

Families for Children Trust

(A company limited by guarantee and not having share capital)

Report and Financial Statements

For the Year Ended 31 December 2019

Charity Number: 1093131

Company Number: 04460558

For the year ended 31 December 2019

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For the year ended 31 December 2019

Trustees' Annual Report

The Trustees are pleased to present their report, together with the financial statements of the Charity for the year ending 31 December 2019.

Reference and Administrative Details

Charity Name:	Families for Children Trust	
Charity Registration Number:	1093131	
Company Registration Number:	04460558	
Registered Office (and Principal Address):	Higher Mill Buckfast Buckfastleigh TQ11 0EE	
Company Secretary:	Mr N Backhouse	
Auditors:	PKF Francis Clark Sigma House Oak View Close Edginswell Park Torquay TQ2 7FF	
Bankers:	CAF Bank 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4TA	National Westminster Bank Plc 59 High Street Exeter EX4 3DP
Investment Advisors:	JM Finn & Co. 31 Great George Street Bristol BS1 5QD	
Legal Consultants:	Tozers LLP Broadwalk House Southernhay West Exeter Devon EX1 1UA	

The Trust / Taxation Status

Families for Children (the Trust) is a Registered Charity (No. 1093131) and a Company Limited by guarantee (No. 04460558). The Trust is governed by Memorandum and Articles of Association updated 23 January 2015 and was incorporated as a Company on 13 June 2002.

As a registered charity, the Trust is exempt from most taxation.

Directors, Trustees and Patrons

All the powers of the Trust are vested in the Executive Committee, which is responsible for the proper management of the Trust. For the purposes of charity law the Members of the Executive Committee are the Trustees of the Charity. For the purposes of company law the Members of the Executive Committee are also Directors of the Company. The Executive Committee must consist of between four and fourteen individuals, who may only be appointed from amongst the membership of the Trust.

For the year ended 31 December 2019

The Trustees serving during the year and since the year end were as follows:

President: The Bishop of Exeter (Anglican)

Chairman: Elected by the body of Trustees

Trustees appointed by the Bishop of Exeter

Mr David Howell (Resigned 5th July 2019) Chairman

Mr Roger Lake Vice Chairman

Mrs Susan Lucas

Mr David Wakely Honorary Treasurer

Mrs Louisiana Lush

Trustees appointed by the Trustees

Mr Nick Allan (Appointed 5th July 2019) Chairman

Ms Tina Cook

Mr Terry Connor

Rev Canon Bruce Duncan MBE

Mrs Charm O'Kelly

Mrs Jackie Saunders (Appointed 1st November 2019)

Patrons

Michael Caines MBE Judi Spiers

Lord Julian and Lady Emma Fellowes Ann Barwood BEM

Board Members Interests in Shares and Dividends

The Trust is a company limited by guarantee and Trustees may derive no benefit, income, or capital interest in the Trust's financial affairs other than reimbursement of out-of-pocket expenses. The Trust has no share capital and is precluded from the payment of dividends. Each Trustee may be required to contribute a sum not exceeding ten pounds in the event of winding up. Professional Indemnity Insurance is taken out by the Charity to cover both its employees and Trustees.

Senior Leadership (non-trustees)

Mrs R Marriott Chief Executive

Mrs J Parsons (until 30th September 2019) Head of Operations

Mr J Fitton (from 1st October 2019) Head of Operations (Interim)

Mr N Backhouse Head of Business

The Chief Executive has overall strategic charge of the Agency. The Head of Operations manages the social work practice of the Agency and is the registered manager of the service for the purposes of adoption legislation. The Head of Operations also deputises for the Chief Executive in their absence. The Head of Business manages the Finance and HR team and acts as Company Secretary for the Agency. The Senior Leadership share full responsibility for all fundraising, publicity and adopter recruitment matters.

For the year ended 31 December 2019

Management Team

In September 2019 the Charity restructured its management team following a period of employee consultation. The Charity continues to operate out of three offices across the South West of England, with two practice managers who manage the West and East teams. A further practice manager manages the Adoption Support team.

Three offices:-

Devon (Head Office)
North Devon
Dorset

Higher Mill, Buckfast Abbey
Garden Flat, Castle Hill Estate
Herringston Barn, Dorchester

Head Office

The Senior Leadership team operates from the Head Office, as does Tracy Ebbrell (Fundraising and Engagement Specialist) who leads the Charity's fundraising activities and team of fundraising specialists and volunteers.

The Head Office also accommodates the business support teams of Administration, Finance and HR.

West Team

Based in the Head Office is Claudine Gilson (Practice Manager, West Team). Claudine's team has responsibility for the recruitment, assessment and preparation of prospective adoptive parents, as well as linking and placing children and post placement support.

East Team

Based in the Dorset office is Nicky Dawe (Practice Manager, East Team). Nicky is currently the interim Practice Manager and her team provides family finding services, adoption support services and an independent birth family support service, called Birth Family Matters, which is commissioned by the Regional Adoption Agency, Aspire.

Adoption Support

Based in the Head Office is Lisa Pitcher (Adoption Support Manager). Lisa leads the Adoption Support team that covers the whole of the South West of England. The support is provided to adoptive families, adopted adults and birth parents.

Structure, Governance and Management

Governing Document

Families for Children (the Trust) is registered as a charity and is also a company limited by guarantee; it is governed by its Memorandum and Article of Association updated 23rd January 2015, and was incorporated as a Company on 13th June 2002. The Trust was registered as a charity on 25th June 2002.

Anyone over the age of 18 can become a Member of the Company (the Trust). In the event of the Trust being wound up, Members are required to contribute an amount not exceeding £10.

The Charity originated from the joint venture of the Catholic Children's Society (Plymouth) and the Exeter Diocesan Board for Christian Care (since dissolved) to undertake work on behalf of both parties.

The Trust was established to promote the relief of children who need protection and care, and of their families and carers, from all sections of society, operating in accordance with Christian principles as espoused (among others) by the Anglican Diocese of Exeter and the Roman Catholic Diocese of Plymouth. Its principal object and activity is to operate a voluntary adoption agency.

For the year ended 31 December 2019

Appointment of Trustees

The Charity can have between four and fourteen Trustees (directors), up to five Trustees can be nominated by the Bishop of Exeter with the others appointed following election by majority of the nominated Trustees.

The Trust recognises the importance of maintaining the balance of skills and professional backgrounds of the members of the Board. When considering co-opting Trustees, the Board has regard to the requirement for any specialist skill(s) needed.

The Trustees are elected or appointed in accordance with the Articles, and together form the Board. The Chief Executive reports on a regular basis to the Board, which governs the policies for the Agency.

All Trustees give their time voluntarily and receive no benefits from the Charity.

Trustees Inductions and Training

Potential Trustees will have a meeting with the Chief Executive and the Chairman to get an overview of the Charity, its culture, ethos and values. They will also attend, as an observer, one of the Trustee board meetings in which they will meet the other Trustees and the Senior Leadership Team.

New Trustees are required to complete declarations that they are eligible to act as a Trustee, they understand their role as a Trustee, they consent to be a Trustee and they will maintain confidentiality at all times with information in connection to Families for Children. All new Trustees will complete a Disclosure and Barring Service check and will have references verified.

New Trustees are also supplied with a Trustee Induction Pack that includes the Charity's latest Statement of Purpose, Memorandum and Articles of Association, the latest OFSTED report, the latest Financial Year Accounts, and two documents from the Charity Commission on an Effective Charity and the Essential Trustee.

Further relevant training is offered to Trustees to enhance their effectiveness and widen the skill set of the board.

Organisational Structure

The Board of Trustees governs the Charity. The Board meets quarterly, or more frequently if necessary. There are two sub-committees, one covering Fundraising, Finance and Human Resources and the other covering Professional Issues.

The AGM each year appoints new trustees and/or re-elects trustees, approves the Trustee Annual Report and Year End Accounts, and appoints the auditors for the following year.

The Chief Executive is appointed by the Trustees to manage the strategic objectives and supervise the management of the day to day operations of the Charity. To facilitate effective operations, the Chief Executive has delegated authority from the Trustees for these matters.

Related Parties

Several of the Trustees have other trusteeships but none have a governing influence over the operation of the Charity.

Objectives and Activities

Families for Children is a voluntary adoption agency placing children from all over the UK with families in Devon, Dorset, Cornwall (including The Isles of Scilly) and Somerset.

The mission statement, which summarises the objectives of the Charity is as follows:

"We believe that the best place for children to grow up is within their family of origin. Where this is not possible, we endeavour to find adoptive families for children who need them. We place a high value on offering these children and families ongoing support.

We recognise the diverse society in which we live and, in the services we offer, seek to meet the complex needs of children, valuing and respecting their culture, identity and personal history.

For the year ended 31 December 2019

As a Christian organisation concerned with the welfare of children, parents and families, our attitude and practices are shaped by Christian values and we therefore aim to uphold the importance of love, marriage, family life and the dignity of each individual."

The assessment policy for the Agency is as follows:

"Adoption is a way of providing the security of a new family when it is not possible for a child to be brought up by his/her own parents.

There is a legal requirement that people must be aged over 21 to adopt; there is no upper age limit. People who have committed offences involving children will not be able to adopt.

Apart from the above restrictions, anyone can ask to be assessed as an adopter, regardless of marital status, disability, gender, religion or sexual orientation.

All kinds of people, from different backgrounds can adopt. Adopters do not need to own their own home, can live in a house or flat, do not need to be well off, can be unemployed, can have children of their own, or be childless.

What is important is that adopters are able to meet the needs of children, and provide a stable, loving home environment."

The Charity endeavours to achieve these objectives via the operation of a voluntary adoption agency, in which the care and support of all individuals involved in the adoption process are considered fundamental to the charity's work. Voluntary means that our professional adoption service is an alternative to the statutory services provided by the Local Authorities.

In order to achieve these objectives, the Charity publicises its activities in as wide a forum as possible including its website www.familiesforchildren.org.uk, and through other forms of social media. The Charity also uses newspaper and radio advertising.

The adoption process is governed by Legislation, Regulation and Statutory Guidance. This was extensively revised during 2013 to create a two stage assessment process. The Agency recruits prospective adoptive parents and assesses and prepares them through the two stage assessment process. The assessment is then considered by the Agency's Adoption Panel (Approval Panel) which makes a recommendation about whether the prospective adopters are approved. This recommendation is then considered by the Agency Decision Maker, who makes the decision on whether the prospective adopters are approved.

The members of the Agency's Adoption Panel are volunteers and, although they are recruited by the Agency, the members are independent of the Agency and have their own Chair to conduct the proceedings. Members have various backgrounds and consists of practising social workers, ex-social workers, a medical advisor, adopters, adoptees and other people who have an interest in creating families.

Following approval the prospective adopters and their assessing social worker begin the task of considering children who could be placed with the family. Once an appropriate match has been made and approved by the child's Local Authority's Adoption Panel (Matching Panel), introductions take place, following which the child is placed with the new parents. Families for Children social workers then provide support to the family until they are ready to apply for an Adoption Order, often several months after placement. Following the Adoption Order being granted, Families for Children provides ongoing adoption support which is largely funded by fundraising. This aftercare is delivered through the "Right Support, Right Time" support model. All the social work and management staff are suitably qualified and specialists in their field.

Public Benefit

The Trustees have complied with their statutory duty to have regard to the Charity Commission guidance on public benefit. According to the charitable purposes provided in the Charities' Act 2011, Families for Children provides:-

- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

For the year ended 31 December 2019

As a voluntary adoption agency, Families for Children seeks to place children from Local Authority care throughout the country with new families in Devon, Dorset, Cornwall (including The Isles of Scilly) and Somerset. Voluntary means that our mission is to offer a professional adoption service to complement and provide an alternative to the statutory services offered by local authorities and regional adoption agencies. The Agency operates alongside other voluntary adoption agencies situated throughout the UK. The Agency co-operates with many other agencies, notably through membership of the Consortium of Voluntary Adoption Agencies (CVAA) and the Buckfast Group which combines all faith based voluntary adoption agencies.

The agency clearly fulfils the Charity's registered principal objective "to promote the relief of children who need protection and care and of their families and carers, from all sections of society, operating in accordance with Christian principles..."

The beneficiaries of the Charity are principally those children which the Agency places for Adoption. In addition, the Charity provides an assessment service for prospective adopters, "Right Support, Right Time" post adoption care (subject to both human and financial resources) for its adoptive families, an adult adoptee counselling service and, under a service level agreement, an independent birth relative service - called Birth Family Matters (BFM) for Aspire, a regional adoption agency for Dorset, Poole and Bournemouth. The Agency also has service level agreements providing Life Story Books for Plymouth Children's Services and Step Parent Assessments for Adopt South West, a regional adoption agency for Devon, Torbay, Plymouth and Somerset.

Fee income received is paid by local authorities placing children in their care, and for the various service level agreements. The beneficiaries of the Charity's activities do not pay for the Agency's services, including those who receive adoption support. The Charity has to raise funds to continue the work of the Adoption Support team and any deficit in income.

The agency has a thorough assessment policy for its prospective adopters set out in legislation and covered by the National Minimum Standards. It has an open assessment policy as outlined in its objectives and activities.

Child Protection

Families for Children aims to provide secure and permanent families for children who are unable to grow up within the birth family.

The primary aim of the Agency, in all of its work, is to seek to meet the needs of children and as such it is of paramount importance that the Agency protects children from abuse and attempts to prevent abuse occurring. Families for Children believes that children have a right to be listened to, to be heard and to be protected from physical, sexual and emotional harm, deprivation and disadvantage.

The Agency will ensure that all work with children and families is carried out in accordance with the principles established by the Children Act 1989 and within the framework for the care and protection of children reflected in Department for Education "Working Together to Safeguard Children" updated July 2018.

Achievements and Performance

2019 saw some significant achievements for the Charity, namely the opening of Lopwell Barn, an organisational restructure, the first year anniversary of Ruth Marriott as CEO and the publication of a five year strategy.

In April Lopwell Barn was opened. The Barn is a unique building set on the banks of the River Tavy, just a few miles outside of Plymouth. The facility is run by an Outdoor Centre Manager whose first two years' costs have been funded by a donor who wishes to remain anonymous. To help cover expenditure the Barn is able to host weekend stays for the public, at a fee. However, more importantly, through the co-ordination of the Outdoor Centre Manager, it is able to provide an appropriate natural environment to support young people using nature as a calming influence where they can gain confidence, trust and a supportive listening ear.

For the year ended 31 December 2019

The Charity had budgeted for 39 placements for 2019, but by the beginning of May it became apparent that the Charity would not meet that target as it had only achieved 12 placements by that time. Continuing with this level of expenditure with reduced income would see the Charity end the year with a large deficit. At a Special General Meeting held at the end of May the Trustees approved a restructure of the organisation. Following a staff consultation process the restructure was fully operational by the end of August during which the outcome saw the reduction of the number of social work teams from three to two (East and West) and a change to the delivery of adoption support along with the removal of the name the Atrium. The administration team was also consolidated to support the Charity from a central base, at Buckfast. Through staff redeployment the Charity was able to keep the number of redundancies to a minimum. The full financial effects of the restructure will be seen in 2020.

September saw the first anniversary of Ruth Marriott as CEO of Families for Children. It has been a challenging first year considering the need to restructure.

Following a review of the Charity's services and their delivery by the Senior Leadership Team during the restructure, the Charity published in December its strategy for the next five years.

The strategic document can be found on our website:-

<https://familiesforchildren.org.uk/wp-content/uploads/2020/01/2020-Final-FFC-Strategy-Document-2020-25.pdf>.

Using a "Right Support, Right Time" model the Charity's aim is to deliver the most appropriate support for the child(ren) and/or family concerned, when required. This will allow the Charity's support staff to be more effectively utilised to facilitate supporting more families.

In numerical terms the Charity had 312 (2018: 321) initial enquiries in 2019 which were converted into 35 (2018: 45) registrations of interest, a conversation rate of 11% (2018: 14%). The number of approved adopters for the year was 24 (2018: 27).

With regard to placements Families for Children placed 31 children (2018: 37) with 27 (2018: 30) loving families. This equated to 23 single placements and four sibling groups of two.

Sadly there were three disruptions in 2019, two of which were 2018 placements. As a matter of course the Agency always conducts its own internal disruption meeting, sharing any learning agency wide. If asked, the Agency will always attend any external meeting.

The adoption support team received a stable number of referrals compared to the previous year, 109 (2018: 107), and had reduced the number of open cases from 162 in 2018 to 132 by the end of December 2019.

The Board and the Senior Leadership Team would like to thank all staff who have continued to work hard and provided flexibility and dedication to the Charity, even through a period of uncertainty during the restructure – Thank You.

The Agency also recognises the valuable work undertaken by all our volunteers who give up their valuable time to support the Charity, and ultimately the children and families. Our volunteers provide a number of roles to aid the smooth running of the Charity: Board of Trustees; Adoption Panel; Assistants for our support groups; Speakers at our training events; Peer Mentors; Facilitators for our events; and all the other volunteers who have helped the Charity in their individual way – Thank You.

The Senior Leadership Team would like to thank the Board of Trustees for their governance, guidance and support throughout the year – Thank You.

Financial Review

Income from charitable activities £1,295,881 (2018: £1,289,547), investment £9,720 (2018, £8,281) and other £11,278 (2018, £10,235) stayed comparably the same as 2018, and these totalled £1,316,879 (2018: £1,308,063) whereas income from donations and legacies dropped 26%, £229,605 (2018, £309,306). A major factor was a decrease in income from grant making trusts of 49%, £125,111 (2018: £246,127).

Many of the Charity's large supporters have been reviewing their funding criteria and the focus of their financial support which in the end has excluded Families for Children from further applications. Families for Children would like to thank these charitable trusts for their historical support without which the Charity would not have

For the year ended 31 December 2019

been able to achieve all that it has done to date. The Charity will continue to seek other income streams and new supporters.

Expenditure has reduced for the second consecutive year to £1,729,150 (2018: £1,754,171, 2017: £1,791,139). There was a mixture of reasons for this such as reduced employee costs, sessional costs and recruitment expenses although there was some increase in a few expenditure lines such as affiliation and subscriptions, marketing and recruitment and insurance.

Overall Families for Children had a deficit on activities of £182,666 (2018: £136,802).

JM Finn and Co. Ltd, who have been given delegated powers of investment, manage funds that the Agency holds as reserves according to the Trustees' reserves policy. 2019 saw investments have a net gain of £84,188 (2018: net loss of £11,878).

In total Families for Children had a deficit for 2019 of £98,478 (2018: deficit £148,680) decreasing the total charity funds to £794,350 (2018: £892,828).

General reserves at 31 December 2019 were £0 (2018: £0), with a revaluation reserve of £142,719 (2018: £65,162). Designated reserves amount to £637,797 (2018: £757,696).

Trade creditors at the year-end are £60,727 (2018: £58,875).

Coronavirus – at the time of writing and finalising this Annual Report, like the rest of the country, Families for Children has had to adhere to Government guidelines regarding lockdown and reduce the Charity's adoption practices and support.

The effect of Covid-19 has had a significant impact on the Charity's 2020 income and Families for Children was only able to make one placement in three months, April, May and June 2020. To counter balance this income drop the Charity has reduced its expenditure by using the Government's furloughing scheme and reducing to a four day week for the remaining staff. With an expected pickup in placements in July, August and September 2020 the Charity's actions has enabled Families for Children to have available funds to take the organisation into 2021.

Strategic Report

Plans for Future Periods

In 2019 the Charity published its five year strategy to take effect from 2020. In September 2019 the Charity started to prepare for its implementation through its restructure. As with all plans the Trustees constantly reviews its plans against any Government plans for Adoption, changes within the LA's future plans and market forces in recruiting adopters and/or the number of children with a placement order.

The plan's three key strategic objectives are to:-

- Provide placements to achieve permanence for more children and increase the number of families we support.
- Provide innovative, high quality, accessible services to meet children's adolescents' and families' needs.
- Achieve financial stability and provide value for money.

The strategic document can be found on our website:-

<https://familiesforchildren.org.uk/wp-content/uploads/2020/01/2020-Final-FFC-Strategy-Document-2020-25.pdf>.

Coronavirus – Families for Children will continue to implement its strategy and the three key strategic objectives are probably even more relevant in a post Covid-19 world than before. Sustaining financial stability is the priority objective and the decisions taken so far in 2020 have allowed the Charity to be a viable organisation.

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Bank Accounts

The Agency uses CAF Bank for its daily current account activities as it offers two levels of authorisation for monies leaving the bank account. The Agency also has a deposit account with CAF.

The Agency still operates its original NatWest current and deposit account. Transactions within these accounts are minimal. The current account still receives regular donations.

Investment Powers and Policies

The Trust's Memorandum and Articles of Association empowers the Trustees to make any investments that are ultimately for the purposes of furthering the objects of the Trust, subject to the requirement of the Trustee Act 2000.

Funds held in excess of those required to maintain the planned level of liquidity are regarded as investments.

In 2014 JM Finn became the Agency's investment managers and have been managing the funds through delegated powers of investment since. The investment managers report to the Trustees on a regular basis and attend the Fundraising, Finance and Human Resources sub-committee once a year, or as required.

The Trustees keep the investment policy under regular review in order to manage risk against potential returns, invest in closely regulated markets, and maintain a suitably diverse portfolio. Excluding UK Treasury Stock and physically backed Exchange Traded Funds, no individual holding exceeds 10% of the total market value of the portfolio.

Investment Accounts

Apart from the CAF accounts and the NatWest accounts, the Trust operates various deposit accounts as investment accounts which seek a better return than a bank deposit account.

By operating various deposit accounts the Trust is able to protect up to a total of £85,000 in each of its various accounts through the Financial Services Compensation Scheme.

Reserves Policy (including Liquidity)

The objective of the reserves policy is to allow the Trust to meet its charitable objects both in the short term and over the longer term. In order to avoid the need to make sudden large adjustments in the level of support provided in response to sudden dips or surges in income the Trust aims to hold some funds in reserve. The Trustees have identified that sudden dips in income may be as a result of Government policy and legislation, as identified in the Business Risk Assessment, and they review the operation reserve on a quarterly basis.

Liquidity

To maintain its charitable objects in the short term the Trust maintains its Liquidity as 2 to 3 months of budgeted operational costs. Liquidity is made up of current accounts, deposit accounts and debtors.

Funds held in excess of those required to maintain the planned level of liquidity are regarded as investments.

Designated Reserves (£637,797)

The designated reserve consists of the operation reserve and the redundancy reserve.

Operation Reserve (£521,797)

The number of adoption placements has been sensitive to changes in government policy and legal precedents over time leading to considerable volatility in year on year revenue on occasion. In light of this to maintain its charitable objects over the longer term the Trust has a target of having up to 6 months of budgeted operational costs kept in reserve. The Operation Reserve is made up of a managed investment portfolio, higher interest bearing account(s) and funds kept as part of its liquidity policy.

Redundancy Reserve (£116,000)

The reserve is required for the estimated costs of providing redundancies in the event of a serious and sustained downturn in activity. The Redundancy Reserve is calculated as the total statutory entitlement of all employees based on the end of the budget year. The amount does not include any statutory notice period payment. The Redundancy Reserve is made up of higher interest bearing account(s).

For the year ended 31 December 2019

Revaluation Reserve (£142,719)

The reserve represents the excess of the market value over the original cost of the investments that were held at the year end.

General Reserve (£0)

Any monies that is not allocated to any other reserve is held within the Trust's General Reserve.

Pay Policy for Senior Staff

Key management personnel of the Agency, as defined by the Trustees, are the executive committee and the senior leadership. The senior leadership of the Agency are in charge of directing and controlling, running and operating the Agency on a day to day basis.

The members of the executive committee give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses are disclosed in note 7.

The pay of the senior staff is annually reviewed and normally increased in accordance with increases in the NJC pay scales, set within local government. Pay is also benchmarked against similar posts within the local authorities and other voluntary adoption agencies.

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been and continue to be reviewed. Systems and procedures have been established to mitigate these risks.

In order to manage the perceived risks adequately, the Trustees have divided them into the following categories:

- 1) Strategic
- 2) Financial
- 3) Operational
- 4) Regulatory

The Trustees recognise that the risk management process is ongoing, and reviews matters of each of the above categories as they arise at regular Board meetings and with the sub-committees. The Trustees on an annual basis formally consider a full risk assessment document.

The operational responsibility of these risks rests with the senior leadership.

The business risk assessment has identified that the Agency's major risks are "Vulnerability to Government policy" and "Case law", both of which can affect, and have, affected the number of potential adopters wishing to adopt and/or the number of children being placed for adoption. This in turn influences the income of the Agency. The Agency reduces these risks by keeping abreast of all Government policies, responding to all draft documents issued, and maintaining its membership of the CVAA, which campaigns on behalf of all the voluntary adoption agencies. The Trustees also maintains an Operation Reserve, under its reserves policy, to aid cash flow at these times of volatility.

Coronavirus – The business risk assessment will be updated in light of Covid-19 however, while the assessment did not directly assess a virus pandemic and the impact that such an event would have on the Charity the outcomes have been risk assessed and managed. Two examples of such risks are loss of income and lack of cash flow. Both have been managed by reducing expenditure to meet revised income, using the Charity's reserves and by using the Government's furlough scheme. Another example of risk was loss of premises which occurred due to lockdown but this has resulted in minimal risk as the ICT infrastructure allowed home working to occur immediately.

Families for Children will continue to mitigate all risks through and beyond the current pandemic.

Health and Safety at Work

The Trust is committed to high standards of health and safety and this subject is a regular item on the agenda of the Board of Trustees and all sub-committees.

For the year ended 31 December 2019

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Families for Children Trust for the purposes of company law) are responsible for preparing the Trustees report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 charity will continue in business.

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

In so far as the Trustees are aware:

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

The Charity Commission requires that the Trustees subscribe to the charity's Statement of Public Benefit as set out on page 7 of this report.

Status of Report

This report has been prepared in accordance with the Charities SORP (FRS102) and in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small entities.

By order of the board of Trustees

N Allan

Chairman

D Wakely

Date: 20 July 2020

Honorary Treasurer and member of the Board

For the year ended 31 December 2019

Independent Auditors' Report to the Trustees of Families for Children Trust**Opinion**

We have audited the financial statements of Families for Children Trust (the "Charity") for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related 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 Charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

For the year ended 31 December 2019

- the information given in the trustees' report (incorporating 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' report ((incorporating the strategic report and the directors' report) have 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report [including the Strategic Report].

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit;

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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

Sharon Austen FCCA (Senior Statutory Auditor)
PKF Francis Clark
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

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For the year ended 31 December 2019

Statement of Financial Activities (including income and expenditure account)

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £	Restricted Funds £	Unrestricted Funds £	Total Funds 2018 £
Income from:							
Donations and legacies	3	84,556	145,049	229,605	101,100	208,206	309,306
Charitable activities	4	-	1,295,881	1,295,881	97,379	1,192,168	1,289,547
Investments	3	-	9,720	9,720	-	8,281	8,281
Other		-	11,278	11,278	-	10,235	10,235
Total Income		84,556	1,461,928	1,546,484	198,479	1,418,890	1,617,369
Expenditure on:							
Raising funds	5	-	51,080	51,080	-	56,615	56,615
Charitable activities	5	140,692	1,537,378	1,678,070	215,177	1,482,379	1,697,556
Total Expenditure		140,692	1,588,458	1,729,150	215,177	1,538,994	1,754,171
Net expenditure/income before gains/(losses) on investments		(56,136)	(126,530)	(182,666)	(16,698)	(120,104)	(136,802)
Net (losses)/gains on investments 11		-	84,188	84,188	-	(11,878)	(11,878)
Net (expenditure)/income		(56,136)	(42,342)	(98,478)	(16,698)	(131,982)	(148,680)
Transfer between funds		-	-	-	-	-	-
Net movement in funds		(56,136)	(42,342)	(98,478)	(16,698)	(131,982)	(148,680)
Reconciliation of funds:							
Total funds brought forward		69,970	822,858	892,828	86,668	954,840	1,041,508
Total funds carried forward		13,834	780,516	794,350	69,970	822,858	892,828

There were no other gains or losses for the year.

All income and expenditure derived from continuing activities.

The notes on pages 19 to 31 form part of these financial statements.

Families for Children Trust

Balance Sheet

For the year ended 31 December 2019

Balance Sheet

	Notes	2019 £	2018 £
Fixed Assets			
Tangible Assets	10	5,522	3,509
Investments	11	569,511	481,349
		<u>575,033</u>	<u>484,858</u>
Current Assets			
Debtors	12	135,039	240,259
Short Term deposits	13	89,004	88,846
Cash at bank and in hand		331,883	446,071
		<u>555,926</u>	<u>775,176</u>
Creditors – amount falling due within one year	14	<u>(284,829)</u>	<u>(287,407)</u>
Net current assets		<u>271,097</u>	<u>487,769</u>
Creditors – amount falling due after more than one year	14	<u>(51,780)</u>	<u>(79,799)</u>
Net assets		<u><u>794,350</u></u>	<u><u>892,828</u></u>
The funds of the Charity			
Restricted funds	17	13,834	69,970
Unrestricted funds			
General	17	-	-
Revaluation	17	142,719	65,162
Designated	17	637,797	757,696
Total Charity Funds		<u><u>794,350</u></u>	<u><u>892,828</u></u>

The notes on pages 19 to 31 form part of these financial statements.

Approved by the Board of Trustees on and signed on its behalf by

N Allan
Chairman

D Wakely
Honorary Treasurer

Families for Children Trust

Statement of Cash Flows

For the year ended 31 December 2019

Statement of Cash Flows

		2019	2018
		£	£
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	20	<u>(111,707)</u>	<u>5,125</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments	3b	8,659	7,881
Purchase of property, plant and equipment	10	(7,008)	(2,320)
Purchase of investments	11	(3,974)	(2,327)
Net cash provided by (used in) investing activities		<u>(2,323)</u>	<u>3,234</u>
Change in cash and cash equivalents in the reporting period		(114,030)	8,359
Cash and cash equivalents at the beginning of the reporting period		<u>534,917</u>	<u>526,558</u>
Cash and cash equivalents at the end of the reporting period	21	<u>420,887</u>	<u>534,917</u>

The notes on pages 19 to 31 form part of these financial statements.

For the year ended 31 December 2019

Notes to the Financial Statements

1. General Information

The charity is a company limited by guarantee and has no share capital; it is incorporated in Great Britain. The members may be required to contribute a sum not exceeding £10 each in the event of winding up.

The address of the registered office is: Higher Mill
Buckfast
Buckfastleigh
TQ11 0EE

2. Accounting Policies

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Families for Children Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b. Going concern

The Trustees' strategic plan has been to create sufficient reserves to cover six months' operating costs. At the end of 2019 the Charity had approximately three to four months' operating costs in reserve (Operation Reserve).

Placements numbers have continued to decline and the Charity only achieved 27 in 2019. The Trustees took the decision to restructure in an effort to reduce expenditure for the full year, 2020. Unfortunately the impact of Covid-19, which has impacted the whole country, has affected placements for 2020 and other income streams such as fundraising. It is very likely that the Charity will end the year making around 20 placements. As a result 2020 will be another deficit year for the Charity but due to the key actions taken to reduce expenditure this deficit will not be as significant as it could potentially have been.

The Trustees are always aware of the external risks that can pose a threat to the Charity and have always acted in the best interests for the sustainability of the Trust, and they are prepared to restructure again should the need arise. The Trustees are of the view that the Charity can return to achieving a surplus in 2021 and, with current reserve levels and with the actions taken to reduce any deficit, the Trust is therefore a going concern

c. Tangible fixed assets

Individual fixed assets costing £100 or more are capitalised at cost.

Depreciation is provided at the following annual rates in order to write off each asset over 3 years.

Equipment 33% / year Computer Equipment 33% / year Furniture & Fixtures 33% / year

For the year ended 31 December 2019

d. Income

i. Donations, legacies and other voluntary income

Donations and other voluntary income are recognised in the period in which they are receivable. Legacies are recognised when the charity is advised by the personal representatives of an estate that probate has been granted, that payment is probable and the amount can be quantified.

ii. Fees

Fees for the placement of adoptive children are recognised when the placement has been made.

Fees for the adoption of children are recognised on a monthly basis between the dates of the placement and adoption.

Fees for post-adoption services are also recognised on a monthly basis between the dates of the placement and adoption. These services are provided out of current income as the need arises. Accordingly income is matched against current costs.

iii. Grants

Grants receivable are recognised when the charity has received notification of the grant and it has met any conditions attached. Where a grant specifies that it is to fund specific expenditure in a future accounting period, the grant is deferred.

Where a grant includes performance related conditions, incoming resources are recognised to the extent that the charity has provided the services.

e. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings.

Cost of raising funds primarily comprise the fundraising staff costs.

Expenditure on charitable activities includes the cost of adoption and post adoption services. Support costs have been allocated in full to expenditure on charitable activities and include back office costs, finance, personnel, payroll and governance costs.

Investment managers costs include management and administration fees but not commission or costs embedded in the investment products.

f. Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the terms of the lease.

g. Pension costs

The charity participates in a defined contribution scheme set up for all new employees since 1 January 2003. In accordance with SORP (FRS102) contributions to the scheme are charged to the Statement of Financial Activities as they fall due

The charity also has a multi-employer pension scheme. Where there is an agreed payment plan for deficits, the payments are recognised as a liability in accordance with SORP (FRS102).

For the year ended 31 December 2019

h. Investments

As well as bonds, investments include holdings in investment trusts that do not meet the definition of basic financial instruments. All investments are initially recognised and then subsequently measured at fair value at the balance sheet date. The income from investments is accounted for in the period in which the Charity is entitled to receipt. Realised and unrealised gains and losses are disclosed in the Statement of Financial Activities. Investments include cash balances held by the Investment Manager.

i. Fund accounting

Funds held by the charity are either:

- Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Designated funds - these are funds transferred by the Trustees out of unrestricted general funds for specific future purposes or projects.
- Restricted funds – these are funds that are subject to specific trusts that must be applied for specific purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical estimates or judgements that the Trustees have made in the process of applying the accounting policies.

3. Income

	Restricted Funds	Unrestricted Funds	2019	2018
	£	£	£	£
a) Donations and legacies				
Donations	41,556	30,205	71,761	34,096
Events (held for the charity)	-	32,733	32,733	29,083
Grants from grant making trusts	43,000	82,111	125,111	246,127
	<u>84,556</u>	<u>145,049</u>	<u>229,605</u>	<u>309,306</u>
b) Investments				
Bank Interest	-	1,061	1,061	400
Dividends and interest on investments	-	8,659	8,659	7,881
	<u>-</u>	<u>9,720</u>	<u>9,720</u>	<u>8,281</u>

For the year ended 31 December 2019

4. Charitable activities

	Restricted Funds	Unrestricted Funds	2019	2018
	£	£	£	£
Adoption				
Placement fees	-	1,050,727	1,050,727	1,042,502
Birth Relative Services (Poole and Bournemouth)	-	29,500	29,500	29,500
Step Parent assessments (Plymouth)	-	43,875	43,875	36,742
Practice and Improvement Fund	-	-	-	97,379
Expansion	-	-	-	-
Therapeutic Parenting Course	-	-	-	10,500
Home for Good	-	-	-	-
Life Story (Plymouth)	-	26,981	26,981	24,747
Family Finding	-	1,087	1,087	1,525
Adult Counselling (Plymouth)	-	-	-	3,620
Adopt Wessex and Adopt South West	-	-	-	-
Adoption Support	-	143,711	143,711	43,032
	-	<u>1,295,881</u>	<u>1,295,881</u>	<u>1,289,547</u>

Families for Children Trust

For the year ended 31 December 2019

Notes to the Financial Statement

5. Expenditure

	Adoption Restricted £	Adoption £	Fundraising Publicity and Recruitment of Adopters £	2019 Total £	2018 Total £
Costs directly allocated to activities					
Salaries & on costs	118,639	988,446	30,330	1,137,415	1,185,534
Staff travel & other expenses	4,360	57,441	340	62,141	66,450
Sessional staff costs	-	6,377	17,247	23,624	31,198
Adoption expenses	656	123,132	-	123,788	108,316
Fundraising event costs and website	-	-	2,782	2,782	2,131
Marketing and Recruitment of adopters' costs	550	53,767	406	54,723	49,839
Training	-	4,988	-	4,988	9,224
Office expenses	-	9,511	-	9,511	10,646
Premises costs	2,224	12,862	-	15,086	9,493
Rent	100	42,150	-	42,250	39,625
Motor costs	6,360	311	-	6,671	-
Equipment & computer support	3,336	27,853	-	31,189	33,399
Depreciation	-	4,995	-	4,995	3,354
Accounting, legal & professional	4,204	13,623	-	17,827	10,636
Affiliation & subscriptions	-	17,664	20	17,684	14,103
Recruitment expenses	69	6,000	-	6,069	17,347
Bad debts	-	(866)	(55)	(921)	(106)
Support costs have been allocated as follows					
Salaries & on costs	-	120,101	-	120,101	118,768
Staff travel & other expenses	-	1,078	-	1,078	1,266
Insurances	-	20,315	-	20,315	15,796
Accounting, Audit, legal & professional	-	16,399	-	16,399	17,225
Recruitment expenses	-	169	-	169	1,180
Committee & sundry expenses	194	10,241	10	10,445	7,873
Trustees' expenses	-	821	-	821	874
	140,692	1,537,378	51,080	1,729,150	1,754,171

For the year ended 31 December 2019

6. Staff Costs, Numbers and Costs of Key Management Personnel

	2019	2018
	£	£
Salaries	1,113,514	1,161,063
Social Security	91,614	89,901
Pension costs	52,388	53,338
	<u>1,257,516</u>	<u>1,304,302</u>

One employee earned between £60,000 and £70,000
(2018: No employee earned between £60,000 and £70,000)

Average number of employees analysed by function

	2019	2018
Adoption	36	38
Fundraising & Publicity	1	1
Administration	10	10
	<u>47</u>	<u>49</u>

The total employee benefits of the senior leadership team of the Agency were £170,601
(2018: £181,035)

During the year redundancy payments totalling £6,427 were made (2018 £nil).

7. Trustees' Remuneration

The Trustees have not received any remuneration from the charity during the year.

Two Trustees (2018: two) were reimbursed for travel expenses amounting to £569 (2018: £467) and other out of pocket expenses including overnight stay amounting to £162 (2018: £367). Other expenses relating to the trustees were meeting room costs of £191 (2018: £115).

During the year two Trustees made unrestricted donations to the charity totalling £660 (2018: three Trustees, £5,780). In addition, apart from the small amount of travel expenses claimed, many of the Trustees during the year waived numerous expenses, such as mileage.

8. Resources Expended

Resources expended include the following:	2019	2018
	£	£
Audit	8,338	7,920
Accountancy & financial advice – fees paid to current auditors	10,140	8,701
Other professional fees	15,748	11,240
Depreciation of fixed assets	4,995	3,354

9. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

For the year ended 31 December 2019

10. Tangible Fixed Assets

	Equipment £	Computer Equipment £	Furniture & Fixtures £	Total £
Cost				
At 1 January 2019	22,008	90,280	14,062	126,350
Additions	-	599	6,409	7,008
Disposals	-	-	-	-
At 31 December 2019	22,008	90,879	20,471	133,358
Depreciation				
At 1 January 2019	21,793	88,142	12,906	122,841
Charge for year	165	2,095	2,735	4,995
Disposals	-	-	-	-
At 31 December 2019	21,958	90,237	15,641	127,836
Net book value at 31 December 2019	50	642	4,830	5,522
At 31 December 2018	215	2,138	1,156	3,509

11. Fixed Assets Investments

	2019 £	2018 £
Quoted investments		
Brought forward at 1 January 2019	479,367	480,888
Net investment additions/(disposals)	3,974	2,327
Transfer from / (to) cash	(51,749)	8,030
Realised/Unrealised gains on investments	84,188	(11,878)
At 31 December 2019	515,780	479,367
Cash held as part of portfolio		
Brought forward at 1 Jan 2018	1,982	10,012
Transfer (to)/from quoted investments	51,749	(8,030)
At 31 December 2018	53,731	1,982
Total Investments	569,511	481,349

Net cash released from investments in the year was £3,974 (2018: £2,327).

Included in the total investments of £569,511, is £296,257 (52.02%) which are held overseas and £273,254 (47.98%) which are held in the United Kingdom.

All investments are carried at their fair value being their market value using the bid price.

For the year ended 31 December 2019

12. Debtors: Due within one year

	2019	2018
	£	£
Debtors	86,007	192,177
Prepayment and accrued income	49,032	48,082
	<u>135,039</u>	<u>240,259</u>

13. Current Asset Investments

	2019	2018
	£	£
UK Short term deposits	89,004	88,846

14. Creditors

	2019	2018
	£	£
i. Due within one year (unsecured)		
Trade creditors	60,727	58,875
Deferred income and accruals	196,083	200,513
Agreed additional pension contributions	28,019	28,019
	<u>284,829</u>	<u>287,407</u>
ii. Due after one year (unsecured)		
Agreed additional pension contributions	51,780	79,799

15. Deferred Income

Deferred income comprises grants or income received under contracts that have been received by the charity but that have not been recognised as income because of conditions attaching to them that result in the charity not having entitlement to the funds at 31 December 2019.

	2019	2018
	£	£
Balance at 1 January 2019	171,599	26,725
Amounts released to income earned from charitable activities	(171,599)	(26,725)
Amount deferred in the year	165,625	171,599
Balance at 31 December 2019	<u>165,625</u>	<u>171,599</u>

16. Financial commitments

	2019	2018
	£	£
Amounts not provided for in the balance sheet:		
The total amount of financial commitments in respect of operating leases not included in the balance sheet is	69,112	35,217

For the year ended 31 December 2019

17. Funds

	<u>Current year</u>					Balance 31.12.19
	Balance 01.01.19	Income	Gain on Investments	Spent	Transfers	
	£	£	£	£	£	£
Restricted Funds						
Post adoption salary grants	36,670	-	-	(36,670)	-	-
Adoptive Families in Crisis	7,500	-	-	(7,500)	-	-
Atrium	25,000	25,000	-	(50,000)	-	-
Lopwell Barn – donations	-	41,556	-	(33,216)	-	8,340
Lopwell Barn – grants	-	15,000	-	(11,730)	1,424	4,694
Other	800	3,000	-	(1,576)	(1,424)	800
	<u>69,970</u>	<u>84,556</u>	<u>-</u>	<u>(140,692)</u>	<u>-</u>	<u>13,834</u>
Unrestricted Funds						
General reserve	-	1,461,928	-	(1,588,458)	126,530	-
Operation Reserve	628,539	-	-	-	(106,742)	521,797
Revaluation Reserve	65,162	-	84,188	-	(6,631)	142,719
Designated Redundancy Reserve	129,157	-	-	-	(13,157)	116,000
	<u>822,858</u>	<u>1,461,928</u>	<u>84,188</u>	<u>(1,588,458)</u>	<u>-</u>	<u>780,516</u>
	<u>892,828</u>	<u>1,546,484</u>	<u>84,188</u>	<u>(1,729,150)</u>	<u>-</u>	<u>794,350</u>

a. **Restricted Funds**

Post adoption salary grants:

The restricted fund is for post adoption social worker salaries and expenses.

Adoptive Families in Crisis:

This is for salaries of a rapid response service.

Practice and Improvement grant:

The Agency was successful in being awarded a grant through a Practice and Improvement fund created by the Department of Education (DfE). The grant was £489,221 until March 2018, and the Agency was able to claim funds from the DfE on a quarterly basis based on actual expenditure. The Agency claimed the final £97,379 in 2018 and this money was spent in full.

Atrium funding:

The restricted funds includes a further five grants of £10,000, £7,000, £4,000, £3,000 and £1,000 which were added to the £25,000 fund balance brought forward for the Atrium. All of these grants were spent in the year.

Lopwell Barn:

During the year the charity received grants and donations totalling £57,980. The grants and donations were to enable the establishment and operation of an outdoor activity centre including assistance towards the cost of leasing a minibus.

Other:

One grant of £3,000 was received to support children in summer activities and this was spent on activities at Lopwell Barn and through independent providers such as a surf school. £800 was carried forward to 2020 to be spent on youth work in Cornwall.

b. **Unrestricted Funds**

The unrestricted funds currently consist of four reserves.

The redundancy reserve was set up to maintain a redundancy provision in the event of a serious and sustained downturn in activity. The value of £116,000 meets the policy target.

For the year ended 31 December 2019

The revaluation reserve which represents the amount by which the market value of investments at 31st December 2019 exceeds their original cost was £142,719.

The operation reserve was set up to manage the potential volatility in year on year revenue and has a target of having up to 6 months of budgeted operational costs kept, has a value of £521,797.

After taking into effect the redistribution of funds, the general reserve shows a balance of £nil.

	<u>Previous year</u>					
	Balance		Loss on			Balance
	01.01.18	Income	Investments	Spent	Transfers	31.12.18
	£	£	£	£	£	£
Restricted Funds						
Post adoption salary grants	46,668	30,000	-	(39,998)	-	36,670
Adoptive Families in Crisis	7,500	10,000	-	(10,000)	-	7,500
Atrium	32,500	49,000	-	(56,500)	-	25,000
Practice and Improvement grant	-	97,379	-	(97,379)	-	-
Other	-	12,100	-	(11,300)	-	800
	86,668	198,479	-	(215,177)	-	69,970
Unrestricted Funds						
General reserve	79,557	1,418,890	-	(1,538,994)	40,547	-
Operation Reserve	665,000	-	-	-	(36,461)	628,539
Revaluation Reserve	81,126	-	(11,878)	-	(4,086)	65,162
Designated Redundancy Reserve	129,157	-	-	-	-	129,157
	954,840	1,418,890	(11,878)	(1,538,994)	-	822,858
	1,041,508	1,617,369	(11,878)	(1,754,171)	-	892,828

18. Analysis of Net Assets between Funds

	Tangible Fixed		Net Current	Creditors	2019
Current year	Assets	Investments	Assets	> 1 year	Total
	£	£	£	£	£
Restricted Funds	-	-	13,834	-	13,834
Unrestricted Funds					
General Reserve	5,522	-	(5,522)	-	-
Revaluation Reserve	-	142,719	-	-	142,719
Designated Operation Reserve	-	426,792	146,785	(51,780)	521,797
Designated Redundancy Reserve	-	-	116,000	-	116,000
	5,522	569,511	271,097	(51,780)	794,350
Previous year					
	Tangible Fixed	Net Current	Creditors	2018	
	Assets	Investments	Assets	> 1 year	Total
	£	£	£	£	£
Restricted Funds	-	-	69,970	-	69,970
Unrestricted Funds					
General Reserve	3,509	-	(3,509)	-	-
Revaluation Reserve	-	65,162	-	-	65,162
Designated Operation Reserve	-	416,187	292,151	(79,799)	628,539
Designated Redundancy Reserve	-	-	129,157	-	129,157
	3,509	481,349	487,769	(79,799)	892,828

For the year ended 31 December 2019

19. Pensions

a. **Church of England Defined Benefits Scheme (DBS)**

Families for Children Trust (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year plus the figures in relation to the DBS deficit.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £2,600 per year. In addition deficit payments of £28,019 per year have been agreed for 5.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

The next valuation of the scheme is currently being carried out as at December 2019.

For the year ended 31 December 2019

b. Church of England Pension Builder Scheme

Families for Children Trust (PB Classic) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, Families for Children Trust could become responsible for paying a share of that employer's pension liabilities.

Families for Children contributes between 5% and 10% of basic salary and employees are required to contribute a minimum contribution of 5%. Families for Children contributions for the year totalled £52,388 (2018: £53,338), and there were no contributions outstanding at the year end.

For the year ended 31 December 2019

20. **Reconciliation of net movement in funds to net cash flow from operating activities**

	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(98,478)	(148,680)
Depreciation charges	4,995	3,354
(Gains)/losses on investments	(84,188)	11,878
Dividends, interest and rents from investments	(8,659)	(7,881)
Decrease/(increase) in debtors	105,220	21,581
(Decrease)/increase in creditors	(30,597)	124,873
Net cash provided by (used in) operating activities	(111,707)	5,125

21. **Analysis of cash and cash equivalents**

	2019	2018
	£	£
Cash in hand	331,883	446,071
Notice deposits (less than 3 months)	89,004	88,846
Total cash and cash equivalents	420,887	534,917

The following pages do not form part of the statutory financial statements which are subject of the independent auditor's report on pages 14 and 15.

Analysis of Activities – General Funds

	Notes	Adoption £	Fundraising & Publicity £	2019 Total £	2018 Total £
Income					
Investments	3	9,720	-	9,720	8,281
Donations and legacies					
Individual Donations	3	-	71,761	71,761	34,096
Legacies	3	-	-	-	-
Fundraising events and grants	3	-	32,733	32,733	29,083
Grants from grant making trusts	3	-	125,111	125,111	246,127
Charitable activities:					
Fees Received	4	1,295,881	-	1,295,881	1,289,547
Other		11,278	-	11,278	10,235
Total Income		1,316,879	229,605	1,546,484	1,617,369
Expenditure on:					
Cost of generating funds	5	-	51,080	51,080	56,615
Charitable expenditure	5	1,678,070	-	1,678,070	1,697,556
Total expenditure		1,678,070	51,080	1,729,150	1,754,171
(Deficit)/ on activities (before investment gains/losses)		(361,191)	178,525	(182,666)	(136,802)