

The Children's Society Annual Report and Accounts 2018-19



**The
Children's
Society**



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Chair's introduction

In a year dominated by Brexit, driving change for children and young people facing multiple disadvantage has been challenging. But in the midst of this debate, a new energy has emerged demanding that young people's voices must be heard.

Sixteen year old Greta Thunberg, the environment campaigner from Sweden, ignited a new conversation, not just about climate change, but about the future of the next generation, the importance of listening to children and young people, and the vital role they can and will play in making change happen in the world.

This truly gives me hope for the impact that The Children's Society can bring, as a long-standing commitment to listening to the voices of young people is at the heart of all that we do. And they're making it clear to us that the urgency of the need for change is greater than ever.

The relentless rise of child poverty continues, especially in families where parents are working. More and more young people are being exploited by criminals. And the mental health challenges young people face are overwhelming, with the right help at the right time too often being far out of reach. Our focus on the toughest challenges continues to attack these harsh and unacceptable realities.

In this, the second year of our five year plan, we have intensified our focus on disrupting disadvantage for some of the most vulnerable children and young people in society. In our services, we have started to expand the breadth and depth of the mental health support we can offer to young people, building on our strong base in Birmingham and the Midlands with new

services opening in Salford and Manchester. We have developed an intensive coaching model, working with young people in residential care in Essex, Hertfordshire and Norfolk to help them find greater stability and, where possible, return to their families for periods of time.

Sadly, this year children and young people have appeared in the news headlines in relation to gang-related violence and criminal exploitation, often with tragic consequences. The Children's Society is continuing to step up to this serious threat to young people's lives, playing a leading role in addressing exploitation of all kinds through our Disrupting Exploitation programmes in London, Birmingham and Manchester.

The programmes' innovative approach looks at how exploitation persists, and actively seeks to disrupt it. We're doing this through training in communities, at fast food outlets, transport hubs and other locations, while also seeking to address the way children are seen and treated by the criminal justice system. As perpetrators adapt and evolve their means of exploitation, we work with the police, local authorities and other partners to spot the trends and disrupt the environment.

As we intensify our focus on supporting some of the most vulnerable children and young people directly, we have also intensified our approach to addressing the systems and structures in society that engrain disadvantage for young people.

The first cohort of trainees have graduated from our Systems Changers programme, created in partnership with Lankelly Chase and The Point People. The programme gives frontline practitioners and campaigners practical tools to help them create sustainable systemic change. I look forward to seeing the impact this training will bring in the coming year.

In spite of the lack of political attention being paid to the domestic agenda, our influencing work this year has brought a number of successes. We were delighted to see the end of a five-year battle with the Government to secure legal aid for vulnerable migrant children. The Children's Society spearheaded this long-running campaign in partnership with many other organisations, and this year the Government made a major U-turn to end cuts to legal aid and soaring Home Office fees and reinstate support for separated and unaccompanied children.

We were able to secure more support for vulnerable young people as they make the difficult transition to adulthood. In May, the Government heeded our call for a new apprenticeship bursary for care leavers, providing an extra £1,000 for young people leaving care to help them cope with the challenges of training while living independently for the first time. Equally, our Seriously Awkward campaign made some important steps forward on the way to building better futures for vulnerable teenagers. The Department for Education revised guidance to agencies around the need for support for this group and to plan their transitions into adulthood.

The charity has made some important decisions about infrastructure this year, with the sale of Edward Rudolf House in London and move to a new headquarters, and the relocation of the Manchester office. Changes of this nature ensure we work in the most efficient manner, maximising the value of our assets for the charity while also creating a modern, agile working environment and culture for our staff.

I want to thank everyone who has supported our work with children and young people this year, giving their time as volunteers, through financial support, or helping us bring about change. I particularly want to thank those who joined us to celebrate the 50th anniversary of The Children's Society's Christingle, marking the phenomenal support that churches and communities have shown for more than a million children over the last 50 years.

And finally, I must thank our out-going Chief Executive, Matthew Reed, who after seven years leading The Children's Society has moved on to a new role elsewhere. Under Matthew's excellent leadership, the charity has sharpened its focus on the children and young people that need help the most, and prioritised a combination of direct support with wider systemic change. Matthew leaves us in a very healthy position with a clear direction for the future and we are seeing the results of that strategic focus coming to fruition. I would also like to thank our interim Chief Executive, Nick Roseveare MBE, for his outstanding leadership over the past six months.

We will welcome our new Chief Executive, Mark Russell, to the charity in the summer. I am sure his arrival will bring even greater vigour and pace to achieving our mission, and to ensuring children and young people's voices play a central role in making change happen.

Janet Legrand QC (Hon)
Chair of the Board of Trustees



Mission, Vision and Values

Our Vision

A country where children
are free from disadvantage

Our Mission

We fight for change,
supporting disadvantaged
children to lead better lives

Our Values

We are brave, ambitious,
supportive and trusted

Brave

We are brave, fighting
injustice at every
level; fearless in our
determination to be
listened to. We expose and
directly address hard truths
and are determined to turn
words swiftly into actions.

Supportive

We support children
in their personal
development and to build
positive relationships.
Together we enable children
to reach their full potential
and realise their ambitions.

Ambitious

We are ambitious for the
**lives of the children we
work with.** The pioneering
work we do helps them and
children across the country
aspire to better lives.

Trusted

We have been trusted for
over a century to deliver care
where it is most needed.
We maintain that trust
by being dependable and
consistent in our approach
and by fighting for change
based on hard evidence.



Strategic report

The focus of our five year strategy (2017–2022) is to make a real difference to children and young people’s lives by breaking the cycles of multiple disadvantage they face, and tackling the adverse conditions which prevent them from flourishing.

Through this strategic framework we are challenging ourselves to bring about significant and sustainable change for a greater number of children, working with and inspiring others to do the same. Put simply, we are focused on disrupting disadvantage.

Our approach

Our strategy is underpinned by four strategic choices:

1 An intensive focus on multiple disadvantage as experienced by the most marginalised groups of young people.

- Our experience working with young people in the most challenging circumstances tells us that children are rarely experiencing one issue alone and need a holistic and integrated response.



2 To transform our ability to innovate and be disruptive to enhance the lives of young people.

- We want to permanently improve the systems around young people even where we aren’t able to work directly with them – through policy, campaigning, systems change and social innovation.



3 An explicit focus on partnership to achieve change for children and young people.

- Our ambitions for young people far exceed what which we can achieve alone. We want to work with partners to increase the benefits for children and young people and we are implementing a relational approach to our engagement with supporters.



4 To be an agile, high performing, supportive organisation.

- We will ensure we maximise the impact of our available resources for our beneficiaries. We are becoming a more dynamic, lean and responsive charity.





Plans and objectives for 2019/20

In line with the delivery of our five year strategy 2017 to 2022, the key objectives for the third year of our strategic plan in 2019/20 are:

1

We will tackle the underlying causes which prevent young people who face multiple disadvantage from thriving.

- Reach at least **8,000 young people** through direct support.
- Directly reach at least **38,000 young people** through systems change.
- Deliver over **400,000 positive impacts** for young people through policy and campaigning work.

2

We will grow the total contribution of our supporter base.

- Increase total supporter actions by **10%**.
- Generate unrestricted gross income of **£28m and £12.7m net**.

3

We will develop organisational capabilities that allow us to maximise the impact for our beneficiaries.

- Ensure long term viability by addressing the pension deficit and unlocking endowment funds.
- Develop our workforce in key skills areas, including digital capabilities.

Achievements and performance in 2018/19

Our goals for 2018/19 were centred around the four key pillars of our Impact Plan:

1 Focus intensively on multiple disadvantage as experienced by the most marginalised groups of young people.

- Reach at least 10,000 young people through direct support, youth action and youth insight work.

We worked with **9,872 young people** through direct practice and youth engagement. We carried out intensive case work with 4,502 and offered advice and guidance to 5,370.



We reached a further 16,553 young people through our preventative work, which includes awareness raising work in schools, events and youth engagement outside of direct practice.

Of the young people we worked with or reached we asked 1,764 to participate in our insight and youth action work, where we engage with young people to generate insight as a way of informing our work, thereby helping to achieve better outcomes for our young people.

- Deliver over 400,000 positive impacts for young people through policy and campaigning work.

We delivered **621,000 positive impacts** for young people through our policy and campaigning work.



We continued to achieve significant change for care leavers with over 30 councils signing up to a council tax exemption and the establishment of a new bursary of £1,000 for care leavers undertaking apprenticeships to improve their financial stability as they move into work.

After a five-year legal challenge by The Children's Society and partners, this year the Ministry of Justice conceded that all unaccompanied and separated children should be eligible for legal aid with their immigration cases. We estimate that at least 15,000 vulnerable young people will benefit from this very welcome change.

This year also saw the Government fully commit to the Breathing Space we had long campaigned for through our Debt Trap campaign. As a result, hundreds of thousands of families will have better support to escape problem debt.

2 Transform our ability to innovate and be disruptive to enhance the lives of young people.

- Pilot three innovative models of support for young people.

Over the last year we have mobilised **nine new innovation prototypes** and pilots including:



- Providing systemic support for young people in crisis in Nottingham.
- Using virtual reality scenarios to tackle anxiety at school in Birmingham.
- Creating safe spaces in Manchester, Birmingham, and London to disrupt child criminal labour and sexual exploitation.
- Redefining the meaning of 'practitioner' by putting local people in the lead of systems change.

We have collaborated in different ways with start-ups and new enterprises to use technology to improve housing situation for families in crisis, empower young people to manage their well-being at school, and to help young people to understand how their brain works as a route to better mental health.

3 Focus explicitly on partnership and inspiring a social movement to achieve change for children and young people.

- Inspire 300,000 individual supporter actions that contribute to the positive change for children.

We have inspired **313,593 individual direct supporter actions**



with or for The Children's Society. These actions span donations given, events held, volunteering sessions delivered, campaign actions taken and social media engagement on our behalf. We doubled our target of 10,000 new supporters taking action for the first time this year – this was particularly thanks to our integrated Christmas Appeal and Christingle 50th anniversary.

Our volunteer Committees, Support Groups, Box Networks and Event Managers together raised £1.7million and, thanks to thousands of Christingle Organisers, 2018 was the most successful Christingle in the last seven years, raising over £1.3 million. Our volunteer speakers and Diocesan Ambassadors delivered almost 300 talks for us over the last year, inspiring thousands of active and new supporters.

- To develop in-house skills which result in an agile and continuous improvement culture.

We have delivered training events to develop the agile capabilities of the organisation and have continued with the Lean Programme to deliver the culture of continuous improvement. Foundation tools are used widely across the country.

- Restructure our balance sheet by selling two Central London properties, moving to a modern, flexible office space and applying the funds released to reduce balance sheet risk.

We sold Edward Rudolf House and moved to a smaller London office space in June 2019 which allows greater flexibility and new ways of working. The funds released from the sale are part of the strategic fund reserve and will be allocated by trustees in the next 18 months. The second London property has been marketed and we anticipate a sale in the coming year.



Governance structure and management

Legal status and objects

The Church of England Children's Society ('The Children's Society') is a company limited by guarantee and a charity registered in England and Wales. Our organisation was established in 1881 and incorporated in 1893. It is governed by its Articles of Association, which set out our principal objective: to care for and support children and young people in need, whether material, physical, mental, emotional, spiritual or otherwise.

In November 2018, the members of The Children's Society voted to amend its Articles of Association to change its membership structure. Following this change, the trustees are the only members of the company.

The Children's Society has two wholly-owned active subsidiaries, which are The Children's Society (Services) Limited and The Children's Society (Trading) Limited. The activities are overseen by the trustee board of The Children's Society.

Public benefit

The Trustees have a duty to report on how the organisation's charitable objective has been carried out for the public benefit and to follow the guidance from the Charity Commission on the provision of Public Benefit requirement under the Charities Act 2011.

We demonstrate how we have met our principal objective, as stated above, by explaining why we focus on young people facing multiple disadvantage and subsequently reporting on our

direct practice work, policy and achievements with and on behalf of these young people.

Children and young people experiencing multiple disadvantage are those who face significant issues that affect their physical and/or mental well-being in more than one area of their life. Their needs are more urgent because they face risks to their safety and well-being and where the resources they need to flourish and thrive may be compromised or absent. We prioritise our work on the needs of these young people, so we can have the maximum positive impact and bring lasting change not just for them, but for our entire society.

Understanding and measuring our impact on children and young people is of vital importance and is critical in ensuring we achieve our mission of fighting for change and supporting children and young people experiencing multiple and complex disadvantage to thrive, flourish and have better lives.

We set out further details of our activities in our Impact Report, which demonstrates the substantial impact of our work and which complements this report.

Taking all of this into consideration, the Trustees have concluded that the charity complies with the Charity Commission guidance and the public benefit requirement of the Charities Act.

Governance and management

The Trustee Board are the charity's trustees and the legal directors of the company. Members of the Board of Trustees serve a four-year term, after which they are eligible for re-appointment for a further four-year term. Under exceptional circumstances, a term may be extended for a maximum of one year.

The Trustee Board has the responsibility for the governance and strategic direction of The Children's Society, ensuring that the charity upholds its ethos and values and delivers its key objectives. It makes all important strategic, policy and financial decisions, and has overall responsibility for the organisation's activities.

Operational management is delegated by the Trustees to the Senior Leadership Team, which is accountable to the Trustee Board for its stewardship of the charity. The Chief Executive and the Senior Leadership Team attend Board and Committee meetings.

Our Young Trustees are a group of young people from our direct services who participate at Board meetings and trustee strategy away days. Young Trustees do not have legal responsibilities or voting rights, but Trustees pay close attention to their input and advice and their contributions help shape the future direction of the organisation and its strategy.

Trustees are appointed through a transparent and rigorous recruitment and selection process. Our Young Trustees participate in this selection process, and their assessments are an integral part of the recruitment process, demonstrating our ongoing commitment to ensuring young people take part in decisions that affect them.

New appointees are provided with a comprehensive induction programme which is tailored to their areas of expertise and includes meeting the Senior Leadership Team, engaging with staff and volunteers and visiting our direct frontline services.

Trustees deploy a wide range of skills, knowledge and experience essential to good governance and the balance of expertise is kept under review, including throughout the recruitment process. Collectively the Trustee Board must demonstrate responsible leadership and judgement.

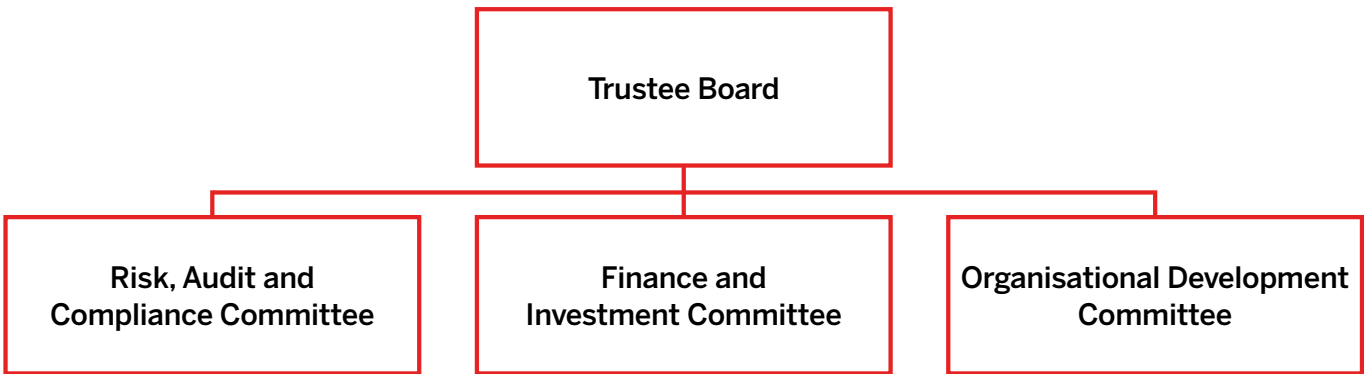
Trustees, Committee Members, the Chief Executive and the Senior Leadership Team are expected to behave with the utmost integrity and professionalism and at all times to demonstrate their commitment to the goals and values of The Children's Society.

All our Trustees give their time voluntarily and receive no rewards or benefits from The Children's Society.

The Trustee Board met four times during the financial year. In addition, a Board away day was held, which enabled Trustees and the Senior Leadership Team to focus on key strategic issues in depth. Trustees who served during the year are listed on page 60, together with information about their membership of Committees.

Delegation and committees

The Board maintains a written schedule of matters reserved for the Trustee Board and Committees which clearly defines specific areas for delegation. Committees report to the Board on a regular basis.



is primarily responsible for ensuring the effectiveness of the internal and external audit functions, the adequacy of risk management processes and the internal control environment. It considers any significant issues arising in respect of either internal or external audit or inspection arrangements. It monitors and reviews the implementation and compliance with safeguarding and health and safety policies. It oversees all systems, controls and processes, ensuring the charity's ability to meet its key objectives.

is primarily responsible for all aspects of the charity's financial strategy and performance, ensuring that its resources are being properly and appropriately applied to its key objectives. It oversees the charity's investments and ensures that these are managed so that they underpin the strategic objectives of the charity. The Committee has responsibility for safeguarding the charity's assets and ensuring sufficient reserves to fund our work.

The Finance and Investment Committee also has a number of sub-groups, which work on specific topics. These are: Investment Sub-group and Pensions Sub-group.

is primarily responsible for overseeing all matters concerned with the effective governance of The Children's Society, supporting the CEO in building and sustaining an effective leadership team, and guiding and monitoring the effectiveness of key human resources policies for the organisation.

Employees

The Children's Society believes that we can only achieve our strategic objectives by attracting and retaining skilled and experienced people. To this end, we are committed to ensuring that access to employment opportunities, training, reward and progression provides equality of opportunity for all employees.

The Children's Society is fully committed to providing a fair and inclusive environment, in order to help reduce disadvantage for children and young people. The Children's Society now has two key strands to its Diversity and Inclusion agenda: the Single Equality Scheme and Gender Pay Gap.

The Single Equality Scheme has a clearly defined action plan available to all colleagues within the organisation. The organisation has embedded Diversity and Inclusion training into the induction of all staff and volunteers and now supports a number of employee networks to facilitate and support the work of the Diversity and Inclusion Manager. A number of toolkits are being developed for 2019 to support colleagues, volunteers and managers across a number of Diversity and Inclusion themes.

The national median gender pay gap at April 2019 was 16.8% (2018: 20.9%) and the mean was 18.6% (2018: 17.3%). The workforce has 77% women and 23% men. We are committed to addressing the gap and in the past year have made the following improvements:

- Introduced a mentoring programme
- Promoted our family friendly policies
- Improved recruitment practices to increase diversity
- Established staff diversity networks

The organisation has also developed an action plan for 2019 to continue to reduce its Gender Pay Gap. The last 12 months have seen positive progress, however there is much more to be done across the organisation in relation to

gender equality. Transparent reporting and communication has been key to delivering our message of commitment to this area of work in 2019, including blogs, interviews with Senior Leadership and a series of workshops for staff across the country to provide feedback in relation to our pay gap.

We have also developed a comprehensive procedure and a suite of documents and templates on Safer Recruitment and launched new intranet pages, which provide managers with tools on recruitment practices.

To complement the new practices and to enhance The Children's Society Safeguarding measures, new Safeguarding Training was made available for managers and employees.

Our Springboard Programme (apprenticeship scheme) has been going from strength to strength, with Level 3 Team Leader/Supervisor apprentices more than half way through the programme and thoroughly enjoying it. We have just inducted a second cohort of learners onto the Level 5 Operations / Departmental Manager apprenticeship, which lasts for two and a half years and will enable those who complete it to become Institute of Leadership and Management accredited. We also recruited three Level 2 Customer Practitioner apprentices, using it as an opportunity to encourage young people into the organisation. The Springboard Programme was awarded 'Employer of the Year' award by the YMCA.

Remuneration

The Trustee Board oversees the pay, pension and benefits for the Chief Executive and Senior Leadership team through the Organisational Development Committee. During the year, we undertook a full market data review of our pay scales to inform the pay award for our staff. Our pay system continues to be underpinned by the Living Wage Foundation recommendations.

Supporter engagement

Volunteers

The Children's Society is a movement of supporters, professionals and young people together changing children's lives. Our Supporter Engagement Approach – which directs all our efforts to fundraise and generate income, campaign and involve volunteers - prioritises building long-term relationships with our supporters and partners, ensuring we value the total contribution of every individual, group or organisation to achieve the most possible change for children.

Our amazing volunteers were fundamental to our achievements this year. Over 1,300 new volunteers joined us over the course of the year resulting in 10,000 volunteers taking action as part of our movement. 750 volunteers directly supported thousands of young people in our services, whether as mentors or befrienders; providing information and support in our drop in services; delivering group work activity or doing outreach in the local community. 2,682 volunteers assisted in our charity shops to fund our vital work.

Our volunteer Box Coordinators raised £1.5m through the housebox network, whilst fundraising groups held over 552 fundraising and awareness events, raised £289,000. Our volunteer speakers delivered over 285 talks to thousands of active and potential supporters nationwide and our growing network of Campaign Champions galvanised support for our campaigns in their local communities, undertaking over 60 local campaigns.

We continue to focus on improving the volunteer experience and equipping our 150 volunteer managers with everything they need for volunteers to thrive and make the biggest possible contribution. We have been improving the volunteer journey for all of our roles and increasing our insight regarding our volunteers' experiences. At the end of 2018 we launched our first Volunteer Voices Forum giving volunteers

regular opportunities to feedback and input into key activity and developments. Our biennial Volunteer Survey highlighted that 90% of respondents felt proud to volunteer for us and almost three quarters said the experience had exceeded their expectations. Now in its fourth year, we had more nominations for our National Volunteering Awards than ever before and awarded 16 inspirational volunteers with our prestigious award.

In the year ahead we will be investing further in our valued volunteer managers, rolling out a development pathway for staff managing volunteers as part of our wider workforce development activity. We will continue to focus on the journeys, resources and experience of those who raise funds and awareness in their communities and look to attract more new people to get involved. We will be looking at how we can maximise the involvement of volunteers in our services through developing new models and we will continue to test new approaches to inspire people to volunteer in our shops.

Fundraising

The majority of our voluntary income last year was raised through legacies, individuals supporting through regular or single gifts, and church communities raising funds on our behalf be that through events, services or houseboxes as well as support from university students and challenge eventers. Meanwhile, our retail network continued to grow across the country, and we are grateful to everyone who donated or purchased goods from our shops. We are also pleased to partner with professional funders and commissioners, companies, trusts and foundations to deliver our projects and services.

We connect our supporters directly to the change we make together with children and young people. All our activities deliver on our Supporter Promise, which is set out on our website.

We proactively comply with the Fundraising Regulator's voluntary regulation scheme, aligning all of our fundraising policies and practices

with the Fundraising Code of Conduct, which we reflect through our Supporter Promise, along with complying with all related legislation and marketing regulation. The majority of our fundraising activity has been led by staff and volunteers at The Children's Society. We have employed fundraising agencies to deliver some telephone fundraising on our behalf, to develop some of our mail appeals, and to help coordinate our student fundraising programme with volunteers. We proactively monitor any fundraising undertaken on our behalf – particularly the telephone fundraising activities – and require external partners to comply with the Fundraising Regulator's voluntary regulation scheme as well as our own Supporter Promise. Our strategy, programme, activities and contracts with suppliers are all focussed on offering a positive supporter experience for every person involved in our fundraising and supporter engagement. As part of our approach, policies and standards, we ensure that we protect vulnerable people and other members of the public from inappropriate behaviour – we proactively train everyone involved in fundraising, and clear processes are in place to monitor and manage every interaction. In the past year, we have not uncovered any failure by staff, volunteers, professional fundraisers or commercial participators to comply with these schemes and standards. We received 84 fundraising complaints in 2018-19, all of which have been satisfactorily resolved (2017-2018: 33).

Christingle 50th anniversary

In the past year, we were particularly proud to celebrate 50 years of The Children's Society's Christingle appeal. Since 1968, our collections have helped us work with more than a million vulnerable children and young people. As part of the celebrations, we created an original song 'Light a Candle' with Louise Drewett of the Royal Academy of Music and the British poet Clare Shaw, and participated in a special episode of BBC's Songs of Praise. Together, we raised £1.4million which will help us reach many more children – and we hope to build on this success

to achieve even more in the future with our wonderful supporters and partners.

General Data Protection Regulation (GDPR)

The Children's Society has always been fully committed to the Data Protection Act since the legislation was introduced. This year we have delivered the first phase of an Information Governance strategy to ensure we comply with the new General Data Protection Regulation (GDPR), which became effective on 25 May 2018.

This strategy has reviewed every aspect of how we handle information relating to our beneficiaries, supporters and staff, to ensure we are always honest and open about how we handle personal data, and are taking appropriate measures to keep it safe and secure.

We feel that this approach has been key to not only ensuring that we comply with the new regulations, but also to support and enhance the Society's work.

Since the General Data Protection Regulation became effective, we have continued to focus on Information Governance. As the practical experience of complying with GDPR grows both within the Children's Society and the external environment, we are committed to further strengthening our position in this area whenever appropriate.

Modern slavery

Modern slavery is the term commonly used to refer to illegal exploitation of people for personal or commercial gain. Sadly, far from being a horror confined to history, slavery and exploitation is an absolute reality of the world today. Child and adult victims of modern slavery will often find themselves trapped in situations of domestic servitude, sexual exploitation, forced marriage, forced criminality, and forced labour. Groups facing poverty, persecution and marginalisation are even more likely to experience these abuses.

The Children's Society's commitment to tackling modern slavery goes well beyond a statutory obligation to report. It is directly rooted in our commitment to human rights and to our practice and policy work with children and young people who are trafficked and exploited both within the UK and from abroad, whether they are British, settled or have any other status or nationality.

The Children's Society is committed to ensuring the organisation and its supply chains are free of slavery. The Children's Society acknowledges its responsibility to comply with all principles of the Modern Slavery Act 2015 (the 'Act'). A statement is made pursuant to section 54 of the Act and can be found on the website. It covers the activities of The Children's Society and its wholly owned subsidiaries: The Children's Society (Trading) Limited and The Children's Society (Services) Limited.

Principal risks and uncertainties

The Trustees of The Children' Society have responsibility for ensuring that the charity maintains comprehensive risk management systems and that appropriate actions are being taken to manage and mitigate risks. The Risk, Audit and Compliance Committee monitors and reviews these risk management arrangements and reports to the Trustee Board on their effectiveness.

A formal risk management strategy is in operation and provides a robust framework for developing the corporate risk register and subsequently managing risk across the charity. The Children's Society has an established system of internal controls that governs all of its operations. These controls have been designed to provide a reasonable level of assurance against the risk of error, fraud, and inappropriate or ineffective use of resources.

The outsourced internal audit function reviews the Corporate Risk Register to ensure that audits are correctly focused. They evaluate the adequacy and effectiveness of controls across our activities, and report via the Risk, Audit and Compliance Committee to the Trustee Board.

The Risk, Audit and Compliance Committee use a Governance Risk Register in line the Charity Commission's Guidance on 'Charities and Risk Management.' Individual risks are owned by the Trustee Board or one of their delegated committees. The Governance Risk Register is regularly reviewed by the Risk, Audit and Compliance Committee and is approved by the Trustee Board.

Children and young people are at the heart of all that we do. Particular attention is paid to the mitigation of safeguarding risk. This and other principal risks that have been identified in the Corporate Risk Register through their likelihood and impact on the charity are as follows:

| Risk | Examples of mitigating actions |
|---|--|
| A child protection failure results in a child or young person being harmed. | <ul style="list-style-type: none"> ■ Mandatory safeguarding training provided to all staff and volunteers and regular refresher modules for all direct practice staff. ■ Safer recruitment processes in place, including review and sign-off of mandatory DBS checks. ■ Case recording protocols and management supervision of cases, including case file audits. ■ Specialist safeguarding resources, processes and structures in place. ■ Quality Improvement Framework includes criteria on safeguarding compliance and Quality Practice Team constantly reviews and shares learning. ■ Annual review of safeguarding practice. ■ Internal audit of practice base ensuring compliance with regulatory frameworks and ensuring safeguarding policy and processes are implemented effectively. |
| The charity is unable to sufficiently grow unrestricted income from new strategic approach to achieve net unrestricted income targets and to meet our objectives for young people. | <ul style="list-style-type: none"> ■ Fully embed our supporter engagement approach. ■ Ensure compliance with new GDPR regulations. ■ Regular reviews of the external environment at both operational and governance levels. ■ Strategic Business Framework and core plans prioritise support for income generation. |
| In an increasingly volatile, shrinking and competitive market, we are unable to develop safe, robust but commercially viable service propositions to benefit young people. | <ul style="list-style-type: none"> ■ Build products and service development capability to develop propositions in line with our Accelerating Impact Plan. ■ Build our capability and capacity ■ Develop collaborative partnerships ■ Be innovative in both services to beneficiaries and the supporter and funding arenas |
| We are unable to translate our strategic intent into operational reality, or to align resources to increase our impact on young people. | <ul style="list-style-type: none"> ■ Ensure core plans reflect strategic intent ■ Close monitoring of progress of against core plans and budget ■ Lean programme in place to support delivery and instil culture of continuous improvement |



Financial review

The second year of The Children's Society's strategy for the five-year period from April 2017 to March 2022 has, in common with other charitable and publicly funded organisations, seen us continue to face financial headwinds as the financial environment continues to place limits on statutory budgets and voluntary income. Within this context, the financial performance of The Children's Society was encouraging.

We have continued to take actions to create an organisation that is agile in its response to the challenging environment that it faces. Our aim is to generate a continuing, sustainable surplus so that The Children's Society is able to meet its financial obligations and tackle the causes and effects of multiple disadvantage.

Total income and endowments, excluding gains on the disposal of property, was higher than the prior year at £39.9m (2018: £38.4m). A one-off gain on the disposal of the central London headquarters generated an income of £9.1m. Expenditure increased to £37.7m from £36m as we have spent more on charitable activities, supporter engagement and in our retail network.

The results of the actions taken and high legacy income have resulted in a net cash inflow of £3.7m (2018: £0.8m inflow) from operating activities and in an improved net asset position of The Children's Society.

We have carried out the next stage of restructuring the Society's balance sheet by selling the most valuable of our central London

properties. The move to the new London workspace is complete at the date of signing this report and plans are well advanced for further structural changes to reduce our balance sheet risk.

Income

The Children's Society has continued to benefit from the generosity of individuals, businesses and charitable bodies. Details of the amounts received in grants are shown in note 23 on page 58; corporate sponsors of The Children's Society are listed in our 'thank you' list on page 62.

Legacy income increased to £8.1m (2018: £6.8m), representing final acts of generosity from long-standing supporters.

In the year of the 50th anniversary of the first Christingle service, our income from this unique event generated £1.4m of income (2018: £1.2m) while our dedicated housebox groups gave us £1.5m from their collections (2018: £1.5m). Other donations dropped to £7.3m (2018: £7.9m) with a decline in donations from regular giving commitments being the largest part of the reduction.

We continue to be concerned about the long-term sustainability of donated income streams and in particular the impact on legacy income of changes to the probate fee structure and the tailing off of residential property value growth.

Income from charitable activities was in line with last year, bringing in £9.8m of resources (2018: £9.9m) to be used in disrupting multiple disadvantage affecting young people. 95% of this income was used to provide direct interventions with young people and their support networks with the remaining 5% being directed at campaigning, policy, research and developing

new ways of intervening in young people's lives. Contract funding is provided by national and local government, police and crime commissioners and the NHS. Our grant income has continued to benefit from the long-standing relationship with the Big Lottery Fund as we have continued with our national programme to prevent child sexual abuse and deal with its effects on children and young people.

Our retail network provides a local link in over 100 locations across England and Wales, and is staffed by committed volunteers led by professional management. The number of The Children's Society retail shops remained the same as in 2018 while income increased by 9% to £11.2m (2018: £10.3m). After direct costs and allocating a share of the support costs in the charity, the retail network contributed £0.7m (2018: £0.5m), an increase of 40%.

Expenditure

Staff costs account for 63% (2018: 63%) of the expenditure of The Children's Society. Actions taken early in the year to reduce the number of higher-paid posts in the Society have resulted in the average salary cost per FTE increasing by just 1.1% compared to market wage growth closer to 3%.

The continuation of our investment in supporter relationships has led to an increase in direct costs of fundraising to £6.3m (2018: £5.5m). The costs of the retail network have increased in line with the income from the network as we have invested in extending shop opening hours.

Costs of providing direct support to young people have moved in line with the income received to fund this activity. £5.1m of our expenditure in the year (2018: £5.4m) is the contribution made by our supporters to fund direct services, over and above the income received from government and charitable funders.

Support and governance costs are lower than the prior year at £6.6m (2018: £6.8m) Within support costs, we have incurred one-off costs in

the year as we entered into a new long-term IT infrastructure partnership, recruited a new Chief Executive, Mark Russell, and added new trustees to our Board.

Fixed assets

Our principal activities have been to continue the development of our retail network and the relocation of our main Manchester workspace from Bury to Wythenshawe, placing us closer to the young people that we work with and improving physical and technical communications links.

Investments

At 31 March 2019, The Children's Society held £49.1m (2018: £32.5m) of general and endowment funds invested in a range of short to long-term investments. The proceeds of the sale of our London headquarters building have been invested in a mixed portfolio of high-grade bonds and cash deposits, while we plan how best to use these funds.

Cash and working capital

We have continued to manage our working capital position effectively, ensuring that we pay suppliers within the terms agreed. The Children's Society's funded work is paid for mainly by local and national government agencies and therefore represents a low credit risk.

The cash position of The Children's Society has improved to £6.2m (2018: £ 2.7m) as a result of the unusually high legacy income in the year, the increase in amounts ahead of service delivery (deferred income) and payment of costs incurred during the year after the end of the year (accruals).

The move to a new London workspace, completed on time and within budget, at the beginning of July 2019 and our investment in new supporter engagement computer systems will use a significant proportion of this cash during the coming year.

Pensions

Meeting our obligations to members of The Children's Society's defined benefit pension scheme, valued in these accounts at £148.4m, is a key commitment of the Society and its Trustee Board. Changes in the value of these obligations are a significant risk to the Society and its ability to continue its work with young people. The obligations are expected to be met largely from the assets of the schemes, valued in these accounts at £147.7m. The Society retains a legal obligation to meet any shortfall in the amounts needed to meet the scheme liabilities.

Improved investment performance has been evident this year with total returns of £8.9m (2018: £5.4m). Average length of life underlying the calculation of the liabilities of the scheme has continued to reduce as the actuarial profession has adjusted its estimates of the future improvement in life expectancy. Combined with changes to the inflation and asset return assumptions in the plan valuation led to an increase in liabilities of £3.5m. The consequence of the Lloyds Banking Group guaranteed minimum pension equalisation case was that the scheme bore a one-off charge for equalisation of pension rights between female and male pensioners of £0.6m. The most recent valuation of the Growth Plan has also led to reduction in the provision for future deficit payments into to the plan.

Combining these effects has led to a reduction in the net pension deficit to £0.9m (2018: £3.5m; 2017: £17.3m).

Trustees, senior managers and advisers have worked with the trustee and managers of The Children's Society's defined benefit scheme to ensure that the scheme's obligations to its members are met with the lowest impact on current and future beneficiaries of the Society. We are negotiating and agreeing a deficit recovery plan based on the scheme valuation at September 2018 and influencing the investment decisions made in the scheme. This valuation shows a deficit of technical provisions of £15.6m and this

will form the starting point for agreement of the new deficit recovery plan with the pension fund trustee.

We anticipate that the deficit recovery plan will be agreed in the coming months and we expect that part of the designated strategic reserve will be used to reduce the deficit contributions payable.

Reserves

Unrestricted funds

The trustees have a policy of retaining sufficient general funds to meet the liabilities of the Society as they fall due, to continue day-to-day activities and to sustain its support and influencing work by providing a buffer against stresses such as:

- Longer-term changes in income patterns requiring a change in strategy.
- Sudden falls in the level of donations and legacies.
- Variation in public-sector income.
- Short-term changes in cash requirements.
- Reputational damage.
- Changes in pension liabilities that increase payments.

The trustees have considered the risks outlined above and believe that at 31 March 2019, £20.0m is an appropriate level of reserves to hold. This equates to 6 months' expenditure (2018: £20.0m; 6 months)

Designated funds

The Children's Society holds two designated funds.

The designated property fund has fallen to £3.8m (2018: £4.2m) reflecting the depreciation of assets at a greater rate than adding new assets. It represents the value of properties used in the delivery of services, in the retail network and in the provision of income generation and administration and therefore funds that are not available for general use. It is held in the value of



those properties, which are used for the Society's primary purpose.

The trustees have opted to transfer surplus general funds above the £20.0m set out above to the designated strategy fund. The fund has increased by £10.6m to £20.2m. It is set aside to ensure the financial stability of The Children's Society through the management of legacy matters such as the pension deficit, the move to a new London workspace and other strategic investments identified by the Trustees. It is intended to provide a means for reserving funds which may be required for these purposes, and is represented by liquid assets and investments.

It is expected that definitive plans for the utilisation of the strategy fund will be in place by 31 March 2020; implementation of the plans may take longer. The level of the fund will reappraised at least annually and adjusted as necessary.

Pension reserve

The pension reserve reflects the long-term liability of The Children's Society to meet the deficit in its final salary pension schemes, calculated in accordance with FRS 102. As permitted by the Charity SORP, this commitment is shown as a separate, negative reserve, equal in value to the net pension deficit of £0.9m.

Restricted funds

Restricted funds represent the unspent amounts arising from donations and grants where the activity funded is more specific than the general purposes of The Children's Society. At 31 March 2019, the value of these funds was £0.8m (2018: £1.3m). Restricted funds are held in cash.

Endowment funds

Endowment funds represent the value of assets donated to The Children's Society from which the income may be spent while the underlying capital is maintained. The funds are invested in portfolio investments whose value at 31 March 2019 was £13.3m (2018: £12.9m). In the coming year, we will look at ways of sustainably unlocking funds from

the endowment portfolio to support investments in the Society's frontline work, in line with the objectives of the endowments.

Outlook

The Trustee Board has agreed the organisational and financial strategies and plans proposed by the Senior Leadership Team, within the over-arching strategy of The Children's Society, designed to provide a sustainable financial foundation to continue and extend our work in tackling the root causes which prevent young people who face multiple disadvantage from thriving.

Our plans for 2019-20 lean further into the strategic choices that we have made. While the underlying financial performance will remain at break-even, we are investing in building relationships with existing and new supporters and extending our support and influencing work. We will therefore use some of the resources that were generated in 2018-19 to ensure we continue to lead the disruption of disadvantage for young people in our country.

The sale of the London headquarters building means that we have moved to a new workspace in London which has required a significant investment, and we have embarked on an ambitious plan to replace our ageing supporter engagement systems with ones that work effectively to provide interaction with our supporters in the ways that suit them best.

The actions taken in the last two years mean that The Children's Society no longer consumes general funds in its day-to-day operations. Our history has built a solid foundation of unrestricted and endowment funds from which The Children's Society is able to continue and develop its work with our beneficiaries. The Trustees have therefore used the going concern basis in preparing the financial statements.

Statement of Trustees' responsibilities

In respect of the trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Elizabeth Walker
Company Secretary
31 July 2019

Independent auditor's report

To the members of The Church of England Children's Society

Opinion

We have audited the financial statements of The Church of England Children's Society for the year ended 31 March 2019 which comprise the group Statement of Financial Activities, the Group and Parent Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *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 and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 30, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and 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: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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. 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Anna Bennett (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP,
Statutory Auditors

10 Queen Street Place
London EC4R 1AG

Date:
31 July 2019



Financial **statements**

Consolidated statement of financial activities

Year ended 31 March 2019

| | | Unrest- ricted funds | Rest- ricted funds | Endow- ment funds | Total funds | Unrest- ricted funds | Rest- ricted funds | Endow- ment funds | Total funds |
|--|------|----------------------------|--------------------------|-------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------|
| | Note | 2019 £000 | 2019 £000 | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 | 2018 £000 | 2018 £000 |
| Income and endowments from: | | | | | | | | | |
| Donations and legacies | 2 | 18,317 | – | – | 18,317 | 17,397 | – | – | 17,397 |
| Charitable activities | 3 | 7,344 | 2,453 | – | 9,797 | 7,438 | 2,508 | – | 9,946 |
| Trading income | 4 | 11,507 | – | – | 11,507 | 10,822 | – | – | 10,822 |
| Investments | 5 | 267 | – | – | 267 | 243 | – | – | 243 |
| Other income | 6 | 9,158 | – | – | 9,158 | – | – | – | – |
| Total income and endowments | | 46,593 | 2,453 | – | 49,046 | 35,900 | 2,508 | – | 38,408 |
| Expenditure on: | | | | | | | | | |
| Raising funds | 7 | 18,424 | – | – | 18,424 | 16,986 | – | – | 16,986 |
| Charitable activities | 8 | 16,312 | 2,956 | – | 19,268 | 16,284 | 2,614 | – | 18,898 |
| Other uses | | 21 | – | – | 21 | 99 | – | – | 99 |
| Total expenditure | | 34,757 | 2,956 | – | 37,713 | 33,369 | 2,614 | – | 35,983 |
| Finance costs | 11 | (67) | – | – | (67) | (443) | – | – | (443) |
| Net gains/(losses) on investments | 13 | (887) | – | 442 | (445) | (205) | 0 | 892 | 687 |
| Net income | | 10,882 | (503) | 442 | 10,821 | 1,883 | (106) | 892 | 2,669 |
| Other recognised gains / (losses): | | | | | | | | | |
| Gains on revaluation of fixed assets | 12 | – | – | – | – | 38 | – | – | 38 |
| Actuarial gains on defined benefit pension schemes | 11 | 1,777 | – | – | 1,777 | 13,485 | – | – | 13,485 |
| Net movement in funds | | 12,659 | (503) | 442 | 12,598 | 15,406 | (106) | 892 | 16,192 |
| Reconciliation of funds | | | | | | | | | |
| Funds brought forward | | 30,386 | 1,324 | 12,858 | 44,568 | 14,980 | 1,430 | 11,966 | 28,376 |
| Total funds carried forward | | 43,045 | 821 | 13,300 | 57,166 | 30,386 | 1,324 | 12,858 | 44,568 |
| Summary of total income and expenditure | | | | | | | | | |
| Total income | | 45,706 | 2,453 | 442 | 48,601 | 35,695 | 2,508 | 892 | 39,095 |
| Total expenditure | | (34,824) | (2,956) | – | (37,780) | (33,812) | (2,614) | – | (36,426) |
| Net income | | 10,882 | (503) | 442 | 10,821 | 1,883 | (106) | 892 | 2,669 |

Group and Society balance sheets

Year ended 31 March 2019

Company registration number 40004

| | | Group | | Society | |
|--|------|---------------|----------------|---------------|----------------|
| | Note | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 3,773 | 4,199 | 3,773 | 4,199 |
| Investments | 13 | 49,066 | 32,482 | 49,066 | 32,482 |
| Total fixed assets | | 52,839 | 36,681 | 52,839 | 36,681 |
| Current assets | | | | | |
| Debtors | 14 | 4,859 | 5,812 | 4,316 | 5,040 |
| Properties held for sale | | – | 8,133 | – | 8,133 |
| Cash | | 6,154 | 2,656 | 5,675 | 2,193 |
| Total current assets | | 11,013 | 16,601 | 9,991 | 15,366 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 15 | (5,003) | (4,666) | (4,681) | (3,431) |
| Net current assets / (liabilities) | | 6,010 | 11,935 | 5,310 | 11,935 |
| Provisions for liabilities | 16 | (745) | (594) | (745) | (594) |
| Net assets excluding pension deficit | | 58,104 | 48,022 | 57,404 | 48,022 |
| Pension deficit | 11 | (938) | (3,454) | (938) | (3,454) |
| Net assets | | 57,166 | 44,568 | 56,466 | 44,568 |
| Unrestricted funds | | | | | |
| General funds | 19 | 20,000 | 20,000 | 19,300 | 20,000 |
| Designated funds | 19 | 23,983 | 13,840 | 23,983 | 13,840 |
| Pension reserve | 19 | (938) | (3,454) | (938) | (3,454) |
| Total unrestricted funds | | 43,045 | 30,386 | 42,345 | 30,386 |
| Restricted funds | 19 | 821 | 1,324 | 821 | 1,324 |
| Endowment funds | 19 | 13,300 | 12,858 | 13,300 | 12,858 |
| Total funds | | 57,166 | 44,568 | 56,466 | 44,568 |

The notes on pages 30 to 49 form part of these financial statements

The financial statements were approved and authorised by the Board of Trustees on **31 July 2019** and signed on their behalf by



AC Gillies

Honorary Treasurer

The result of the parent charity for the year was a net income of £10,121,000 (2018: net income of £2,669,000)

Funds for the Group and Society include a revaluation reserve of £6,239,000 (2018: £15,992,000)

Group and Society cash flow statements
Year ended 31 March 2019

| | | Group | | Society | |
|--|------|--------------|--------------|--------------|--------------|
| | Note | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Net cash generated by operating activities | A | 3,662 | 822 | 3,646 | 771 |
| Cash flows from investment activities | | | | | |
| Investment income received | | 146 | 188 | 146 | 188 |
| Purchase of investments | | (18,333) | (26,083) | (18,333) | (26,083) |
| Proceeds from the sale of investments | | 1,323 | 26,138 | 1,323 | 26,138 |
| Purchase of tangible fixed assets | | (595) | (251) | (595) | (251) |
| Proceeds from the sale of fixed assets | | 17,295 | 571 | 17,295 | 571 |
| Net cash provided by investment activities | | (164) | 563 | (164) | 563 |
| Increase in cash | | 3,498 | 1,385 | 3,482 | 1,334 |
| Cash at the start of the period | | 2,656 | 1,271 | 2,193 | 859 |
| Cash at the end of the period | | 6,154 | 2,656 | 5,675 | 2,193 |

Notes to the cash flow statements

A Reconciliation of net income to cash generated by operating activities

| | | | | |
|---|---------|---------|---------|---------|
| Net income as reported in the statement of financial activities | 10,821 | 2,669 | 10,121 | 2,669 |
| Adjustments for: | | | | |
| Net investment income receivable | (146) | (188) | (146) | (188) |
| Net interest cost on defined benefit pension liability | 67 | 443 | 67 | 443 |
| Depreciation charges | 1,008 | 1,349 | 1,008 | 1,349 |
| (Gains) / losses on the sale of fixed assets | (9,149) | 69 | (9,149) | 69 |
| Losses / (gains) on investments | 445 | (725) | 445 | (725) |
| Decrease / (increase) in debtors | 953 | (1,309) | 724 | (883) |
| Increase / (decrease) in creditors | 318 | (316) | 1,231 | (793) |
| (Decrease) / increase in provisions for liabilities | 151 | 215 | 151 | 215 |
| Net cash provided by operations before pension deficit | 4,468 | 2,207 | 4,452 | 2,156 |
| Decrease in pension deficit from cash payments | (806) | (1,385) | (806) | (1,385) |
| Net cash generated by operating activities | 3,662 | 822 | 3,646 | 771 |

Notes to the financial statements
Year ended 31 March 2019

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of these financial statements are as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. General information

The Society is registered in England and Wales as a company limited by guarantee with registration number 40004. It is registered as a charity with the Charity Commission with registration number 221124.

The registered office of the Society is:

Whitecross Studios
50 Banner Street
London
EC1Y 8ST

b. Statement of compliance

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain assets measured at fair value.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) ('Charities SORP') and the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). The Society is a public-benefit entity as defined by FRS 102.

They also conform to the requirements of the Charities Act 2011 and the Companies Act 2006. No separate Statement of Financial Activities ('SOFA') has been presented for the Charity alone as permitted by the Charities SORP.

c. Basis of consolidation

The results of each of the Society's subsidiary undertakings listed in note 21 have been consolidated into these financial statements, on a line-by-line basis. Uniform group accounting policies have been applied and transactions and balances between the undertakings are eliminated on consolidation.

d. Subsidiaries and joint ventures

Entities related to the Society are treated as subsidiaries when the Society is able to control the entity. Subsidiaries that have been part of the group in the year are shown in note 21.

The Society and two other charities own one-third each of the share capital in a separate entity, CharITyshare Limited registered in England and Wales with company number 5260609. CharITyshare was created and operates under a shareholder agreement to provide IT infrastructure for the shareholder charities using a cost-sharing model. The transactions are not material and therefore CharITyshare is not treated as a joint venture for the purposes of the consolidated

accounts and the share of costs incurred and prepaid charges associated with the activity is recorded in the accounts of the Society.

e. Income from donations, grants and legacies

Income from donations, grants and legacies is recognised when the Society is entitled to the income, when receipt is probable and the amount can be reliably estimated.

Gift Aid receivable is recognised at the same time as the related donations.

When donations are received other than in money, for instance as a donation of property or investments, the donation is recorded at the fair value of the items donated at the date of donation, with the relevant asset recorded at the same initial value.

If there is a requirement to repay a grant received as a result of not meeting the conditions of the grant, a liability is recognised for the repayment and recorded as a reduction in income in the period.

f. Income from contracts

Income from contracts for the delivery of services is recognised on a straight-line basis over the period of time that the contract covers. Where the contract has a set value of expenditure to be met as well as covering a period of time, cumulative income is recognised in proportion to the cumulative value of expenditure. The amount of income recognised in a given reporting period is calculated as the difference between the cumulative income at the beginning and the end of the reporting period.

g. Donated goods

Valuation of donated goods for resale at the time of receipt is not practicable, due to the high volume of low value items received and the absence of detailed stock control systems. Instead, the value of the donated items is recognised as income when they are sold and their value is thus determined.

h. Gifts in kind

The Society receives goods and services that are provided free of charge. When these replace expenditure that the Society would have made if not provided free of charge and the value can be measured reliably, the value of the goods or services received is recognised as donated income at the value that the Society would have paid a third-party supplier. The expenditure or asset arising is recognised at the same value in the appropriate section of the financial statements.

i. Volunteers

The Society benefits from volunteer support in its retail network, fundraising groups, working with children and young people, and in administration. If volunteers were not available, their roles would not be provided by salaried staff as it would be financially impractical. There is no ready market comparator for the roles they undertake and it is not possible to reliably measure the financial value of our volunteers. The financial value of the donated services and the related contributed activity are, therefore, not recognised in the financial statements.

Notes to the financial statements
Year ended 31 March 2019

1 Accounting policies (continued)

j. Accounting for expenditure

Costs are recognised when the Society has an obligation, whether contractual, legal or constructive, to transfer funds to another person or entity. Costs are recorded at the total of the amount due plus any unrecoverable VAT associated with the cost.

Costs are recorded according the type of expenditure incurred and the charitable, income generation or support purpose to which they are put.

Support and governance costs are allocated to the activities of the Society using the following bases:

| Cost group | Allocation basis |
|-------------------------------------|---------------------------------|
| HR and organisational development | Headcount |
| Property services | Number of properties managed |
| Information systems | Number of users serviced |
| Financial processing and management | Value of transactions processed |
| Senior management | Headcount |
| Governance | Headcount |

k. Leases

The cost of the minimum payments under an operating lease is recognised evenly over the non-cancellable period of the lease. To meet this policy, break points are assumed to be taken when calculating lease costs.

l. Employee benefits

Short-term employee benefits

Short-term employee benefits, typically salaries, paid holiday and contributions to money-purchase pension schemes, are recorded as the employees earn entitlement to the benefits through their service.

Long-term employee benefits

Single employer defined benefit pension schemes

Scheme assets are measured at market value. Scheme liabilities are measured using the projected unit credit method and discounted at the current rate of high-quality corporate bonds with an equivalent term and the same currency as the liabilities.

Current service costs are recognised as the scheme members earn entitlement to benefits. Past service costs are recognised immediately in expenditure if the benefits have vested. The administration charges of the scheme are also included in expenditure as they fall due.

An interest cost arising from the unwinding of the discount on the scheme liabilities and an expected return from assets using the same discount rate are recognised in income and expenditure as a net income or cost.

Changes in the valuation of the scheme liabilities and assets caused by changing assumptions in the valuation of the liabilities and difference between expected and actual return on assets are recorded as actuarial gains and losses in the SOFA under 'Other recognised gains and losses'.

Multi-employer defined benefit pension schemes

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate which is the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. The unwinding of the discount is recognised as a finance cost.

m. Taxation

The Society is a registered charity and, as such, is exempt from taxation of its income provided the income is applied for charitable purposes. Both subsidiary entities are subject to Corporation Tax. Taxable profits earned by the subsidiaries are distributed under the Gift Aid scheme to the Society so that taxable profits are eliminated, to the extent that the profits are available for distribution.

n. Accounting for funds

Monies received and expended are recorded as part of unrestricted general funds unless they meet the criteria to be recorded in one of the funds described below.

Income received that is required (whether by the donor, by written agreement or by the request made by the Society) to be used more narrowly than for the general purposes of the Society is recorded in a restricted fund. These funds are identified and held separately from the other funds of the Society.

The Trustees may also set aside monies into a fund designated for a specific purpose. A fund of this kind remains part of the unrestricted funds of the Society, but not available for use for general purposes.

Expenditure to meet the purposes of a fund is recorded against the fund. The remaining balances of funds are carried forward for future use.

The Charities SORP permits and The Children’s Society uses a negative fund to represent the value of the pension deficit as separate from other funds.

Notes to the financial statements
Year ended 31 March 2019

1 Accounting policies (continued)

o. Tangible fixed assets

Tangible fixed assets are physical and software assets controlled by the Society that are used in the delivery of charitable or support activities.

Tangible fixed assets are recorded when they have an aggregate cost of at least £1,000. They are recorded initially at cost including the costs of bringing them to location and state in which they can be used for their intended purpose.

The cost of the assets is depreciated evenly over their expected useful life with the Society to the expected residual value at the end of its useful life. Depreciation is charged from the point that the asset is ready for use. Initial depreciation rates are based on the following expected lives of assets:

| Asset type | Initial expected life | Initial expected residual value |
|----------------------------|-----------------------|---------------------------------|
| Freehold land | Infinite | Cost |
| Freehold buildings | 50 years | Nil |
| Leasehold land & buildings | Lease life | Nil |
| Vehicles | 4 years | Nil |
| Equipment | 4 years | Nil |

After purchase, freehold land and buildings are carried at their open market value. Valuations are carried out on a rolling three-year programme by a Chartered Surveyor. Where market value is above carrying value, this amount is first applied as reversal of depreciation then as an increase in cost. Surpluses arising are transferred to a revaluation reserve as required by the Companies Act.

Where the market value is below carrying value, deficits arising are first treated as reversals of valuation then as additional depreciation. To the extent that the revaluation reserve has not been realised through depreciation, deficits arising are charged against the revaluation reserve.

p. Investments

Investments are recorded at cost when purchased. Where the market value of an investment can be determined by reference to an external market or a professional valuation, the investment is carried at its open-market value.

Investment property is property held by the Society for the purposes of generating income and/or capital growth. These buildings are not used by the Society for its purposes. Investment property is recorded initially at cost and remeasured each year at its open-market value.

Gains and losses on remeasurement are reported in income and expenditure.

q. Current assets

Trade debtors are recorded at the amount invoiced in accordance with the agreement to which they relate, less any impairment of the asset.

Costs incurred that relate to future periods are carried as prepayments within current assets.

Income that has met the conditions to be recognised either as a result of being earned under an agreement or being a future donation or legacy, able to be recognised as set out above, is recorded within accrued income.

Cash at bank and in hand represents the value of all cash and bank holdings that are available for immediate use.

Where fixed assets have been put on sale and are expected to be sold within the next financial year, their cost or valuation and accumulated depreciation are removed from fixed assets and the asset recorded as an asset held for sale. Assets held for sale are carried at the lower of cost or valuation less accumulated depreciation at the date of being placed on sale or the net amount recoverable from the sale, less associated costs.

r. Impairment of assets

When external events relating to markets or technology or internal events relating to the plans and activities of the Society indicate that the value of an asset may be impaired, an impairment review is conducted. The review determines whether the recoverable value of the asset is above or below its carrying value, using external open-market values or other accepted valuation techniques.

If the recoverable amount of the asset is below its carrying value, the difference is written off. To the extent that the reduction in value represents the reversal of undepreciated revaluation surpluses, the reduction is treated as a reversal of the revaluation. Any further reduction is recorded as an impairment of the asset in depreciation.

s. Liabilities and provisions

Liabilities are recognised when the Society has a legal or contractual obligation to transfer resources to another party to settle that obligation. Liabilities are recorded at the best estimate of the amount that will be required to settle the obligation.

When the timing, value or both of the liability is uncertain, a provision is recognised at the best estimate of the amount to be paid.

t. Financial instruments

The Society applies the provisions of sections 11 and 12 of FRS 102 in full.

Financial instruments are recorded initially at their transaction costs. Financial instruments held at fair value through profit and loss are subsequently measured and reported at their fair value. Changes in fair value from remeasurement are recorded in income and expenditure.

Financial instruments that are debt or financial liabilities are subsequently measured and reported at their amortised cost using the effective interest method. Remeasurement gains and losses are reported in income and expenditure.

Notes to the financial statements
Year ended 31 March 2019

1 Accounting policies (continued)

u. Assets held on behalf of other charities

The Society from time to time holds assets on behalf of other charities. When such assets held are held separately from those belonging to the Society, they are not recorded in the financial statements. When the assets are combined with other assets of the Society, for example in pooled investments, the portion of the value of the assets held on behalf of the other charity is recorded as a liability. Income, expenditure, and gains and losses related to the portion of the assets held on behalf of the other charity are not reported in the statement of financial activities.

v. Uncertainties and judgements

The principal judgements made in the preparation of the financial statements have been in relation to:

- the assumptions underlying the valuation of the pension scheme deficit disclosed in note 11. The assumptions have been prepared with advice from a qualified actuary.
- the allocation of costs to activities as described above.
- the expected future cost of making good dilapidations to and removing fixtures and fittings from properties held on operating leases.

The most important uncertainties that the Society faces in the preparation of the financial statements are:

- Whether investments can be realised at the market value stated.
- Whether the assumptions on asset return and future cost of the defined benefit pension scheme are borne out.
- Continued funding from government organisations.
- Continued receipt of material values of legacies in future years.

Notes to the financial statements (continued)
Year ended 31 March 2019

2 Income from donations and legacies

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Total funds 2019 £000 | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 |
|---|---------------------------------------|-------------------------------------|-----------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| Donations | | | | | | |
| Christingle | 1,374 | – | 1,374 | 1,172 | – | 1,172 |
| House boxes | 1,460 | – | 1,460 | 1,542 | – | 1,542 |
| Other donations | 7,347 | – | 7,347 | 7,890 | – | 7,890 |
| Legacies | 8,136 | – | 8,136 | 6,793 | – | 6,793 |
| Total income from donations and legacies | 18,317 | – | 18,317 | 17,397 | – | 17,397 |

3 Income from charitable activities

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Total funds 2019 £000 | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 |
|---|---------------------------------------|-------------------------------------|-----------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| Providing direct support to children and young people | 7,187 | 2,161 | 9,348 | 7,330 | 2,197 | 9,527 |
| Changing governmental and societal systems | 157 | 292 | 449 | 108 | 311 | 419 |
| Total income from charitable activities | 7,344 | 2,453 | 9,797 | 7,438 | 2,508 | 9,946 |

4 Income from trading activities

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Total funds 2019 £000 | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 |
|---|---------------------------------------|-------------------------------------|-----------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| Income from retail activities | 11,236 | – | 11,236 | 10,287 | – | 10,287 |
| Card sales | 70 | – | 70 | 75 | – | 75 |
| Event entry fees | 201 | – | 201 | 460 | – | 460 |
| Total income from trading activities | 11,507 | – | 11,507 | 10,822 | – | 10,822 |

5 Income from investments

| | Unrestricted funds 2019 £000 | Total funds 2019 £000 | Unrestricted funds 2018 £000 | Total funds 2018 £000 |
|-----------------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Income from financial investments | 146 | 146 | 188 | 188 |
| Income from investment properties | 121 | 121 | 55 | 55 |
| Total investment income | 267 | 267 | 243 | 243 |

Notes to the financial statements (continued)
Year ended 31 March 2019

6 Other income

| | Unrestricted funds | Restricted funds | Total funds | Unrestricted funds | Restricted funds | Total funds |
|---|--------------------|------------------|--------------|--------------------|------------------|-------------|
| | 2019 | 2019 | 2019 | 2018 | 2018 | 2018 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Gains on disposal of fixed assets | 9,149 | – | 9,149 | – | – | – |
| Sundry income | 9 | – | 9 | – | – | – |
| Total income from trading activities | 9,158 | – | 9,158 | – | – | – |

7 Expenditure on raising funds

| | Direct costs | Support costs | Total costs | Direct costs | Support costs | Total costs |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2019 | 2019 | 2018 | 2018 | 2018 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Direct fundraising | 6,346 | 1,544 | 7,890 | 5,548 | 1,651 | 7,199 |
| Costs of retail operations | 8,945 | 1,589 | 10,534 | 8,186 | 1,601 | 9,787 |
| Total expenditure on raising funds | 15,291 | 3,133 | 18,424 | 13,734 | 3,252 | 16,986 |

8 Expenditure on charitable activities

| | Direct costs | Support costs | Total costs | Direct costs | Support costs | Total costs |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2019 | 2019 | 2019 | 2018 | 2018 | 2018 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Providing direct support to children and young people | 11,939 | 2,474 | 14,413 | 12,069 | 2,852 | 14,921 |
| Changing governmental and societal systems | 3,836 | 1,019 | 4,855 | 3,324 | 653 | 3,977 |
| Total expenditure on charitable activities | 15,775 | 3,493 | 19,268 | 15,393 | 3,505 | 18,898 |

Net income is arrived at after charging:

| | 2019 | 2018 |
|---|-------|-------|
| | £000 | £000 |
| Depreciation of tangible fixed assets | 1,008 | 1,349 |
| Rentals payable under operating leases | 1,925 | 1,880 |
| Auditor's remuneration | | |
| Audit of the Group's financial statements | 38 | 37 |
| Other fees payable to the auditor | – | – |

Notes to the financial statements (continued)
Year ended 31 March 2019

9 Support costs and their allocation to activities

| 2019 | Direct services | Changing systems | Donations & legacies | Retail | Total |
|-------------------------------------|-----------------|------------------|----------------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| HR and organisational development | 679 | 141 | 159 | 492 | 1,471 |
| Property services | 120 | – | – | 426 | 546 |
| Information systems | 512 | 604 | 682 | 175 | 1,973 |
| Financial processing and management | 758 | 189 | 608 | 350 | 1,905 |
| Senior management | 170 | 35 | 40 | 62 | 307 |
| Governance | 235 | 49 | 55 | 85 | 424 |
| Total support costs | 2,474 | 1,018 | 1,544 | 1,590 | 6,626 |

The allocation basis for support costs is set out in note 1 Accounting policies

| 2018 | Direct services | Changing systems | Donations & legacies | Retail | Total |
|-------------------------------------|-----------------|------------------|----------------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| HR and organisational development | 1,039 | 109 | 242 | 649 | 2,039 |
| Property services | 87 | – | – | 310 | 397 |
| Information systems | 346 | 361 | 805 | 100 | 1,612 |
| Financial processing and management | 941 | 138 | 502 | 405 | 1,986 |
| Senior management | 224 | 23 | 52 | 70 | 369 |
| Governance | 215 | 22 | 50 | 67 | 354 |
| Total support costs | 2,852 | 653 | 1,651 | 1,601 | 6,757 |

Governance costs are made up of:

| | 2019 | 2018 |
|-------------------------------|------------|------------|
| | £000 | £000 |
| External audit | 49 | 32 |
| Internal audit | 87 | 69 |
| Trustee Board administration | 49 | 38 |
| Trustee recruitment | 30 | – |
| Trustee expenses | 3 | 4 |
| Trustee meetings | 12 | 11 |
| Professional fees | 3 | 16 |
| Senior Leadership Team | 191 | 185 |
| Total governance costs | 424 | 354 |

10 Trustees and staff

| | | |
|---|------------|------------|
| <i>Group and Society</i> | | |
| Average monthly number of full-time equivalent staff employed in: | 2019 | 2018 |
| Providing direct support to children and young people | 248 | 252 |
| Changing governmental and societal systems | 57 | 56 |
| Direct fundraising | 81 | 84 |
| Retail operations | 180 | 156 |
| Support services | 61 | 69 |
| Total | 627 | 617 |

Notes to the financial statements (continued)
Year ended 31 March 2019

10 Trustees and staff (continued)

| | | |
|---|------------|------------|
| Average monthly number of staff employed in: | 2019 | 2018 |
| Providing direct support to children and young people | 333 | 348 |
| Changing governmental and societal systems | 60 | 58 |
| Direct fundraising | 82 | 86 |
| Retail operations | 233 | 194 |
| Support services | 64 | 73 |
| Total | 772 | 759 |

| | | |
|--|---------------|---------------|
| Costs of staff | 2019 | 2018 |
| <i>Group and Society</i> | £000 | £000 |
| Wages and salaries | 19,420 | 18,884 |
| Social security | 1,721 | 1,683 |
| Pensions | 1,603 | 1,142 |
| Redundancy and compensation for loss of office | 183 | 156 |
| Agency staffing | 885 | 942 |
| Total | 23,812 | 22,707 |

The total amount paid in the year for redundancy and compensation for loss of office was £172,000 (2018: £477,000). The amount accrued for future redundancy payments at the balance sheet date was £10,626 (2018: £Nil).

Higher paid staff

The number of employees with remuneration in excess of £60,000 including redundancy and compensation for loss of office but excluding pension contributions is analysed into the following bands:

| | | |
|-------------------------------|---------------|--------|
| | 2019 | 2018 |
| | Number | Number |
| Between £60,001 and £70,000 | 8 | 11 |
| Between £70,001 and £80,000 | 4 | 5 |
| Between £90,001 and £100,000 | 3 | 2 |
| Between £100,001 and £110,000 | 3 | 1 |
| Between £120,001 and £130,000 | – | 1 |

The Society paid pension contributions into a money purchase scheme of £86,948 (2018: £84,064) for 18 (2018: 20) of the higher paid staff. Of the higher paid staff, 1 (2018: 3) are included as a result of redundancy payments made in the year.

Key management personnel

The key management personnel serving in the year comprise the Chief Executive Officer, Director for Children and Young People, Director of Finance and Corporate Services, Director of Supporter Impact and Income, Director of Marketing, Communications and Digital and Director of External Affairs. The total remuneration paid to key management personnel was £685,233 (2018: £753,340).

The salary of the Chief Executive during the year ended 31 March 2019 comprised of salary £108,955 (2018: £121,500) and agency fee £34,665 (2018: £Nil). In addition, the company paid pension contributions of £25,575 (2018: £14,426) into a defined contribution scheme.

Trustee remuneration

No members of the Trustee Board received, or were entitled to receive, any remuneration. Where expenses were claimed, reimbursement was made. In the year, travelling expenses of £3,309 (2018: £3,407) were reimbursed to 5 trustees (2018: five). Trustee indemnity insurance was purchased at a cost of £5,055 (2018: £3,696).

Notes to the financial statements (continued)
Year ended 31 March 2019

11 Pensions

The Children's Society operates three pension schemes, a defined contributions scheme, a defined benefits scheme and a multi-employer mixed defined benefit and money purchase scheme for additional voluntary contributions within The Pensions Trust Growth Plan ('the Growth Plan').

The defined contribution scheme was managed by Aberdeen Standard Life until 31 March 2019; from 1 April 2019 it is managed by Scottish Widows. The scheme is compliant with the pension reform rules for automatic enrolment. Contributions by the employee are matched by the employer up to a limit of 8% of salary and a salary sacrifice option is offered. The cost of employer contributions due as a result of service in the year was £720,000 (2018: £704,000).

The defined benefits scheme is externally funded and is contracted-in to the state second-tier of pension provision. Retirement benefits within this scheme are based on employees' final remuneration and length of service. The scheme was closed to new members in June 2003 and is managed by The Pensions Trust.

11(a) Defined benefit scheme

The most recent full valuation of the scheme was carried out at 30 September 2018 and showed a technical provisions deficit of £15.6m. Annual contributions under the deficit recovery plan from the valuation in September 2015 are £1.4m rising to £2.0m from October 2019. For the purposes of these accounts, the liabilities at 31 March 2019 have been calculated in accordance with FRS 102, using the projected unit method by rolling forward from the preliminary funding valuation results from the next triennial valuation at 30 September 2018.

The assumptions used by the actuary are the best estimates chosen each year from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

| | | |
|---|-------|-------|
| | 2019 | 2018 |
| Rate of increase in salaries | 0.00% | 0.00% |
| Rate of increase in pensions in payment | 2.30% | 2.25% |
| Discount rate | 2.40% | 2.60% |
| Inflation assumption | 3.30% | 3.20% |
| Rate of increase for deferred pensions | 3.30% | 3.20% |

The rate of increase in salaries is assumed at 0% as pensionable salaries for active members were frozen as at 31 December 2013.

Life expectancy included in the valuation of the scheme is calculated using the SAPS S2 (All Pensioners - Pension Amounts) tables with a best estimate scheme-specific scaling factor of 112% (2018 - 96%). The base tables have been projected using the CMI_2018 projection model with a long-term improvement rate 1.25% for males and of 1.0% for females.

The resulting average life-expectancies in years (age at death) were:

| | | | | |
|----------------------|----------------|--------------|-------------|-------------|
| Pensioners retiring: | 2019 | | 2018 | |
| | Females | Males | Females | Males |
| Now | 23.3 (88.3) | 21.6 (86.6) | 24.0 (89.0) | 22.2 (87.2) |
| In 20 years | 24.6 (89.6) | 23.0 (88.0) | 25.2 (90.2) | 23.6 (88.6) |

Assets and liabilities of the scheme

| | | |
|---|------------------|------------------|
| | 2019 | 2018 |
| | £000 | £000 |
| Bonds | 92,164 | 72,551 |
| Equities | 46,628 | 60,654 |
| Property | 8,378 | 9,888 |
| Cash | 489 | 122 |
| Scheme assets | 147,659 | 143,215 |
| Present value of scheme liabilities | (148,374) | (146,365) |
| Deficit in the scheme - pension liability | (715) | (3,150) |
| Present value of Growth Plan provision (note 11(b)) | (223) | (304) |
| Net pension liability | (938) | (3,454) |

Notes to the financial statements (continued)
Year ended 31 March 2019

11 Pensions (continued)

11(a) Defined benefit scheme (continued)

Profit and loss impact

| | 2019 | 2018 |
|----------------------------------|--------------|------------|
| | £000 | £000 |
| Current service cost | 150 | 165 |
| Past service cost | 621 | — |
| Expenses | 197 | 200 |
| Interest on obligation | 3,727 | 4,070 |
| Expected return on scheme assets | (3,665) | (3,631) |
| Total | 1,030 | 804 |

Movement in defined benefit obligation

| | 2019 | 2018 |
|------------------------------------|-------------|----------|
| | £000 | £000 |
| Opening defined benefit obligation | 146,365 | 159,036 |
| Current service cost | 150 | 165 |
| Past service cost | 621 | — |
| Expenses | 197 | 200 |
| Interest cost | 3,727 | 4,070 |
| Contributions by employees | 15 | 19 |
| Actuarial loss/(gain) | 3,472 | (11,715) |
| Benefits paid | (6,173) | (5,410) |

| | | |
|---|----------------|----------------|
| Closing defined benefit obligation | 148,374 | 146,365 |
|---|----------------|----------------|

Change in fair value of the scheme assets

| | 2019 | 2018 |
|------------------------------------|-------------|---------|
| | £000 | £000 |
| Opening value of the scheme assets | 143,214 | 141,497 |
| Expected return | 3,665 | 3,631 |
| Actuarial (loss)/gain | 5,249 | 1,770 |
| Contributions by employer | 1,688 | 1,708 |
| Contributions by employees | 15 | 19 |
| Benefits paid | (6,173) | (5,411) |

| | | |
|--|----------------|----------------|
| Closing fair value of the scheme assets | 147,658 | 143,214 |
|--|----------------|----------------|

| | | |
|---------------------------------------|--------------|--------------|
| Actual return on scheme assets | 8,914 | 5,401 |
|---------------------------------------|--------------|--------------|

Defined benefit costs recognised in other comprehensive income

| | 2019 | 2018 |
|--|--------------|---------------|
| | £000 | £000 |
| Return on plan assets (excluding amounts included in net interest cost) | 5,249 | 1,770 |
| Experience gains and losses arising on the plan liabilities | (38) | 1,603 |
| Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities | (3,434) | 11,112 |
| Total amount recognised in other comprehensive income | 1,777 | 14,485 |

Notes to the financial statements (continued)
Year ended 31 March 2019

11 Pensions (continued)

11(a) Defined benefit scheme (continued)

Sensitivity analysis

Changes in assumptions would have the following indicative effects on the liabilities of the scheme:

| <i>Assumption change</i> | <i>Effect on liabilities</i> |
|---|---|
| Decrease in discount rate by 0.1% | 2% increase in liabilities |
| Increase inflation linked assumptions by 0.1% per annum | 2% increase of inflation linked liabilities |
| Increase in life expectancy of 1 year | 2-3% increase in liabilities |

11(b) The Growth Plan

The Children's Society participates in The Pensions Trust Growth Plan, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK.

A full actuarial valuation of the scheme was carried out as at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

| | |
|---|---|
| From 1 April 2019 to 30 September 2025: | £11,243,000 per annum (payable monthly and increasing by 3% each on 1st April) |
|---|---|

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

| | 2019 | 2018 |
|------------------------------------|-------------|------------|
| | £000 | £000 |
| Present values of provision | 223 | 304 |

Changes in provision

| | 2019 | 2018 |
|--|-------------|------------|
| | £000 | £000 |
| Provision at start of period | 304 | 342 |
| Unwinding of the discount factor (interest expense) | 5 | 4 |
| Deficit contributions paid | (38) | (38) |
| Remeasurements - impact of any change in assumptions | 2 | (4) |
| Remeasurements - amendments to the contribution schedule | (50) | — |
| Provision at end of period | 223 | 304 |

Profit and loss impact

| | 2019 | 2018 |
|--|-------------|----------|
| | £000 | £000 |
| Interest expense | 5 | 4 |
| Remeasurements – impact of any change in assumptions | 2 | (4) |
| Remeasurements – amendments to the contribution schedule | (50) | — |
| | (43) | — |

| | 2019 | 2018 |
|---------------|--------------------|-------|
| | Assumptions | |
| Discount rate | 1.39% | 1.71% |

Notes to the financial statements (continued)
Year ended 31 March 2019

12 Tangible fixed assets

| | Freehold land & buildings £000 | Leasehold land & buildings £000 | Vehicles £000 | Equipment £000 | Total £000 |
|--------------------------|--------------------------------------|--|------------------|-------------------|---------------|
| Group and Society | | | | | |
| Cost or valuation | | | | | |
| At 1 April 2018 | 3,117 | 4,881 | 192 | 3,855 | 12,045 |
| Additions | – | 523 | – | 72 | 595 |
| Disposals | – | (32) | – | (3) | (35) |
| At 31 March 2019 | 3,117 | 5,372 | 192 | 3,924 | 12,605 |
| | | | | | |
| Depreciation | | | | | |
| At 1 April 2018 | 1,052 | 3,612 | 169 | 3,013 | 7,846 |
| Depreciation charged | 28 | 608 | 15 | 357 | 1,008 |
| Released on disposal | – | (20) | – | (2) | (22) |
| At 31 March 2019 | 1,080 | 4,200 | 184 | 3,368 | 8,832 |
| | | | | | |
| Net book value | | | | | |
| At 31 March 2019 | 2,037 | 1,172 | 8 | 556 | 3,773 |
| At 31 March 2018 | 2,065 | 1,269 | 23 | 842 | 4,199 |

Freehold land & buildings used by The Children's Society are revalued following the policy set out in note 1. Valuations are carried out by the Society's Estates Surveyor, Ian Birtwistle MRICS. The most recent valuations were carried out in 2019.

If the properties (including those held for sale and in investments) had not been revalued, they would be reported in the accounts with a cost of £2,883,000 (2018: £14,691,000) and accumulated depreciation of £638,000 (2018: £13,816,000) leaving a net value of £2,245,000 (2018: £875,000).

Notes to the financial statements (continued)
Year ended 31 March 2019

13 Investments

| Group and Society | Investment properties £000 | Listed investments £000 | Total £000 |
|---|----------------------------------|-------------------------------|---------------|
| At 1 April 2017 | 6,000 | 25,320 | 31,320 |
| Purchases | 57 | 26,026 | 26,083 |
| Transfer from fixed assets | 492 | – | 492 |
| Sales | – | (26,138) | (26,138) |
| Realised and unrealised gains - Society | – | 687 | 687 |
| Realised and unrealised gains - The Viney Trust | – | 38 | 38 |
| At 1 April 2018 | 6,549 | 25,933 | 32,482 |
| Purchases | – | 18,333 | 18,333 |
| Sales | – | (1,323) | (1,323) |
| Realised and unrealised gains / (losses)- Society | (1,057) | 612 | (445) |
| Realised and unrealised gains - The Viney Trust | – | 19 | 19 |
| At 31 March 2019 | 5,492 | 43,574 | 49,066 |

14 Debtors

| | Group | | Society | |
|--------------------------------|--------------|--------------|--------------|--------------|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Trade debtors | 508 | 1,083 | 106 | 157 |
| Prepayments and accrued income | 4,277 | 4,553 | 4,136 | 4,105 |
| Other debtors | 74 | 176 | 74 | 176 |
| Amounts due from subsidiary | – | – | – | 602 |
| Total debtors | 4,859 | 5,812 | 4,316 | 5,040 |

15 Creditors: amounts due within one year

| | Group | | Society | |
|---|--------------|--------------|--------------|--------------|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Trade creditors | 881 | 676 | 881 | 674 |
| Accruals | 1,412 | 979 | 1,412 | 979 |
| Deferred income | 1,563 | 1,400 | 671 | 358 |
| Taxation and social security | 357 | 843 | 357 | 648 |
| Other creditors | 790 | 768 | 789 | 768 |
| Amounts due to subsidiary | – | – | 571 | 4 |
| Total creditors: amounts due within one year | 5,003 | 4,666 | 4,681 | 3,431 |

Notes to the financial statements (continued)
Year ended 31 March 2019

15 Creditors: amounts due within one year (continued)

Deferred income arises as a result of payment or billing in advance for activities that are to be delivered in the future.

Movements in deferred income in the year have been

| | Group | | Society | |
|--|--------------|--------------|--------------|--------------|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Deferred income at the start of the year | 1,400 | 1,629 | 358 | 658 |
| Deferred income brought forward released in the year | (1,348) | (994) | (178) | (602) |
| Income deferred from the year | 1,511 | 765 | 490 | 302 |
| Deferred income at the end of the year | 1,563 | 1,400 | 670 | 358 |

16 Provisions for liabilities

Group and Society

| | Property dilapidations £000 | Total provisions £000 |
|---------------------|-----------------------------------|-----------------------------|
| At 1 April 2018 | 594 | 594 |
| Charged in the year | 256 | 256 |
| Used in the year | (38) | (38) |
| Released unused | (67) | (67) |
| Total provisions | 745 | 745 |

| | Property dilapidations £000 | Total provisions £000 |
|--------------------------------------|-----------------------------------|-----------------------------|
| Amounts due within one year | 237 | 237 |
| Amounts due after more than one year | 508 | 508 |
| Total provisions | 745 | 745 |

Under the terms of operating leases for properties, the Society is required to make good any demerit in the condition of properties and to remove fixtures and fittings added to the building during the course of the lease. The amounts and timing of the amounts due are not certain, as leases may be curtailed or extended and the cost of works is not known until they are carried out. The value of works required is estimated by suitably qualified and experienced chartered surveyors.

Notes to the financial statements (continued)
Year ended 31 March 2019

17 Commitments

At 31 March 2019, the Group and Society had £1.5m (2018: Nil) of authorised but not contracted capital commitments and no (2018: Nil) contracted capital commitments that had not been reflected in the financial statements.

Minimum payments under operating leases are:

| 2019 | Land and buildings £000 | Motor vehicles £000 | Office equipment £000 | Total £000 |
|-----------------------------------|-------------------------------|---------------------------|-----------------------------|---------------|
| Amounts falling due: | | | | |
| within one year | 1,396 | 61 | 15 | 1,472 |
| between two and five years | 5,130 | 141 | – | 5,271 |
| after more than five years | 3,424 | – | – | 3,424 |
| Total operating lease commitments | 9,950 | 202 | 15 | 10,167 |

| 2018 | Land and buildings £000 | Motor vehicles £000 | Office equipment £000 | Total £000 |
|-----------------------------------|-------------------------------|---------------------------|-----------------------------|---------------|
| Amounts falling due: | | | | |
| within one year | 1,267 | 40 | 26 | 1,333 |
| between two and five years | 1,801 | 154 | 15 | 1,970 |
| after more than five years | 3 | – | – | 3 |
| Total operating lease commitments | 3,071 | 194 | 41 | 3,306 |

18 Contingent liabilities

In common with other charitable organisations, the Society receives legacies arising from wills where the executor has been unable to locate one or more beneficiaries. In these circumstances, the Society may provide an indemnity to the executor under which any funds required to be paid to the missing beneficiary or beneficiaries is recovered from the Society. At the date of these accounts the value of such indemnities provided totals £348,000 (2018: £401,000).

In the year ended 31 March 2018, the Society received a donation from DLA Piper of £44,000 from unclaimed client funds. The Society has provided an indemnity to DLA Piper for any funds subsequently claimed by clients.

Notes to the financial statements (continued)
Year ended 31 March 2019

19 Funds

| Group and Society | Balance at 31 March 2018 £000 | Income £000 | Expend- iture £000 | Other gains and (losses) £000 | Trans- fers £000 | Balance at 31 March 2019 £000 |
|--|---|----------------|--------------------------|--|------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 20,000 | 46,593 | (32,829) | (887) | (12,877) | 20,000 |
| Designated funds: | | | | | | |
| Property fund | 4,199 | – | (1,008) | – | 582 | 3,773 |
| Strategy fund | 9,641 | – | – | – | 10,569 | 20,210 |
| Total designated funds | 13,840 | – | (1,008) | – | 11,151 | 23,983 |
| Unrestricted funds before pension deficit liability | 33,840 | 46,593 | (33,837) | (887) | (1,726) | 43,983 |
| Pension deficit fund | (3,454) | – | (987) | 1,777 | 1,726 | (938) |
| Total unrestricted funds | 30,386 | 46,593 | (34,824) | 890 | – | 43,045 |
| Restricted funds | | | | | | |
| Big Lottery Fund | 1,216 | 1,691 | (2,479) | – | – | 428 |
| Other grants | 108 | 762 | (477) | – | – | 393 |
| Total restricted funds | 1,324 | 2,453 | (2,956) | – | – | 821 |
| Endowment funds | | | | | | |
| The Children's Society Fund | 8,071 | – | – | 277 | – | 8,348 |
| Charnwood House | 1,368 | – | – | 47 | – | 1,415 |
| Charnwood Forest | 905 | – | – | 31 | – | 936 |
| Hampshire Girls and Boys Home | 368 | – | – | 13 | – | 381 |
| The Children's Society | 470 | – | – | 16 | – | 486 |
| The Spooner Trust | 635 | – | – | 22 | – | 657 |
| The George and Marion Slack Fund | 1,041 | – | – | 36 | – | 1,077 |
| Total endowment funds | 12,858 | – | – | 442 | – | 13,300 |
| Total funds | 44,568 | 49,046 | (37,780) | 1,332 | – | 57,166 |

Funds include revaluation reserves in relating to freehold land and buildings and investment properties of £5,090,000 (2018: £15,872,000) and relating to financial investments of £1,148,000 (2018: £120,000)

Analysis of net assets by fund

| | General funds £000 | Designa- ted funds £000 | Pension deficit fund £000 | Restric- ted funds £000 | Endow- ment funds £000 | Total £000 |
|--------------------------------------|--------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------|---------------|
| Tangible fixed assets | 564 | 3,209 | – | – | – | 3,773 |
| Investments | 14,992 | 20,774 | – | – | 13,300 | 49,066 |
| Total fixed assets | 15,556 | 23,983 | – | – | 13,300 | 52,839 |
| Cash | 5,333 | – | – | 821 | – | 6,154 |
| Other current assets | 4,859 | – | – | – | – | 4,859 |
| Total current assets | 10,192 | – | – | 821 | – | 11,013 |
| Current liabilities | (5,003) | – | – | – | – | (5,003) |
| Net current assets | 5,189 | – | – | 821 | – | 6,010 |
| Provisions for liabilities | (745) | – | – | – | – | (745) |
| Net assets excluding pension deficit | 20,000 | 23,983 | – | 821 | 13,300 | 58,104 |
| Pension deficit | – | – | (938) | – | – | (938) |
| Net assets | 20,000 | 23,983 | (938) | 821 | 13,300 | 57,166 |

Notes to the financial statements (continued)
Year ended 31 March 2019

19 Funds (continued)

| Group and Society | Balance at 31 March 2017 £000s | Income £000s | Expend- iture £000s | Other gains and (losses) £000s | Transfers £000s | Balance at 31 March 2018 £000s |
|--|---|-----------------|---------------------------|---|--------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 18,390 | 35,900 | (31,659) | (205) | (2,426) | 20,000 |
| Designated funds: | | | | | | |
| Property fund | 14,471 | – | (1,349) | 38 | (8,961) | 4,199 |
| Strategy fund | – | – | – | – | 9,641 | 9,641 |
| Total designated funds | 14,471 | – | (1,349) | 38 | 680 | 13,840 |
| Unrestricted funds before pension deficit liability | 32,861 | 35,900 | (33,008) | (167) | (1,746) | 33,840 |
| Pension deficit fund | (17,881) | – | (804) | 13,485 | 1,746 | (3,454) |
| Total unrestricted funds | 14,980 | 35,900 | (33,812) | 13,318 | – | 30,386 |
| Restricted funds | | | | | | |
| Big Lottery Fund | 991 | 1,734 | (1,509) | – | – | 1,216 |
| Other grants | 439 | 774 | (1,105) | – | – | 108 |
| Total restricted funds | 1,430 | 2,508 | (2,614) | – | – | 1,324 |
| Endowment funds | | | | | | |
| The Children's Society Fund | 7,512 | – | – | 559 | – | 8,071 |
| Charnwood House | 1,273 | – | – | 95 | – | 1,368 |
| Charnwood Forest | 842 | – | – | 63 | – | 905 |
| Hampshire Girls and Boys Home | 343 | – | – | 25 | – | 368 |
| The Children's Society | 438 | – | – | 32 | – | 470 |
| The Spooner Trust | 591 | – | – | 44 | – | 635 |
| The George and Marion Slack Fund | 967 | – | – | 74 | – | 1,041 |
| Total endowment funds | 11,966 | – | – | 892 | – | 12,858 |
| Total funds | 28,376 | 38,408 | (36,426) | 14,211 | – | 44,568 |

Description of funds

General Funds represent the other assets available for the general purposes of the Society.

Designated property fund represents the carrying value including revaluations of land and buildings held for use in the activities of The Children's Society. The strategy fund represents amounts set aside by the Trustees to ensure the stability of The Children's Society through the management of legacy financial risks such as the pension deficits, for major changes such as the relocation of the Society's head office and other strategic investments identified by the Trustees.

Restricted funds represent the remaining unspent amount of donations, grants and legacies given to be used for specific purposes or in specific areas. Details of grants received are in note 23.

Endowment funds have additional restrictions on the use of capital. The Children's Society Fund and The Spooner Trust are held to generate income to pay for the care of children. The George and Marion Slack Fund is held to provide educational opportunities for disadvantaged children and young people. Charnwood House, Charnwood Forest, Hampshire Boys & Girls Home and The Children's Society are held to generate income to provide care and support to children and young people in specific places in England.

Transfers between funds arise from the purchase and sale of fixed assets and the payment of pension deficit contributions. As set out in the financial review on pages 18 to 22, the Trustees have transferred general funds in excess of the minimum needed to the strategy fund set up in the year ended 31 March 2018.

Notes to the financial statements (continued)
Year ended 31 March 2019

20 Financial instruments

| | Group | | Society | |
|---|--------------|--------------|--------------|--------------|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Financial assets measured at fair value through profit and loss | | | | |
| Financial investments | 43,574 | 25,933 | 43,574 | 25,933 |
| Debt instruments measured at amortised cost | | | | |
| Trade debtors | 508 | 1,083 | 106 | 157 |
| Other debtors | 74 | 176 | 74 | 176 |
| Amounts due from subsidiaries | – | – | – | 602 |
| Financial liabilities measured at amortised cost | | | | |
| Trade creditors | 881 | 676 | 881 | 674 |
| Accrued expenses | 1,412 | 979 | 1,412 | 979 |
| Other creditors | 790 | 768 | 789 | 768 |
| Amounts due to subsidiaries | – | – | 571 | 4 |

21 Subsidiary undertakings

The Society owns the whole share capital of The Children's Society (Trading) Limited, registered in England and Wales no. 885496 whose principal activity is to carry out commercial activities that generate funds in aid of the Society, and The Children's Society (Services) Limited, registered in England and Wales no. 4545124, whose principal activity is to provide funded direct services for the beneficiaries of the Society.

Both companies have entered into an agreement to donate their taxable surplus each year to the Society under the corporate Gift Aid scheme.

A summary of the information disclosed in the companies' accounts for the year ended 31 March 2019 is:

| | Services | | Trading | |
|---|----------|---------|---------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Summarised profit and loss account | | | | |
| Income | 5,221 | 6,219 | 157 | 191 |
| Expenditure | (4,521) | (5,354) | (139) | (112) |
| Profit for the year | 700 | 865 | 18 | 79 |
| Gift Aid distribution to The Children's Society | – | (865) | (18) | (79) |
| Retained earnings | 700 | – | – | – |
| Summarised balance sheet | | | | |
| Current assets | 1,592 | 1,823 | 3 | 19 |
| Current liabilities | (892) | (1,221) | (3) | (15) |
| Amounts due from / (to) The Children's Society | – | (602) | – | (4) |
| Net assets | 700 | – | – | – |
| Share capital | – | – | – | – |
| Retained reserves | – | – | – | – |
| Total reserves | – | – | – | – |

Notes to the financial statements (continued)
Year ended 31 March 2019

22 Related parties

The Society paid Bates Wells Braithwaite, a legal firm in which Jim Clifford, a Trustee, is a partner, £26,000 (2018: £106,000) for legal advice. Jim Clifford was not involved in the decision to spend these funds. Information on Trustees' expenses is set out in note 9.

The total amount of Trustee donations made, without conditions, was £11,558 (2018: £12,108).

The Children's Society, Age UK and the Alzheimers Society have joined parts of their IT resources to provide a shared IT service to the three charities. The service is provided through a separate company, CharITyshare Limited. This joint service has the form but not the substance of a joint venture. The Children's Society accounts directly for its share of the assets, liabilities and cash flows according to the shared services agreement. The value of purchases from CharilTyshare Limited in the year was £576,000 (2018: £940,000) and at the balance sheet date the amount due from CharITyshare Limited was £40,000 (2018: £55,000)

| Transactions with subsidiary undertakings | 2019 | | 2018 | |
|---|------------------|-----------------|------------------|-----------------|
| | £000 Services | £000 Trading | £000 Services | £000 Trading |
| Balance sheet amounts | | | | |
| Amounts due to the parent undertaking | – | 3 | 602 | – |
| Amounts due from the parent undertaking | 574 | – | – | 4 |
| Income | | | | |
| Donations from the parent undertaking | – | – | – | – |
| Expenditure | | | | |
| Donations to the parent undertaking | 700 | 17 | 716 | 63 |

Notes to the financial statements (continued)
Year ended 31 March 2019

23 Grants received

| | |
|---|-------|
| The following grants have been received in the year: | £000 |
| The National Lottery Community Fund | |
| Reaching Communities | |
| National Disrupting Exploitation | 642 |
| Greater Manchester - Missing from Home | 119 |
| Oldham - Families Greater Together | 58 |
| Essex - Community Hidden Harm Awareness Team | 123 |
| London Hub - Child Sexual Exploitation Alliance | 70 |
| London Hub - Refugee And Migrant, Young Destitution project | 56 |
| London Hub - Refugee And Migrant, Stand By Me project | 31 |
| Lancashire - Safer Families | 131 |
| Pacific Waves - Counselling & Mental Health | 148 |
| Streetwise in Birmingham and Coventry - Programme against Child Sexual Exploitation & Missing from Home | 74 |
| Supporting Migrants, Asylum Seekers and Refugees Together | 35 |
| Check Point, Torquay - Programme against Child Sexual Exploitation | 62 |
| Check Point, Torquay - Programme against Child Sexual Exploitation & Abuse | 101 |
| Family Food Together | 41 |
| Grants from other charities and funders | |
| Lankelly Chase Foundation, Systems Changers - Confidence and Capabilities of Frontline Practitioners | 110 |
| Paul Hamlyn Foundation, Voice and Influence project | 100 |
| Building Better Opportunities - Listening, Empowerment, Advocacy, Participation | 160 |
| Oglesby Charitable Trust, Support for Young People Missing from Home | 50 |
| City Bridge Trust, London Hub - Trafficked Youth At Risk | 50 |
| Samworth Charitable Trust - Nottingham Support for Multiple Disadvantaged Young People | 70 |
| BBC Children in Need, Check Point -Torquay, Programme against Child Sexual Exploitation | 38 |
| Islamic Relief - Birmingham Support to Migrants and Asylum Seekers | 100 |
| Wellcome Trust, Cataloguing and Preservation of The Children's Society's Archive | 50 |
| Mission in Britain Fund, Safeguarding Children At Risk - Prevention and Action | 29 |
| Other grants received | 5 |
| Total | 2,453 |



Corporate information

The Church of England Children's Society
(A company limited by guarantee).
Also known as The Children's Society.

Registered Office:
Whitecross Studios
50 Banner Street
London EC1Y 8ST

Company Registration No. 40004
Charity Registration No. 221124

Telephone 020 7841 4400
Website www.childrenssociety.org.uk

Subsidiary companies:
The Children's Society (Services) Limited, Company No. 4545124
The Children's Society (Trading) Limited, Company No. 885496

The Children's Society is not a grant making body

Royal President
HRH The Duchess of Gloucester GCVO

Presidents
The Most Reverend and Right Hon the Lord Archbishop of Canterbury Justin Welby
The Most Reverend and Right Hon the Lord Archbishop of York Dr John Sentamu

Vice-Presidents
Bishops of the Church of England

Honorary Vice-Presidents
Mr S E D Fortescue BA FSA
Mrs A Lush MBE
Mr D J Lush MBE
Dr N de M Rudolf MA BM BCh FRSM

Trustee Board
Janet Legrand QC (Hon), Chair (b)(c)
The Rt Rev'd Elizabeth Lane, Bishop of Derby, Vice Chair (c)
Alasdair Christopher Gillies, Honorary Treasurer (a)(b)
Adrian Bagg (b) *Retired June 2019*
Amelia Torode (c) *Appointed September 2018*
Cindy Rampersaud (c) *Retired September 2018*
David Ramsden (b)
Diane Blausten (c) *Appointed September 2018*
Dianne Smith (a)
Jessica Lee (a)
Jim Clifford OBE (a)(b – *Moved to (a) October 2018*)
Ken Caldwell (c) *Retired September 2018*
Martin Woodroofe (c) *Retired September 2018*
Nasima Patel (a)
Stuart Duncan (a) *Appointed September 2018*
Theo Ricketts (b) *Appointed September 2018*
Wesley Cuell (a)

(a) member of the Risk, Audit and Compliance Committee
(b) member of the Finance and Investment Committee
(c) member of the Organisational Development Committee

Children and Young People Representatives
Aya Hachem
Esmail Alhajji
Musa Nela
Olivia Nield
Chloe Brown
Latifa Messiouri

Members of committees
Shivani Patel (a)
Alison Hopkinson (b)

Chief Executive
Matthew Reed (*Resigned January 2019*)
Nick Roseveare MBE (*Interim, appointed January 2019*)

**Company Secretary,
Finance and Corporate Services Director**
Elizabeth Walker

Director of Children and Young People
Dara de Burca

Supporter Impact and Income Director
Joe Jenkins

External Affairs Director
Peter Grigg

Auditors Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Bankers Barclays plc
1 Churchill Place
London E14 5HP



Thank you to supporters

Special thanks to our corporate partners:

- Coinstar Ltd
- Crane
- Northern Gas Networks
- ShareGift
- Bullring and Grand Central
- OneFamily Foundation
- Helpcards Ltd.
- #iwill Fund with support from Virgin Money Foundation
- DLA Piper LLP
- Parcelforce
- Sharpe Pritchard LLP
- Dentons UK and Middle East LLP
- Morgan, Lewis & Bockius UK LLP

Special thanks to our funders:

- BBC Children in Need
- City Bridge Trust
- Bupa UK Foundation
- Mission in Britain Fund
- Oglesby Charitable Trust
- The Bryan Guinness Charitable Trust
- The Eveson Charitable Trust
- The Ofenheim Charitable Trust
- The Paul Hamlyn Foundation
- The PF Charitable Trust
- The Robert Fleming Hannay Memorial Charity
- The Samworth Foundation
- West Ham Home and Hostel Trust
- Wellcome Trust

Thank you to everyone who has campaigned for us, made donations to our shops, volunteered their valuable time and skills, and supported us financially.

Because of your generosity we've been able to keep more children safe, to find more stability, security and love. Thanks to your support, we've been researching how children feel about their lives and we make sure the country knows how they feel and what needs to be done.

We remain committed to working to create a country where every child has somewhere to turn, wherever they are. We can only do this by coming together and making sure no child feels alone. Their stories of courage and tenacity continue to inspire us all, and drive everything we do.



The Children's Society and our supporters have been there for vulnerable children and young people for more than 130 years.

We believe that every young person should have the support they need in order to enjoy a safe, happy childhood.

That's why we run services and campaigns to make children's lives better and change the systems that are placing them in danger.

Together with our supporters, we're improving the lives of children today and long into the future.

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Photos: Stella Scott, Laura McCluskey, Declan Slattery, Chris O'Donovan.
Charity Registration No. 221124 FIN001/0819

The logo for The Children's Society, featuring the text "The Children's Society" in a serif font, with "The" on the first line, "Children's" on the second line, and "Society" on the third line. The text is white and is set against a black rectangular background.

**The
Children's
Society**