | (372,172) | | (345,326) | |
| Net Current Assets | | | 698,641 | | 454,007 |
| Creditors: Amounts falling due after more than one year | 13 | | (319,120) | | (438,875) |
| Net Assets | | | 2,852,328 | | 2,649,353 |
| The funds of the charity: | | | | | |
| Unrestricted funds | 14 | | 2,848,206 | | 2,649,353 |
| Restricted funds | | | 4,122 | | - |
| Total charity funds | | | 2,852,328 | | 2,649,353 |

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

J. Glover

Date

26/4/17

The notes on pages 15 to 25 form part of these financial statements



STATEMENT OF CASH FLOWS for year ending 31st December 2016

| | | 2016 | | 2015 | |
|---|-------------|-----------|------------------|-----------|------------------|
| | | £ | £ | £ | £ |
| Cash flows from operating activities: | Note | | | | |
| Net cash provided by (used in) operating activities | 15 | | (95,171) | | 9,959 |
| Cash flows from investing activities: | | | | | |
| Dividends, interest & rents from investments | | 17,830 | | 22,106 | |
| Proceeds from the sale of property, plant & equipment | | 490,000 | | 100 | |
| Purchase of property, plant & equipment | | (289,988) | | (788,967) | |
| Proceeds from the sale of investments | | 55,164 | | 281,112 | |
| Purchase of investments | | (50,000) | | - | |
| Net cash provided by (used in) investing activities | | | 223,006 | | (485,649) |
| Cash flows from financing activities: | | | | | |
| Repayments of borrowing | | (119,755) | | (11,015) | |
| Cash inflows from new borrowing | | - | | 480,000 | |
| Net cash provided by (used in) financing activities | | | (119,755) | | 468,985 |
| Increase (decrease) in cash and cash equivalents in the year | | | 8,080 | | (6,705) |
| Cash and cash equivalents at the beginning of the year | | | 281,370 | | 288,075 |
| Cash and cash equivalents at the end of the year | | | 289,450 | | 281,370 |



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

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 £8,080 for the year (2015: outflow £6,705).

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 Fixed assets

Tangible fixed assets are stated at cost less depreciation. The trust owned 5 domestic properties as at 31st December 2016. It is 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 1st January 2014. 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 |
|----------|---|-------------------|



1.6 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.

1.7 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.

1.8 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 put in place a Group Pension Plan with Scottish Life from 1st 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 31st December 2016. 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

| | 2016 £ | 2015 £ |
|-----------|---------------|---------------|
| Donations | 23,515 | 13,721 |
| Legacies | - | 35,000 |
| | <u>23,515</u> | <u>48,721</u> |

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

3. NET INCOMING RESOURCES

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| This is stated after charging: | | |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 57,177 | 63,355 |
| Amounts payable in respect of operating leases | | |
| - land and building rental | 64,055 | 81,841 |
| - other operating leases | 7,184 | 10,356 |
| Auditor's remuneration: | | |
| -Audit Fees | 10,380 | 10,350 |
| -Accountancy & Taxation | 600 | 1,638 |
| Pension costs | 39,857 | 33,094 |
| | <u>188,248</u> | <u>200,634</u> |

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

| | Foster Care £ | Over 18 Support £ | Lifetime Carers £ | Total 2016 £ |
|---|---------------------|-------------------------|-------------------------|--------------------|
| Families' costs | 3,354,876 | 12,997 | 50,324 | 3,418,197 |
| Fostering Panel and Carers' recruitment | 140,070 | - | - | 140,070 |
| Salaries and related | 1,275,079 | - | 30,888 | 1,305,967 |
| Depreciation | 25,013 | - | 11,250 | 36,263 |
| Governance costs – note 5 | 71,144 | 193 | 1,372 | 72,709 |
| Support costs – note 5 | 654,758 | 1,775 | 12,625 | 669,158 |
| | <u>5,520,940</u> | <u>14,965</u> | <u>106,459</u> | <u>5,642,364</u> |



5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

| | General Support | Governance Costs | Total 2016 | Basis of Apportionment |
|-----------------------------|-----------------|------------------|----------------|------------------------|
| | £ | £ | £ | |
| Salaries and related | 236,869 | 21,674 | 258,543 | On time spent |
| General office costs | 411,375 | 4,496 | 415,871 | Pro rata FTE Staff |
| Depreciation | 20,914 | - | 20,914 | Direct usage |
| Trustee expenses reimbursed | - | 7,187 | 7,187 | Governance |
| Trustee board meeting costs | - | 10,094 | 10,094 | Governance |
| Trustee training | - | 578 | 578 | Governance |
| Audit fees | - | 10,380 | 10,380 | Governance |
| Accountancy services | - | 600 | 600 | Governance |
| Legal and professional | - | 15,277 | 15,277 | Governance |
| Bank charges | - | 2,423 | 2,423 | Governance |
| | <u>669,158</u> | <u>72,709</u> | <u>741,867</u> | |

6. STAFF COSTS

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,373,943 | 1,307,242 |
| Social security costs | 145,284 | 134,471 |
| Pension costs | 45,284 | 33,094 |
| | <u>1,564,511</u> | <u>1,474,087</u> |

| | 2016 Number | 2016 FTE | 2015 Number | 2015 FTE |
|---|----------------|-------------|----------------|-------------|
| The average number of employees during the year was as follows: | | | | |
| Direct charitable purpose | 37 | 37 | 37 | 37 |
| Management and administration | 7 | 7 | 7 | 7 |
| | <u>44</u> | <u>44</u> | <u>44</u> | <u>44</u> |

| | 2016 | 2015 |
|---|------|------|
| The number of highest paid employees was: | | |
| In the band £60,001 - £70,000 | 1 | 3 |
| In the band £70,001 - £80,000 | 1 | - |
| In the band £90,001 - £100,000 | 1 | 1 |

For these employees employer pension contributions amounted to £10,540 (2015: £10,655).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £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 £233,968 (2015: £287,773).

Termination payments in respect of staff leavers during the year amounted to £30,143 (2015: £11,343). All of this related to payments in lieu of salary (2015: £6,343 payment in lieu, £5,000 ex gratia).



7. FIXED ASSETS

| Intangible Fixed Assets | Software £ |
|--------------------------------------|---------------|
| Cost | |
| As at 1 January 2016 | 10,233 |
| Transfers from Tangible Fixed Assets | 1,910 |
| Additions | - |
| Disposals | - |
| As at 31 December 2016 | <u>12,143</u> |
| Depreciation | |
| As at 1 January 2016 | 3,411 |
| Transfers from Tangible Fixed Assets | 636 |
| Charge | 4,048 |
| Disposals | - |
| As at 31 December 2016 | <u>8,095</u> |
| Net Book Value | |
| As at 31 December 2016 | <u>4,048</u> |
| As at 31 December 2015 | <u>6,822</u> |

| Tangible Fixed Assets | Land and Buildings £ | Office Improvements £ | Furniture, fittings & equipment £ | Total £ |
|--------------------------------|----------------------------|-----------------------------|--|------------------|
| Cost | | | | |
| As at 1 January 2016 | 1,551,619 | 24,019 | 197,702 | 1,773,340 |
| Transfer to Intangible Assets | - | - | (1,910) | (1,910) |
| Additions | 252,938 | 18,738 | 18,313 | 289,989 |
| Disposals | (179,570) | (9,897) | - | (189,467) |
| As at 31 December 2016 | <u>1,624,987</u> | <u>32,860</u> | <u>214,105</u> | <u>1,871,952</u> |
| Depreciation | | | | |
| As at 1 January 2016 | 47,168 | 10,968 | 170,367 | 228,503 |
| Transfers to Intangible Assets | - | - | (636) | (636) |
| Charge | 26,443 | 3,669 | 23,017 | 53,129 |
| Disposals | (6,495) | (7,093) | - | (13,588) |
| As at 31 December 2016 | <u>67,116</u> | <u>7,544</u> | <u>192,748</u> | <u>267,408</u> |
| Net Book Value | | | | |
| As at 31 December 2016 | <u>1,557,871</u> | <u>25,316</u> | <u>21,357</u> | <u>1,604,544</u> |
| As at 31 December 2015 | <u>1,504,451</u> | <u>13,051</u> | <u>27,335</u> | <u>1,544,837</u> |



8. INVESTMENTS

Fixed Asset Investments

| | Listed securities £ | Unlisted securities £ | Investments in subsidiary £ | Total £ |
|-------------------------------------|------------------------|--------------------------|--------------------------------|----------------|
| Market value at 1 January 2016 | 377,560 | 5,000 | 2 | 382,562 |
| Disposals | (694) | - | - | (694) |
| Transfers to Short Term Investments | (244,374) | - | - | (244,374) |
| Realised gains | 7,826 | - | - | 7,826 |
| Unrealised gains | 18,895 | - | - | 18,895 |
| Market value at 31 December 2016 | <u>159,213</u> | <u>5,000</u> | <u>2</u> | <u>164,215</u> |

| Investment Property | £ |
|-----------------------------|----------------|
| Valuation at 1 January 2016 | 700,000 |
| Transfers | - |
| Revaluation | - |
| As at 31 December 2016 | <u>700,000</u> |
| Depreciation | - |
| NBV At 31 December 2016 | <u>700,000</u> |
| NBV at 31 December 2015 | <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 3rd 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. The trustees are of the opinion that the fair value of the property as at 31st December 2016 is not materially different to the fair value recognised based on the professional valuation on the 3rd February 2015.

| | 2016 £ | 2015 £ |
|---------------------------------------|----------------|------------------|
| Investments at market value comprise: | | |
| Property | 700,000 | 700,000 |
| Listed investment | 159,213 | 377,560 |
| Unlisted investments | 5,000 | 5,000 |
| Investment in subsidiary | 2 | 2 |
| Total market value | <u>864,215</u> | <u>1,082,562</u> |

All the fixed asset investments are held in the UK.

| | |
|----------------|--|
| FTSE 100 2016: | 7,142.8 (14.4% increase on 2015 close) |
| FTSE 100 2015: | 6,242.3 |



8. INVESTMENTS (Continued)

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

| | £ | % |
|----------|---------|------|
| Property | 700,000 | 81.0 |

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 2016 of £113,913 (Restated 2015: £363,913).

At 31 December 2016 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 2016 and at 31 December 2015 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 £159,213 within direct investment in listed securities, shown as "Other Listed Shares" above.

9. DEBTORS

| | 2016 £ | 2015 £ |
|---------------|----------------|----------------|
| Trade debtors | 357,308 | 331,761 |
| Prepayments | 64,777 | 45,622 |
| Legacy debtor | - | 35,000 |
| Other debtors | 12,381 | 3,291 |
| | <u>434,466</u> | <u>415,674</u> |

10. INVESTMENTS – SHORT TERM DEPOSITS

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Balance at 1 January 2016 | 102,289 | 201,873 |
| Withdrawals | (50,000) | (150,000) |
| Transfers from Fixed Asset Investments | 244,374 | - |
| Deposits | 50,000 | - |
| Interest received and retained in account | 234 | 416 |
| Balance as at 31 December 2016 | <u>346,897</u> | <u>102,289</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Trade creditors | 92,823 | 61,590 |
| Other creditors | 17,832 | 24,581 |
| Investments in Subsidiary | 2 | 2 |
| Taxation and other social security | 45,114 | 41,895 |
| Accruals | 80,226 | 89,025 |
| Deferred Income | 101,418 | 95,340 |
| Short-term compensated absences (holiday pay) | 4,647 | 2,783 |
| Commercial Mortgage Loan – HSBC Bank PLC | 30,110 | 30,110 |
| | <u>372,172</u> | <u>345,326</u> |



12. DEFERRED INCOME

| | Balance 1 January 2016 £ | Arising in year £ | Released in year £ | Balance 31 December 2016 £ |
|-----------------|-----------------------------------|-------------------------|--------------------------|-------------------------------------|
| Deferred Income | 95,340 | 53,970 | (47,892) | 101,418 |

Deferred income mainly relates to foster care fee income received in December 2016 relating to January 2017 foster care provision.

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

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Commercial Mortgage Loan – HSBC Bank PLC (falling due between 1 and 5 years) | 120,441 | 120,441 |
| Commercial Mortgage Loan – HSBC Bank PLC (falling due after 5 years) | 198,679 | 318,434 |
| | <u>319,120</u> | <u>438,875</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% up until the 3rd August 2016. The Bank of England Base Rate was reduced on the 4th August 2016 to 0.25% and from this date the loan equated to a rate of 2.1%. 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 £130,110 was paid to HSBC in respect of this loan during the year (2015: £17,564), of which £119,755 related to capital repayments (2015: £11,015) and £10,355 to interest charged (2015: £6,549).

14. STATEMENT OF FUNDS

| | Restated Balance 1 January 2016 £ | Incoming resources £ | Resources expended £ | Transfers in/out £ | Gains/ losses £ | Balance 31 December 2016 £ |
|---------------------------------------|---|----------------------------|----------------------------|--------------------------|-----------------------|-------------------------------------|
| <i>Unrestricted funds</i> | | | | | | |
| Designated funds | 1,078,874 | 316,925 | (106,459) | (143,769) | - | 1,145,571 |
| General funds | 1,570,479 | 5,503,860 | (5,546,664) | 143,769 | 31,191 | 1,702,635 |
| Total unrestricted funds | <u>2,649,353</u> | <u>5,820,785</u> | <u>(5,653,123)</u> | <u>-</u> | <u>31,191</u> | <u>2,848,206</u> |
| <i>Restricted funds</i> | | | | | | |
| Big Lottery Fund – Ace in the Pack | - | 8,760 | (4,750) | - | - | 4,010 |
| North East Carers | - | 112 | - | - | - | 112 |
| Total restricted Funds | <u>-</u> | <u>8,872</u> | <u>(4,750)</u> | <u>-</u> | <u>-</u> | <u>4,122</u> |
| Total funds | <u>2,649,353</u> | <u>5,829,657</u> | <u>(5,657,873)</u> | <u>-</u> | <u>31,191</u> | <u>2,852,328</u> |



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 to general funds in the year of £143,769 was made to reflect a closing balance of £1,145,571 being equal to the net book value of all lifetime carer properties as at the close of the year (£828,646), and any profit on sale of lifetime carer properties within the year (£316,925).

The majority of the restricted funds received during the year £8,760, relate to a Big Lottery Fund grant to be used to fund media workshops to produce educational videos around the themes of being in foster care and associated issues. A total of £4,750 of this was spent within the year with £4,010 carried forward at the year-end.

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

| | 2016 | 2015 |
|--|-----------------|--------------|
| | £ | £ |
| Net movement in funds | 202,975 | 24,275 |
| Adjustments: | | |
| Depreciation charge | 57,177 | 63,355 |
| Gains on investments | (31,191) | (35,447) |
| Dividends, interest and rents from investments | (18,064) | (22,522) |
| Loss / (Profit) on the sale of fixed assets | (314,121) | 5,032 |
| Increase in debtors | (18,792) | (86,551) |
| Increase in creditors | 26,845 | 61,817 |
| Net cash provided by operating activities | (95,171) | 9,959 |

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted | Restricted | Balance 31 December 2016 £ |
|---|------------------|--------------|-------------------------------------|
| Balances at 31 December 2016 are represented by: | | | |
| Intangible fixed assets | 4,048 | - | 4,048 |
| Tangible fixed assets | 1,604,544 | - | 1,604,544 |
| Investments | 864,215 | - | 864,215 |
| Cash at bank and in hand | 285,328 | 4,122 | 289,450 |
| Other net current assets | 409,191 | - | 409,191 |
| Creditors of more than one year | (319,120) | - | (319,120) |
| Total net assets | 2,848,206 | 4,122 | 2,852,328 |



17. OPERATING LEASE COMMITMENTS

At 31 December 2016 the future minimum lease payments under non-cancellable operating leases are as follows:

| | 2016 | 2015 |
|-------------------------------|--------|---------|
| | £ | £ |
| Expiry date: | | |
| Due within 1 year: | | |
| Land and buildings | 62,219 | 58,775 |
| Other | 6,840 | 7,389 |
| Between 2 and 5 years: | | |
| Land and buildings | 85,471 | 156,670 |
| Other | 21,419 | 432 |
| More than 5 years: | | |
| Land and buildings | - | - |
| 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 (2015: £nil).

The Trustees were reimbursed £7,187 (2015: £6,751) for their travel and subsistence costs, included in pursuance of the Charity's objectives. The amount reimbursed during the year of £7,187 was in respect of claims received from 6 of the 9 trustees who served during the year (2015: £6,751 claims received from 6 of 9 trustees who served during 2015).

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 £7,070 for services provided (2015: £10,479). As at the 31st December 2016 there was a creditor balance owing to BPE Solicitors LLP of £Nil (2015: £Nil).

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. During the year the company paid Lawton Communications £2,980 (2015: £Nil). As at the 31st December 2016 there was a creditor balance owing to Lawton Communications of £Nil (2015: £Nil).

Mrs M Mulholland was appointed Chief Executive of the company from 1st September 2014. During the year the company paid £44,851 to her spouse Mr L Mulholland for building related services provided in respect of the relocation of the South Central region and work on the investment property Orchard Cottage (2015: £78,782). As at the 31st December 2015 there was a creditor balance owing to Mr L Mulholland of £6,591 (2015: £Nil). During the year the company paid £828 to her daughter Miss H Mulholland for foster care related services (2015: £7,049). As at the 31st December 2016 there was a creditor balance owing of £Nil to Miss H Mulholland (2015: £Nil).

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

19. CONTINGENT LIABILITIES

At 31 December 2016 there were no contingent liabilities to be disclosed (Restated 2015: £nil)

20. CAPITAL COMMITMENTS

At 31 December 2016 there were no capital commitments (2015: £nil).

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

None to report.



22. **STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVES**
(Including an Income and Expenditure Account) for the year ended 31 December 2015

| | Notes | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Total 2015 £ |
|--|-------|------------------------------------|---------------------------------------|--------------------|
| Income: | | | | |
| Donations and legacies | | 48,721 | - | 48,721 |
| <i>Income from charitable activities:</i> | | | | |
| Foster care local authority fees and recharges | | 5,352,773 | - | 5,352,773 |
| Student fees | | 9,535 | - | 9,535 |
| <i>Income from investments:</i> | | | | |
| Rents from investment property | | 17,136 | - | 17,136 |
| Listed investments | | 5,341 | - | 5,341 |
| Bank interest received | | 45 | - | 45 |
| <i>Other income</i> | | | | |
| Gain on fixed asset disposal | | - | - | - |
| Total Income | | <u>5,433,551</u> | <u>-</u> | <u>5,433,551</u> |
| Expenditure: | | | | |
| <i>Cost of raising funds:</i> | | | | |
| Expenditure on raising donations and legacies | | 126 | - | 126 |
| Investment management costs | | 1,043 | - | 1,043 |
| <i>Expenditure on charitable activities</i> | | | | |
| Foster care | | 5,308,515 | - | 5,308,515 |
| Over 18 support | | 34,507 | - | 34,507 |
| Lifetime carer costs | | - | 95,500 | 95,500 |
| <i>Other expenditure</i> | | | | |
| Loss on fixed asset disposal | | 5,032 | - | 5,032 |
| Total Expenditure | | <u>5,349,223</u> | <u>95,500</u> | <u>5,444,723</u> |
| Net gains on investments | | 35,447 | - | 35,447 |
| Net income / (expenditure) before transfers | | 119,775 | (95,500) | 24,275 |
| Transfers between funds | | (95,500) | 95,500 | - |
| Net movement in funds | | 24,275 | - | 24,275 |
| Reconciliation of funds | | | | |
| Fund balances brought forward at 1 January 2015 | | 1,546,204 | 1,078,874 | 2,625,078 |
| Total funds carried forward | | <u>1,570,479</u> | <u>1,078,874</u> | <u>2,649,353</u> |

