

CHILDREN AND FAMILIES LIMITED

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE PERIOD FROM THE 1 APRIL 2018 TO THE 31 MARCH 2019

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CHILDREN AND FAMILIES LIMITED 2018/19**REFERENCE AND ADMINISTRATIVE DETAILS****Charity Name**

Children and Families Limited

Charity Number

1115459

Company Number

04615904

Registered Office and Principal Address

Children and Families Limited

Seashells

Rose Street

Sheerness

Kent

ME12 1AW

Trustees/ Directors

C White

JC Bromiley

DJ Buckett

L Anning

GJ Ratcliffe

Company Secretary

J Duncan

Senior Staff Members

J Duncan

JW Payne

I Townsend-Blazier

Bankers

National Westminster Bank PLC

National Westminster House

37 Old Dover Road

Canterbury

Kent

CT1 3JB

Auditors

Kreston Reeves

Chartered Accountants

Montague Place

Quayside

Chatham Maritime

Chatham

Kent

ME4 4QU

CHILDREN AND FAMILIES LIMITED 2018/19

The trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiaries for the year ending the 31 March 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

In setting our objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees confirm that to the best of their ability they have consistently complied with their duty to have due regard to this guidance in exercising their powers and duties.

Our charitable objects are to advance the education of the public in the subject of childcare and parenting to ensure that children can: i) be healthy; ii) stay safe; iii) enjoy and achieve; iv) make a positive contribution; and v) achieve economic well-being. We seek to develop the capacity and skills of the members of the socially and economically disadvantaged community of Kent in such a way that they are better able to identify and help meet their needs and to participate more fully in society. We seek to promote general charitable purposes for the benefit of the community of Kent and the surrounding area and to provide relief from financial hardship and social and/or economic disadvantage and to advance the education of its residents of all ages and in particular to provide opportunities for the aforementioned residents to participate fully in the life of their community in ways which address and alleviate social and economic disadvantage. We also pursue the relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment.

In pursuit of our objects we have undertaken a number of activities particularly with disadvantaged communities in Kent for public benefit. This includes the delivery of high quality, registered early education and childcare, where we have worked with parents to help them, help their children to develop and thrive. We have also provided children's centre services to children and families, supporting parents of very young children to keep them healthy, safe and to help them with their early learning. We have supported the delivery of other services to the community by hosting health visiting, midwifery and other important community services with a family focus. We have delivered parenting programmes such as the Solihull Approach and family support to those in need, especially family financial support, helping families to manage their finances better and maximise their income to help reduce the impact of child poverty. We have provided volunteering and training opportunities, especially to parents and particularly in support of those wishing to get back into employment. Our Family Food Bank has also provided emergency food boxes to many vulnerable families across the county who have experienced financial hardship in times of crisis.

ACHIEVEMENTS AND PERFORMANCE

During the year we delivered a number of child and family support services targeting child poverty including the Family Food Bank, the Family Finance Project and our Children's Centre services. These services helped over 13,330 family members in Kent in 2018/19 with food, welfare advice, money

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management and other family support services. This support is targeted at those families with the youngest children where child poverty is often disproportionately high and where we believe we can have the greatest impact on ensuring children are given the best opportunities in life.

Our subsidiary FareShare Kent delivered over 314 tonnes of food to 140 charities and community organisations in Kent. This is a 47% increase in the tonnes of food shipped compared to the previous period. This is estimated to have provided over 829,300 meals for the beneficiaries of those organisations and couldn't have been achieved without the almost 37,000 hours of volunteer time donated by our amazing volunteer team. This team also ensured the Family Food Bank was able to deliver nearly 3,500 food boxes to families in crisis during the year, equivalent to over 133,300 meals for our beneficiaries. At the end of the year, thanks to significant support from Asda, we were able to move into a larger warehouse. This has created a much larger and better working space and has also allowed us to more than double our chiller capacity from 30m² to 70m².

Almost 500 children benefitted from the childcare and early education we provided with over 74% of this being free at the point of delivery to our families.

FINANCIAL REVIEW

The Trustees are reporting a 2019 surplus of £129,770 (2018: surplus of £97). FareShare Kent made a loss of £17,232 on operations across the year, although the operational loss has significantly narrowed towards the end of the year as the operation has grown. The investment Children & Families makes in FareShare Kent supports the Family Food Bank service, enabling us to deliver almost 3,500 food boxes equivalent to more than 133,000 meals in 2018/19. The financial KPIs that the Trustees monitor are as follows: i) the level of debtors; ii) the level of the general free reserve.

Reserves Policy

The total reserves at the period end were £1,042,595 of which £85,489 were restricted funds leaving £957,106 available for general purposes of the charity.

Of these the charity has a designated building reserve of £145,930 and a redundancy fund of £114,741. This leaves general funds of £696,435 but as £488,654 is invested in fixed assets and are only available to the trustees should they be sold, a general free reserve of £207,781 is the result.

In the Trustees' view, the charity's reserves should provide it with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Trustees have therefore decided to maintain funds as follows:

Designated Building Reserve Fund (2019: £145,930) – This fund will be held for essential future expenditure on the charity's property and in particular the Seashells building. The fund will be increased by an amount of not less than £10,000 annually in any year that the group makes an unrestricted surplus.

Designated Redundancy Reserve Fund (2019: £114,741) – This fund will be calculated annually to ensure funds are available to meet any redundancy liabilities in the event of the organisation being wound up.

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General Free Reserve Fund (2019: £207,781) – This fund will be held to ensure the future stability and sustainability of operations during any periods of unforeseen difficulty. The Trustees will aim to maintain this fund at 3 to 6 months of annual turnover.

Risk Management

The Board of Directors meets at least four times a year and receives financial, performance, risk and activity reports. Operations are insured and include but are not limited to: Employers Liability, Public Liability, Professional Indemnity, Directors Indemnity, Buildings and Legal Expenses. In addition, we contract for the provision of health and safety and employment law advice.

The principle risks identified by the Board include: i) sustained deficit financial performance ii) increased competition in the early education sector iii) resignation or long-term illness of senior management.

We annually review and record our risks in a Risk Register, assessing their probability, impact and the means by which we can mitigate against them.

Fundraising

We undertake some limited fundraising activity in support of our work. This activity is undertaken in-house and we do not make use of a professional fundraiser or commercial participator.

As our fundraising activity is limited in scope, we do not currently subscribe to a voluntary fundraising code. However, we will keep this under review and should we significantly increase our fundraising activity, we will want to consider following an appropriate regulation scheme or standard.

We received no complaints about our fundraising activity during the year. Our fundraising methods are passive and do not involve unreasonable intrusion on people's privacy, unreasonable or persistent methods or place undue pressure on people to make donations of money or property.

Plans for Future Periods

We will seek to continue extending our work, looking for opportunities to increase the number of children and families in Kent that we're able to support through our children's centre, food bank and other family support services. Having moved FareShare Kent into a larger warehouse in March, we anticipate the service will continue to grow, enabling us to support more charities and beneficiaries with food. We will also continue to consider suitable opportunities to grow our early education and childcare operations as they arise.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document and Constitution

Children & Families Limited is a not for profit company limited by guarantee that was formed on the 12th December 2002 and was registered as a charity with the Charity Commission on the 20th July 2006. The charity is governed by its Memorandum & Articles of Association and managed by its Board of Directors who are also the Trustees as defined by Section 97 of the Charities Act 1993. The Board has overall control of the charity.

CHILDREN AND FAMILIES LIMITED 2018/19**Trustee Appointment**

No Directors/Trustees were appointed or retired during the period. Any person legally entitled and willing to act as a Company Director and Trustee may be appointed to the Board and all applications are duly considered and agreed by the Board in the best interests of the charity. The Company Secretary inducts new Trustees into the charity and also informs them of suitable training opportunities that will support them in their role as a Trustee.

Organisational Structure

The Board of Directors has five members with equal rights under the Memorandum and Articles of Association. Children & Families Limited is the charitable parent company of three wholly owned subsidiary companies. The subsidiaries are Children & Families Childcare Ltd, Children & Families Children's Centres Ltd and FareShare Kent CIC. As parent of the subsidiaries, Children & Families Limited is a Corporate Director of each and appoints two natural persons from its Board to serve as Directors on each. The Company Secretary and Chief Executive Officer of Children & Families Limited also acts in these roles for each of the subsidiaries. The Board of Directors meets quarterly and sets the strategic direction and policy of the charity and group of companies under its control.

Pay Policy for Senior Staff

The board of Trustees aim to pay senior staff a fair salary that is competitive within the charity sector and proportionate to the complexity of each role. The Trustees are responsible in line with our charitable objectives based on the principle staff are paid an appropriate salary to attract and retain people with the leadership, experience, knowledge and skills required to lead the group.

Child Protection

As a children's charity the protection of children is our paramount concern. We have strict and comprehensive safeguarding and child protection policies, procedures and mechanisms in place to protect children from harm. We employ safe recruitment practices and ensure thorough vetting of staff including the use of enhanced DBS disclosures. Staff are trained in child protection awareness and are supported by Designated Safeguarding Leads who ensure the safety of children within services.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The charity trustees (who are also directors of Children and Families Limited for the purposes of company law) are responsible for preparing the trustee's annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

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- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing their preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to our Auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

Auditors

MHA MacIntyre Hudson resigned as the charity's auditors during the year and Kreston Reeves were appointed in their place. Kreston Reeves have expressed their willingness to continue in that capacity.

Small Company Exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part 415A of the Companies Act 2006.

Approved by the Board and signed on its behalf by:


L Anning - Chair

Date: 12/11/19

Independent auditor's report to the members of Children and Families Limited

Opinion

We have audited the financial statements of Children and Families (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2019 set out on pages 11 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Trustee's report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's report.

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

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustee were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustee's report and from the requirement to prepare a Group strategic report.

Responsibilities of trustees

As explained more fully in the Trustee's responsibilities statement, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Susan Robinson

Susan Robinson BA FCA FCIE DChA MCMI (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP
Statutory Auditors
Montague Place
Quayside
Chatham Maritime
Chatham
Kent ME4 4QU

Date: 15 November 2019

**GROUP STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
		£	£	£	£
INCOME					
Donations		155	8,351	8,506	11,216
Income from charitable activities					
Grants receivable	2	9,851	260,691	270,542	69,594
Fees receivable		1,255,844	-	1,255,844	1,166,652
Rent and service charges receivable		77,576	-	77,576	58,049
Other income		27,601	563	28,164	34,296
Investment income		906	-	906	142
Total Income		1,371,933	269,605	1,641,538	1,339,949
EXPENDITURE					
Expenditure on charitable activities	4	1,389,604	122,164	1,511,768	1,339,852
Total Expenditure		1,389,604	122,164	1,511,768	1,339,852
Net income for the year		(17,671)	147,441	129,770	97
Gross transfers between funds	15 & 16	86,583	(86,583)	-	-
Net Movement in Funds		68,912	60,858	129,770	97
Reconciliation of funds					
Total funds brought forward		888,194	24,631	912,825	912,728
Total funds carried forward		957,106	85,489	1,042,595	912,825

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

BALANCE SHEETS
AS AT 31 MARCH 2019

	Notes	Group 31st March 2019 £	31st March 2018 £	Charity 31st March 2019 £	31st March 2018 £
Non Current Assets					
Tangible Fixed Assets	10	488,654	424,429	203,075	216,144
Investments	10	-	-	104	104
Secured loan	10	-	-	170,000	170,000
		<u>488,654</u>	<u>424,429</u>	<u>373,179</u>	<u>386,248</u>
Current Assets					
Debtors	11	111,357	72,521	75,837	37,736
Cash at bank and in hand		<u>757,164</u>	<u>598,810</u>	<u>738,503</u>	<u>561,178</u>
		868,521	671,331	814,340	598,914
Creditors: Amounts falling due within one year	12	<u>245,439</u>	<u>182,935</u>	<u>228,548</u>	<u>124,462</u>
Net Current Assets		623,082	488,396	585,792	474,452
Total assets less current liabilities		<u>1,111,736</u>	<u>912,825</u>	<u>958,971</u>	<u>860,700</u>
Creditors: Amounts falling due after one year	13	69,141	-	-	-
Net Assets		<u>1,042,595</u>	<u>912,825</u>	<u>958,971</u>	<u>860,700</u>
Represented by:-					
Funds					
Unrestricted	15	957,106	888,194	873,482	836,069
Restricted	16	<u>85,489</u>	<u>24,631</u>	<u>85,489</u>	<u>24,631</u>
Total Funds		<u>1,042,595</u>	<u>912,825</u>	<u>958,971</u>	<u>860,700</u>

The notes on pages 14 to 26 form part of these accounts.

Approved and signed on behalf of the Board for issue on 12/11/2019 by:


 Lauren Anning


 Christine White

**STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Group 31st March 2019 £	31st March 2018 £	Charity 31st March 2019 £	31st March 2018 £
Cash used in operating activities	21	253,217	15,964	170,845	(16,813)
Cash flows from investing activities					
Interest income		906	142	9,689	8,394
Purchase of tangible fixed assets		(95,769)	(23,578)	(3,209)	(19,204)
Sale proceeds of tangible fixed assets			79		79
Cash provided by (used in) investing activities		<u>(94,863)</u>	<u>(23,357)</u>	<u>6,480</u>	<u>(10,731)</u>
Increase (decrease) in cash		158,354	(7,393)	177,325	(27,544)
Cash at the beginning of the year 1 April 2017		<u>598,810</u>	<u>606,203</u>	<u>561,178</u>	<u>588,722</u>
Cash at the end of the year 31 March 2019		<u><u>757,164</u></u>	<u><u>598,810</u></u>	<u><u>738,503</u></u>	<u><u>561,178</u></u>
Cash and cash equivalents consist of:					
Cash at bank and in hand		<u><u>757,164</u></u>	<u><u>598,810</u></u>	<u><u>738,503</u></u>	<u><u>561,178</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting Policies

a) General information and basis of preparation

Children and Families Limited is a charitable company limited by guarantee. In the event of the charity being wound up the liability in respect of the guarantee is limited to £10 per member of the charity.

The address of the registered office is Seashells, Rose Street, Sheerness, Kent ME12 1AW.

The nature of the charity's operation and principal activities are the advancement of the education of the public in the subject of childcare and parenting.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015 (as updated through Bulletin 1 published on 2nd February 2016).

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

b) Incoming Resources and Debtors

Incoming resources are recognised when the charity or its subsidiaries has entitlement to the funds, any performance conditions have been met or are fully in the control of the charity or its subsidiaries, there is a significant certainty that receipt is probable and the amount can be measured reliably. These resources represent fees receivable during the year, in addition to grants receivable from various organisations. Where gifts are received of goods and services these are included as donations received at their estimated market value.

Debtors are recognised at the settlement amount less any discount agreed. Prepayments are valued at the amount prepaid after taking into account any discounts.

c) Fixed Assets

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition. Items donated for ongoing use by the charity in carrying out its activities are recognised as tangible fixed assets and the corresponding gain recognised as income from donations within the SOFA.

Depreciation is calculated so as to write off the cost of fixed assets over the expected useful economic lives of the assets concerned. The rates used are as follows:-

Leasehold improvements	Over the period of the Lease or 20% on Cost
Office equipment	20% on Cost
Computer equipment	33% on Cost
Craft and gardening equipment	20% on Cost
Motor Vehicles	25% on Cost

Freehold property is not depreciated as the residual value is estimated to be at least as much as the book value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1 Accounting Policies (continued)**d) Resources Expended and Creditors**

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered as the Company and one of its subsidiaries are not registered for VAT.

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 these costs of an indirect nature necessary to support them.

Governance costs includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Creditors and provisions are recognised at their settlement value less any discounts where the charity has a present obligation from a past event that will probably result in the transfer of funds to a third party and the amount can be measured reliably.

e) Fund Accounting

Unrestricted funds are incoming resources receivable or generated from the objects of the charity without further specified purpose and are available in general funds.

Designated funds are unrestricted funds ear marked by the Trustees for a particular purpose.

Restricted funds are to be used for specific purposes as laid down by the donor, expenditure which meets these criteria is charged to the fund, together with a transfer which represents an estimate of support costs and management and administration costs.

f) Operating leases

Lease payments under operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as an expense in the period in which they are incurred.

g) Financial instruments

The charity has only basic financial instruments recognised at transaction value.

h) Pensions benefits

All eligible employees of the company are automatically enrolled into the NEST defined contribution scheme. Employees are then able to exercise their right to opt out completely or to elect to have the company's contributions paid into their own personal pension plans provided their own scheme is approved by the Pensions Regulator. Employees contract directly with NEST or their own provider. The company pays the minimum contribution required by the Pensions Regulator and acts as agent for no charge in collecting and paying over employee pension contributions. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the relevant scheme. The charge for the year was £16,023 (2018: £7,429). The amount outstanding to pension providers at the year end was £3,019 (2018: £1,484).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1 Accounting Policies (continued)

i) Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiaries Children and Families Childcare Limited, FareShare Kent C.I.C. and Children and Families Children's Centres Limited on a line by line basis. A separate Statement of Financial Activities, or income & expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and SORP 2015. The net movement in funds for the charity was £44,908 (2018: £3,677).

2 Grants Receivable

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
FareShare		156,398	156,398	31,362
Folkestone Rotary Club	2,500		2,500	
Moat Homes	950		950	
Groundwork UK	151		151	
Kent Community Foundation	6,250		6,250	4,773
Kent County Council		18,500	18,500	6,298
Low Carbon Across the South East		1,026	1,026	2,102
Orchard Community Trust				2,700
Queenborough Fishery Trust				4,000
RBS Skills and Opportunity Fund		16,497	16,497	-
Swale Borough Council		5,130	5,130	1,400
Tesco Bags of Help		1,000	1,000	3,000
Ashford Borough Council		2,096	2,096	7,959
W.K. Kellogg Foundation				6,000
Swale CCG		20,000	20,000	
Children in Need		7,966	7,966	
Golding Homes		1,000	1,000	
Community Fund		31,078	31,078	
	9,851	260,691	270,542	69,594

In 2018 income from grants receivable was £69,594 of which £49,500 was attributable to restricted income and £20,094 to unrestricted income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3 Income and Expenditure of Trading Subsidiaries

The charity owns the whole of the issued share capital of Children and Families Childcare Limited. The results of this company are summarised below:

	2019	2018
Turnover	876,484	772,966
Direct costs	726,523	686,127
	<u>149,961</u>	<u>86,839</u>
Administrative expenses	49,346	46,595
Operating Profit	100,615	40,244
Dividend paid to charity	<u>(41,105)</u>	<u>-</u>
Retained in subsidiary	<u>59,510</u>	<u>40,244</u>
The aggregate of assets, liabilities and funds was:		
	2019	2018
	£	£
Assets	198,532	128,543
Liabilities	<u>95,323</u>	<u>84,844</u>
	<u>103,209</u>	<u>43,699</u>
Represented by:		
Ordinary shares of £1 each	2	2
Profit and loss account	<u>103,207</u>	<u>43,697</u>
Total funds	<u>103,209</u>	<u>43,699</u>

The charity owns the whole of the issued share capital of FareShare Kent C.I.C. The results of this company are summarised below:

	2019	2018
	£	£
Turnover	218,060	165,004
Direct costs	215,160	155,743
	<u>2,900</u>	<u>9,261</u>
Administrative expenses	20,132	11,981
Net profit/(loss) retained in subsidiary	<u>(17,232)</u>	<u>(2,720)</u>
The aggregate of assets, liabilities and funds was:		
	2019	2018
	£	£
Assets	353,064	235,050
Liabilities	<u>374,028</u>	<u>238,782</u>
	<u>(20,964)</u>	<u>(3,732)</u>
Represented by:		
Ordinary shares of £1 each	100	100
Profit and loss account	<u>(21,064)</u>	<u>(3,832)</u>
Total funds	<u>(20,964)</u>	<u>(3,732)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3 Income and Expenditure of Trading Subsidiaries (continued)

The charity owns the whole of the issued share capital of Children and Families Children's Centres Limited.
The results of this company are summarised below:

	2019	2018
	£	£
Turnover	255,971	288,590
Direct costs	221,222	236,212
	<u>34,749</u>	<u>52,378</u>
Administrative expenses	33,270	40,119
Operating Profit/(Loss)	1,479	12,259
Dividend paid to charity	<u>(12,258)</u>	<u>-</u>
Retained in subsidiary	<u>(10,779)</u>	<u>12,259</u>
The aggregate of assets, liabilities and funds was:		
	2019	2018
	£	£
Assets	23,498	63,404
Liabilities	<u>22,015</u>	<u>51,142</u>
	<u>1,483</u>	<u>12,262</u>
Represented by:		
Ordinary shares of £1 each	2	2
Profit and loss account	<u>1,481</u>	<u>12,260</u>
Total funds	<u>1,483</u>	<u>12,262</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4 Total Resources Expended

Charitable activities Provision of children and family services	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Grants payable	86,583	-	86,583	-
Staff costs	770,405	61,167	831,572	773,740
Training and recruitment	5,201	-	5,201	5,273
Staff travel and subsistence	27,609	11,062	38,671	33,081
Activities, materials and consumables	29,304	13,383	42,687	37,656
Catering	20,835	-	20,835	17,731
Light and heat	17,328	1,139	18,467	16,946
Cleaning	21,197	-	21,197	23,699
Insurances	16,716	624	17,340	14,408
Rent and rates	14,923	13,881	28,804	16,408
Postage, printing and stationery	7,746	350	8,096	5,807
Telephone and internet charges	6,745	173	6,918	6,671
Repairs and renewals	32,782	11,635	44,417	33,225
Subscriptions	536	-	536	443
Depreciation	28,762	1,865	30,627	27,643
Loss on disposal of fixed assets	917	-	917	1,047
Support costs				
Staff costs	249,186	-	249,186	265,671
Training and recruitment	987	-	987	800
Staff travel and subsistence	488	194	682	635
Advertising	1,364	-	1,364	1,302
Postage, printing and stationery	2,913	-	2,913	1,592
Equipment hire and maintenance	9,037	930	9,967	12,748
Bad debts	2,484	-	2,484	5,565
Legal and professional	11,182	5,700	16,882	11,154
Sundry expenses	806	-	806	3,065
Bank charges	3,481	61	3,542	3,121
Governance costs				
Staff costs	11,628	-	11,628	11,052
Staff travel and subsistence	168	-	168	152
Courses and conferences	316	-	316	417
Subscriptions	-	-	-	-
Auditors' remuneration - audit of the financial statements	7,975	-	7,975	8,800
	1,389,604	122,164	1,511,768	1,339,852

In 2018 expenditure from charitable activities was £1,339,852 of which £30,067 was attributable to restricted expenditure and £1,309,785 to unrestricted expenditure.

The auditors' received no remuneration for non-audit and other services (2018: £Nil).

5 Trustee Emoluments

No Trustee has received any remuneration nor been reimbursed for any expenses (2018: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6 Information on Employees

	Total 2019 £	Total 2018 £
Staff costs are made up as follows:-		
Wages and salaries	1,015,278	990,816
Social Security costs	61,085	52,218
Pension costs	16,023	7,429
	<u>1,092,386</u>	<u>1,050,463</u>

No retirement benefits were accruing for directors (2018: none).

The number of employees whose total emoluments amounted to over £60,000 in the year were as follows:

	Number	Number
£60,001 - £70,000	1	1

The average number of employees during the period calculated on the basis of headcount, was made up as follows:-

Provision of child and family services	62	61
Support and administration	12	12
Governance	-	-
	<u>74</u>	<u>73</u>

The key management personnel of the parent charity and the group comprise the trustees, the Chief Executive Officer, the Group Accountant and the Business Development Manager. The total employee benefits of the key management personnel were £153,892 (2018: £156,628).

7 Net Surplus for the Year

	2019 £	2018 £
The net surplus for the year is stated after charging:-		
Operating leases - buildings	16,527	7,500
Depreciation of tangible fixed assets	30,627	27,643
Auditors remuneration	7,975	8,800
	<u></u>	<u></u>

8 Taxation

As a Registered Charity, the company is exempt from liability to taxation on its income.

9 Legal status

Children and Families Limited is a company limited by guarantee. Every member undertakes to contribute such amounts as may be required, not exceeding £10 in the event of the company being wound up. The company has no share capital and is registered as a charity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10 Tangible Fixed Assets - Group	Freehold property	Leasehold improvements	Motor vehicles	Equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2018	194,351	292,118	-	203,766	690,235
Additions	-	19,040	12,000	64,729	95,769
Disposals	-	-	-	23,038	23,038
As at 31 March 2019	194,351	311,158	12,000	245,457	762,966
Depreciation					
As at 1 April 2018	-	89,624	-	176,182	265,806
Disposals	-	-	-	22,121	22,121
Charge for the year	-	7,633	2,250	20,744	30,627
As at 31 March 2019	-	97,257	2,250	174,805	274,312
Net Book Value					
As at 31 March 2019	194,351	213,901	9,750	70,652	488,654
As at 31 March 2018	194,351	202,494	-	27,584	424,429
10 Tangible Fixed Assets - Charity	Freehold property	Leasehold improvements	Motor vehicles	Equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2018	-	292,118	-	147,008	439,126
Additions	-	1,859	-	1,350	3,209
Disposals	-	-	-	-	-
As at 31 March 2019	-	293,977	-	148,358	442,335
Depreciation					
As at 1 April 2018	-	89,624	-	133,358	222,982
Disposals	-	-	-	-	-
Charge for the year	-	7,490	-	8,788	16,278
As at 31 March 2019	-	97,114	-	142,146	239,260
Net Book Value					
As at 31 March 2019	-	196,863	-	6,212	203,075
As at 31 March 2018	-	202,494	-	13,650	216,144
10 Fixed Asset Investments - Charity				2019	2018
				£	£
Investment in group companies				104	104

The investment in group companies represents 100% shareholdings in Children and Families Childcare Limited, FareShare Kent C.I.C. and Children and Families Children's Centres Limited all incorporated in England and Wales.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10 Secured loan - Charity

	2019 £	2018 £
Debenture loan	170,000	170,000

This represents a loan to FareShare Kent C.I.C. in order for that company to acquire a freehold warehouse. The loan has been granted for a minimum of 10 years and is secured by way of a debenture secured on all the assets of FareShare Kent C.I.C. Interest is payable at a fixed rate of 4.5% per annum above the base rate for the time being of National Westminster Bank PLC.

11 Debtors

	Group 31st March 2019 £	31st March 2018 £	Charity 31st March 2019 £	31st March 2018 £
Trade debtors	44,061	52,547	5,353	27,613
Amount owed by group company	-	-	49,069	4,557
Other debtors	28,161	4,971	-	225
Prepayments	39,135	15,003	21,415	5,341
	<u>111,357</u>	<u>72,521</u>	<u>75,837</u>	<u>37,736</u>

12 Creditors: Amounts falling due within one year

	Group 31st March 2019 £	31st March 2018 £	Charity 31st March 2019 £	31st March 2018 £
Trade creditors	79,684	20,833	17,199	8,939
Amounts owed to group companies	-	-	191,992	88,512
Taxation and social security	14,438	13,706	3,965	5,431
Other creditors	35,879	36,053	10,168	9,645
Accruals & deferred income	115,438	112,343	5,224	11,935
	<u>245,439</u>	<u>182,935</u>	<u>228,548</u>	<u>124,462</u>

Unrestricted incoming resources relating to services that have not been provided at the balance sheet date are reported as a liability. As the service is delivered over time it is recognised as incoming resources in the SOFA.

13 Creditors: Amounts falling due after one year

	Group 31st March 2019 £	31st March 2018 £	Charity 31st March 2019 £	31st March 2018 £
Deferred Grants	69,141	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14 Deferred Income

Deferred income comprises government funding and grants received in advance at the end of the financial year.

	Group £	Charity £
Balance as at 1st April 2018	37,979	-
Amount released to income earned from charitable activities	(37,979)	-
Amount deferred in year	100,775	-
Balance as at 31 March 2019	100,775	-

15 Unrestricted Funds

	Balance at 01 04 18 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 03 19 £
Designated funds:					
Building reserve fund	135,930	-	-	10,000	145,930
Redundancy reserve fund	96,884	-	-	17,857	114,741
General funds	655,380	1,371,933	(1,389,604)	58,726	696,435
	888,194	1,371,933	(1,389,604)	86,583	957,106
	Balance at 01 04 17 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 03 18 £
Designated funds:					
Building reserve fund	127,500	-	-	8,430	135,930
Redundancy reserve fund	86,028	-	-	10,856	96,884
General funds	668,021	1,278,363	(1,309,785)	18,781	655,380
	881,549	1,278,363	(1,309,785)	38,067	888,194

The building reserve fund is money set aside to cover possible major expenditure required on the charity's property.

The redundancy reserve fund is additional money put aside for Statutory Redundancy Pay for all applicable group employees at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16 Restricted Funds	Balance at 01 04 18 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 03 19 £
Imagination Library	6,212	563	(1,258)	-	5,517
FareShare Kent	-	156,398	(69,815)	(86,583)	-
Family Foodbank	9,638	18,547	(15,720)	-	12,465
Family Finance Worker	1,578	29,997	(15,658)	-	15,917
Queenborough Fishery Trust	3,800	-	(3,800)	-	-
Low Carbon Across the South East	2,238	1,026	(3,264)	-	-
Tesco Bags of Help	1,165	1,000	(2,165)	-	-
Aquatots	-	2,230	(1,738)	-	492
Children in Need	-	7,966	(7,034)	-	932
Smoking in Pregnancy	-	20,000	(810)	-	19,190
Festive Display Grant	-	800	(800)	-	-
Community Fund	-	31,078	(102)	-	30,976
	24,631	269,605	(122,164)	(86,583)	85,489
	Balance at 01 04 17 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 03 18 £
Imagination Library	6,665	983	(1,436)	-	6,212
FareShare Kent	-	30,000	-	(30,000)	-
Family Foodbank	10,978	14,185	(15,525)	-	9,638
Family Finance Worker	2,286	-	(708)	-	1,578
Queenborough Fishery Trust	-	4,000	(200)	-	3,800
Your Choice	1,250	-	(1,250)	-	-
Orchard Trust	-	2,700	(2,564)	(136)	-
KCC Member's Grant	-	3,216	(404)	(2,812)	-
Big Lottery	10,000	-	(4,745)	(5,255)	-
Low Carbon Across the South East	-	2,102	-	136	2,238
Tesco Bags of Help	-	3,000	(1,835)	-	1,165
SBC Member's Grant	-	1,400	(1,400)	-	-
	31,179	61,586	(30,067)	(38,067)	24,631

Imagination Library

For families approaching eligibility for 'free for two', we undertake book corner visits and enrol them onto the Imagination Library, through which they receive a free new children's book each month.

FareShare Kent

Significant funding from Asda and the National Lottery via FareShare UK has supported our work to deliver over 300 tonnes of surplus food to charitable and community organisations across Kent in 2018/19 and beyond. In accordance with the terms of the grant some of the granted funds have been spent on fixed assets. To give a true reflection of the restricted funds remaining to be spent the amount equivalent to the net book value of these assets has been transferred to unrestricted funds.

The Family Food Bank

The Family Food Bank gives food boxes to families in crisis identified by workers in the community. In 2018/19 almost 3,500 food boxes were provided to families across Kent equivalent to more than 133,000 meals.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16 Restricted Funds (continued)

Family Finance Worker

Providing one to one money management support and welfare benefits advice to vulnerable and struggling families across Swale.

Queenborough Fishery Trust

Funding generously given to fund replacement flooring and other works to the Seashells building.

Low Carbon Across the South East

Funding provided to support the cost of converting lighting at Seashells to LED.

Tesco Bags of Help

Funding given to support the cost of electrical works, to repair our car park barrier and provide new chairs at Seashells.

Aquatots

Funding provided by Swale Borough Council Members to ensure our popular and important swimming group for families with very young children could continue.

Children in Need

Funding to support the development of a sensory hub from Seashells, reaching out to families and the community, to support young children's early development.

Smoking in Pregnancy

Funding from Swale CCG to support the delivery of promotional and support services that encourage pregnant mums in Swale to stop smoking.

Festive Display Grant

Funding provided by Swale Borough Council to purchase Christmas decorations for Seashells and support the annual Christmas party for local families.

Community Fund

Funding received for a project to work with families with a particular focus on community safety, early years, health & wellbeing and community engagement.

17 Analysis of Group Net Assets between Funds

	General Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	488,654	-	-	488,654
Net current assets	276,922	260,671	85,489	623,082
Amounts falling due after one year	(69,141)	-	-	(69,141)
	<u>696,435</u>	<u>260,671</u>	<u>85,489</u>	<u>1,042,595</u>

18 Related Party Transactions

The group did enter into any related party transactions during the year (2018: None)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19 Revenue Commitments

At the period end the group was committed to making the following payments in respect of operating leases none of which related to the charity with expiry dates as follows:-

	2019 £	2018 £
Plant and Equipment		
Within one year	-	-
Within two to five years	-	-
	<u> </u>	<u> </u>
Land and Buildings	£	£
Due:		
Not later than one year	36,200	8,200
Later than one year not later than 5 years	125,150	14,350
Later than five years	150,000	-
	<u>311,350</u>	<u>22,550</u>

20 Capital Commitments

	2019 £	2018 £
Contracted but not provided for	18,185	-

21 Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	Group		Charity	
	31st March 2019 £	31st March 2018 £	31st March 2019 £	31st March 2018 £
Net movement in funds	129,770	97	44,908	(49,686)
Add back depreciation charge and loss on disposal	31,544	28,690	16,278	16,882
Dividends received	-	-	53,363	-
Deduct interest income	(906)	(142)	(9,689)	(8,394)
Decrease (increase) in debtors	(38,836)	(6,801)	(38,101)	(24,586)
Increase (decrease) in short term creditors	62,504	(5,880)	104,086	48,971
Increase (decrease) in long term creditors	69,141	-	-	-
Net cash used in operating activities	<u>253,217</u>	<u>15,964</u>	<u>170,845</u>	<u>(16,813)</u>