

# **Families for Children Trust**

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

## **Report and Financial Statements**

**For the Year Ended 31 December 2020**

Charity Number: 1093131

Company Number: 04460558

For the year ended 31 December 2020

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For the year ended 31 December 2020

**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 2020.

**Reference and Administrative Details**

<b>Charity Name:</b>	Families for Children Trust	
<b>Charity Registration Number:</b>	1093131	
<b>Company Registration Number:</b>	04460558	
<b>Registered Office (and Principal Address):</b>	Higher Mill Buckfast Buckfastleigh TQ11 0EE	
<b>Company Secretary:</b>	Mr N Backhouse	
<b>Auditors:</b>	PKF Francis Clark Sigma House Oak View Close Edginswell Park Torquay TQ2 7FF	
<b>Bankers:</b>	CAF Bank 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4TA	National Westminster Bank Plc 59 High Street Exeter EX4 3DP
<b>Investment Advisors:</b>	JM Finn & Co. 31 Great George Street Bristol BS1 5QD	
<b>Legal Consultants:</b>	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 2020

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 Roger Lake Vice Chairman

Mrs Susan Lucas

Mr David Wakely (Resigned 30<sup>th</sup> July 2021) Honorary Treasurer

Mrs Louisiana Lush

**Trustees appointed by the Trustees**

Mr Nick Allan Chairman

Ms Tina Cook (Resigned 20<sup>th</sup> July 2020 / Appointed 30<sup>th</sup> July 2021)

Mr Terry Connor

Rev Canon Bruce Duncan MBE (Resigned 20<sup>th</sup> July 2020)

Mrs Charm O'Kelly

Mrs Jackie Saunders

Dr Susan Howson (Appointed 20<sup>th</sup> July 2020)

**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

Mr J Fitton (until 15<sup>th</sup> March 2020) Head of Operations (Interim)

Mrs K Dale (from 16<sup>th</sup> March 2020) Head of Operations

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 2020

## ***Management Team***

In 2020 the Charity continued to operate three main social work teams across its geographical areas of Cornwall, Devon, Somerset and Dorset. The teams were the West Team, mainly covering Cornwall and Devon, the East Team, mainly covering Somerset and Dorset, and the Family Support Team which covers the whole geographical area.

At the start of 2020 the Charity continued to work out of three offices across the South West of England,

Devon (Head Office)	Higher Mill, Buckfast Abbey
North Devon	Garden Flat, Castle Hill Estate
Dorset	Herringston Barn, Dorchester

however, due to the COVID pandemic and lockdown, the Charity decided to close both the North Devon and Dorset offices in the second half of 2020 and adopt a blended working model of operation (both home and office working).

## Head Office

Based in Devon and Cornwall the Senior Leadership Team (SLT) leads and manages the Charity on a day-to-day basis.

Along with the three social work teams SLT oversees the work of fundraising, marketing, and the business support teams of Administration, Finance and HR.

## West Team

Based in Devon is Claudine Gilson (Team Manager). 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 Dorset is Nicky Dawe (Team Manager). Nicky'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.

## Family Support

Based in Devon is Lisa Pitcher (Team Manager, Family Support). Lisa leads the Family 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 23<sup>rd</sup> January 2015, and was incorporated as a Company on 13<sup>th</sup> June 2002. The Trust was registered as a charity on 25<sup>th</sup> 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 2020

***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******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.

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.

For the year ended 31 December 2020

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](http://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 should be approved. This recommendation is then considered by an independent 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 2020

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, the 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, the 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**

Following the achievements of 2019 the Charity was looking forward to 2020 with much enthusiasm working towards the aims and objectives of the five year strategy, the bedding down of the restructure and the new challenges for 2020. Unfortunately the challenges that materialised were not as expected as the world was hit by the COVID pandemic which, like all organisations, greatly affected Families for Children's way of working and its expected achievements for the year.

March saw Karen Dale start as Head of Operations for the Charity. Karen did not have time to get her feet under the table or the opportunity to meet all the staff before the Government announced that everyone should work from home and the country entered complete lockdown.

On a technical front the Charity was able to work from home with staff connecting to the file server which continued to be based in the head office. Zoom became the main means of maintaining contact with each other. The number of management meetings increased as the Charity established a new way of working, how to support staff and how the Charity could maintain financial stability.

For the year ended 31 December 2020

The Trustees formed a small working group and frequently met with the members of the Senior Leadership Team to monitor the situation as the picture was ever changing with various Government advice, rule changes, and lockdown end dates. The group's continued support enabled SLT to take key decisions with greater confidence and timeliness. This group maintained regular contact with the remaining members of the board most notably through the quarterly sub-committees and full board meetings.

The Charity used the furlough scheme to help reduce costs and support employees who had young families and those who had to home school. Staff who remained at work temporarily reduced their hours as work itself was reduced due to the pandemic. Assessing and supporting families occurred through zoom calls, and our practice followed Government guidelines, which continually changed as the lockdown progressed. The Charity continued to place children during 2020 although much of the assessment work had already been undertaken pre-lockdown.

The result of the lockdown changed the focus of many trust grants and charitable trusts to those in need of financial support as a result of the lockdown. Opportunities normally open to the Charity were temporarily closed as monies were redirected. However, other opportunities did arise and the Charity was successful in securing funding from the National Lottery Fund to implement a new case management system (Charms), upgrade its ICT infrastructure from a file server to cloud based and implement an internet based telephone system. The Charity also benefitted from a grant made by the Department of Education in support of voluntary adoption agencies.

During 2020 the Charity decided that home working was possible for most staff groups and continued following the Government advice of working from home throughout 2020 and into 2021. The Charity is planning on implementing in 2021 a blended approach to working, with the main focus being working from home. This was endorsed by a staff survey in which 79% of staff felt that working from home was somewhat positive to very positive. Although the negative aspect of working from home was less contact with colleagues the positive aspects were less travel for staff, staff felt more productive and there is greater flexibility in the working day.

The Charity had already started to prepare for the closing of the North Devon office as a result of the restructure in 2019, and the office closed in July 2020. Following the decision to move to a blended working model the Charity decided to close the Dorset office, and this closed in November 2020.

While it has been a turbulent year for all concerned the leadership team feel that it has been a successful year for the Charity considering the enormous and unprecedented challenges that it faced as the year progressed. Challenges that no one in the organisation had ever experienced before and challenges that were reactionary in nature and could not be foreseen.

In numerical terms the Charity had 519 (2019: 312) initial enquiries in 2020 which were converted into 28 (2019: 35) registrations of interest, a conversation rate of 5% (2019: 11%). The number of approved adopters for the year was 19 (2019: 24).

With regard to placements, the Charity was only able to make one placement during April, May and June 2020 and was unable to make any placements during the final quarter of the year. However, Families for Children still managed to place 20 children (2019: 31) in the year with 17 (2019: 27) loving families. This equated to 14 single placements and three sibling groups of two.

Sadly there were two disruptions in 2020, one of which was a 2020 placement and the other a 2019 placement. 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 reduced number of referrals compared to the previous year, 50 (2019: 109), and had reduced the number of open cases from 132 at the end of 2019 to 92 by the end of December 2020. It is felt that the reduced number of referrals in the year was as a result of the lockdown.

The Board and the Senior Leadership Team would like to thank all staff for their work during 2020. It is stated that every year is a challenging year but 2020 has been the most challenging ever faced by the Charity. Staff have been amazing in their dedication to their work and the families we support, their flexibility in their practise and their working hours, and where they work. This is all alongside the concerns and support of their own personal families making sure that everyone is safe, protected and home schooled. It is with heartfelt appreciation and gratitude that everyone says Thank You.

The same gratitude and thanks are given to the valuable work undertaken by all our volunteers who give up their valuable time to support the Charity, and ultimately the children and families. Again at a time when the world was going through a world pandemic, and they had their own personal families to support and protect.

For the year ended 31 December 2020

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 their extra support throughout the year– Thank You.

### **Financial Review**

Considering the challenges that 2020 brought to the Charity the year ended with a surplus of £52,210 (2019: deficit £182,666) before any gains on investments. This was a huge achievement in the face of a lockdown but while figures between 2020 and 2019 can be compared their difference is quite stark.

Income from charitable activities £833,117 (2019: £1,295,881), investment £6,775 (2019, £9,720) and other £90,978 (2019, £11,278) totalled £930,870 (2019: £1,316,879). This is a reduction of 30% from 2019. Income from other increased through use of the furlough scheme.

Against a backdrop of changing objectives from trust grants and charitable trusts income from donations and legacies saw an increase of nearly 90%, £399,063 (2019: £229,605). £67,780 was a grant from the Department of Education to support voluntary adoption agencies during the pandemic, and £100,000 was a grant from the National Lottery Fund with £70,000 ring fenced for the ICT work undertaken by the Charity. £148,180 of the donations and legacies income is in the form of restricted funds to be spent in 2021.

As always the Charity is thankful for all the financial support that it receives from the donations made in collecting tins to those made by trust grants and charitable trusts. This money ultimately goes to supporting families and children who are in need.

The restructure in 2019 was always going to bring about savings in expenditure in 2020 but further savings in employee costs was achieved by staff reducing their hours during some of the periods of lockdown. Salaries and on costs decreased by £304,486 from £1,257,516 in 2019 to £953,030 in 2020, and staff travel and other expenses was reduced to £20,889 (2019: £63,219) as staff stayed at home and conducted assessments and support online. Overall expenditure reduced from £1,729,150 in 2019 to £1,277,723 in 2020.

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. 2020 saw investments have a net gain of £47,957 (2019: £84,188). During the height of the pandemic this outcome seemed inconceivable as both the FTSE and Dow Jones fell around 30% from January 2020 to March 2020 so we feel it is a very satisfactory outcome.

In total Families for Children ended the year with a surplus of £100,167 (2019: deficit £98,478) increasing the total charity funds to £894,517 (2019: £794,350).

General reserves at 31 December 2020 remained at £0 (2019: £0), with a revaluation reserve of £159,480 (2019: £142,719). Designated reserves amount to £586,857 (2019: £637,797).

Trade creditors at the year-end are £21,823 (2019: £60,727).

### **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.

For the year ended 31 December 2020

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>.

The Charity's strategy is currently being revised in light of the effect that the pandemic has had on the adoption sector and the loss of 18 months plus of implementing the strategic plan, although the main priorities will remain largely the same. During this time the Charity's main focus has been on securing and sustaining financial stability, and this continues to be our first priority

In July 2021 the Department of Education published its Adoption Strategy:-

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1006232/Adoption\\_strategy.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1006232/Adoption_strategy.pdf)

in which it alludes to a National Adoption Service delivered through the Regional Adoption Agencies. It is clear that Voluntary Adoption Agencies need to have clarity on what they can deliver which meets both the needs of Regional Adoption Agencies and Local Authorities to support the permanency needs of vulnerable children. CVAA's own State of the VAA Sector, undertaken in Summer 2021, has highlighted a mismatch between the right adopters and the needs of the children waiting in the care system, and a lack of children coming through who have a plan for adoption. Families for Children will focus on recruiting the right adopters to support those children who wait the longest, the area RAAs are not as successful in achieving, and how VAAs can collectively work together.

In preparation of a continuing changing adoption sector the Charity has been working on a number of initiatives, partnerships and collaboratives to enable the Charity to continue being a viable organisation whilst meeting its charitable aims and objectives (refer to Note 2 Accounting Policies, b. Going Concern).

### **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 accounts. 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.

For the year ended 31 December 2020

**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 (£586,857)**

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

**Operation Reserve (£470,857)**

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 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).

**Revaluation Reserve (£159,480)**

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.

For the year ended 31 December 2020

***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 was updated in light of the pandemic in 2020 and the concern of a repeated lockdown. The business risk assessment had already addressed many outcomes from a pandemic such as loss of income and lack of cash flow. The Charity actioned this by reducing its expenditure, temporary reducing working hours, and seeking income from other sources such as using the Government's furlough scheme, seeking support from Government grants and using the Charity's reserves to maintain cash flow. The investment in ICT infrastructure in 2020 has allowed the organisation to work effectively with staff operating from home, reducing the potential damage of a future lockdown.

The business risk assessment continues to identify 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.

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.

**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.

For the year ended 31 December 2020

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

R Lake

Vice Chair

Date: 29 September 2021

For the year ended 31 December 2020

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

We have audited the financial statements of Families for Children Trust ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including 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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**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 course of 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 this gives rise to a material misstatement in the financial statements or a material

For the year ended 31 December 2020

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' Report (which includes the directors' report prepared for the purposes of company law), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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.

### **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.

For the year ended 31 December 2020

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the Charity and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key regulations we identified were Charity legislation, OFSTED regulations, The General Data Protection Regulation (GDPR), health and safety regulations, employment laws, and Charity Commission requirements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Companies Act 2006, the Charities Act and the Charities SORP (FRS102).

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the Charity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the Charity's ability to continue its activities and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations by the charity that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed filings with the Charity Commission and enquired with management whether there were any Serious Incident Reports made during the year of which there were none.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance;
- Reviewed Board minutes;
- Reviewed the latest Ofsted report (2018).
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business of which there were none.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

For the year ended 31 December 2020

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

[Signature]

Sharon Austen FCCA (Senior Statutory Auditor)

PKF Francis Clark,  
Sigma House,  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF  
[Date]

For the year ended 31 December 2020

**Statement of Financial Activities (including income and expenditure account)**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £
<b>Income from:</b>							
Donations and legacies	3	280,930	118,133	399,063	84,556	145,049	229,605
Charitable activities	4	-	833,117	833,117	-	1,295,881	1,295,881
Investments	3	-	6,775	6,775	-	9,720	9,720
Other		-	90,978	90,978	-	11,278	11,278
<b>Total Income</b>		<b>280,930</b>	<b>1,049,003</b>	<b>1,329,933</b>	<b>84,556</b>	<b>1,461,928</b>	<b>1,546,484</b>
<b>Expenditure on:</b>							
Raising funds	5	-	28,506	28,506	-	51,080	51,080
Charitable activities	5	146,584	1,102,633	1,249,217	140,692	1,537,378	1,678,070
<b>Total Expenditure</b>		<b>146,584</b>	<b>1,131,139</b>	<b>1,277,723</b>	<b>140,692</b>	<b>1,588,458</b>	<b>1,729,150</b>
Net income/(expenditure) before gains on investments		134,346	(82,136)	52,210	(56,136)	(126,530)	(182,666)
<b>Net gains on investments</b>	11	-	47,957	47,957	-	84,188	84,188
<b>Net income/(expenditure)</b>		<b>134,346</b>	<b>(34,179)</b>	<b>100,167</b>	<b>(56,136)</b>	<b>(42,342)</b>	<b>(98,478)</b>
<b>Transfer between funds</b>		-	-	-	-	-	-
<b>Net movement in funds</b>		<b>134,346</b>	<b>(34,179)</b>	<b>100,167</b>	<b>(56,136)</b>	<b>(42,342)</b>	<b>(98,478)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		13,834	780,516	794,350	69,970	822,858	892,828
<b>Total funds carried forward</b>		<b>148,180</b>	<b>746,337</b>	<b>894,517</b>	<b>13,834</b>	<b>780,516</b>	<b>794,350</b>

There were no other gains or losses for the year.

All income and expenditure derived from continuing activities.

The notes on pages 22 to 34 form part of these financial statements.

For the year ended 31 December 2020

**Balance Sheet**

	Notes	2020 £	2019 £
<b>Fixed Assets</b>			
Tangible Assets	10	3,361	5,522
Investments	11	<u>499,575</u>	<u>569,511</u>
		<u><b>502,936</b></u>	<u>575,033</u>
<b>Current Assets</b>			
Debtors	12	55,355	135,039
Short Term deposits	13	89,233	89,004
Cash at bank and in hand		<u>594,637</u>	<u>331,883</u>
		<u><b>739,225</b></u>	<u>555,926</u>
<b>Creditors – amount falling due within one year</b>	14	<u>(312,663)</u>	<u>(284,829)</u>
Net current assets		<u><b>426,562</b></u>	<u>271,097</u>
<b>Creditors – amount falling due after more than one year</b>	14	<u>(34,981)</u>	<u>(51,780)</u>
<b>Net assets</b>		<u><u><b>894,517</b></u></u>	<u><u>794,350</u></u>
<b>The funds of the Charity</b>			
<b>Restricted funds</b>	17	<b>148,180</b>	13,834
<b>Unrestricted funds</b>			
General	17	-	-
Revaluation	17	<b>159,480</b>	142,719
Designated	17	<b>586,857</b>	637,797
<b>Total Charity Funds</b>		<u><u><b>894,517</b></u></u>	<u><u>794,350</u></u>

The notes on pages 22 to 34 form part of these financial statements.

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

.....  
N Allan  
Chairman

.....  
R Lake  
Vice Chair

For the year ended 31 December 2020

**Statement of Cash Flows**

		2020	2019
		£	£
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>	<b>20</b>	<b>140,109</b>	<b>(111,707)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments	<b>3b</b>	<b>6,380</b>	8,659
Purchase of property, plant and equipment	<b>10</b>	<b>(1,399)</b>	(7,008)
Purchase of investments	<b>11</b>	<b>(2,107)</b>	(3,974)
Cash withdrawn from investments	<b>11</b>	<b>120,000</b>	-
<b>Net cash provided by (used in) investing activities</b>		<b>122,874</b>	<b>(2,323)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>262,983</b>	<b>(114,030)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>420,887</b>	<b>534,917</b>
<b>Cash and cash equivalents at the end of the reporting period 21</b>		<b>683,870</b>	<b>420,887</b>

The notes on pages 22 to 34 form part of these financial statements.

For the year ended 31 December 2020

## 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 2019) – (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 always been to create sufficient reserves to cover six months' operating costs. At the end of 2020 the Charity had approximately four to five months' (2019, three to four months) operating costs in reserve (Operation Reserve).

As reported, 2020 was a turbulent year for all businesses and the Charity was no exception. It was forecast in the 2019 annual report that the Charity was very likely to make around 20 placements in 2020 due to the impact of Covid-19. In the end the Charity made 17 placements but through temporarily reducing the working week by 20%, using the furlough scheme and with financial support in the form of a grant from the DfE the Charity was able to make a surplus by the end of the year.

However, the effects of Covid-19 has had a longer term effect on the number of placements expected to be achieved, and it is very likely that the Charity will end 2021 making around 15 placements. This is significantly lower than any previous year recently experienced by the Charity.

Current Government announcements of a potential National Adoption Agency, through the publication of its National Adoption Strategy in July 2021, the reduced number of children with a placement order and adopter sufficiency within the RAAs has left the voluntary adoption sector in a vulnerable position for the foreseeable future.

Additionally there has always been a level of uncertainty in the number of actual placements the Charity can achieve in any one year. There are many external factors that the Charity cannot control, such as Government policy or court decisions, and the Trustees always keep current on the external risks that can pose a threat to the Charity and act accordingly. The Charity continues to focus on recruiting and assessing the right adopters for the children with a placement order, for it is having the right adopters that makes placements happen.

The pipeline of potential adopters through the various stages of assessment is closely monitored by SLT to make sure that the level of placements required is achieved. Other monitoring of the number of initial enquiries to cash flow forecasting continues on a weekly basis helping to steer the Charity.

For the year ended 31 December 2020

Currently the Charity is pursuing a number of initiatives, partnerships and collaboratives to secure the long term future of the organisation. Whilst the number of placements for 2021 is significantly lower compared to previous years, the board is buoyed by the fact that it already has the potential to make around 25 placements in 2022 (bringing the number of placements back to pre-covid levels) and along with the current reserve levels and the current initiatives being pursued makes the Trust 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

**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.

For the year ended 31 December 2020

**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).

**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.

For the year ended 31 December 2020

3. Income

	Restricted Funds £	Unrestricted Funds £	2020 £	2019 £
<b>a) Donations and legacies</b>				
Donations	-	26,000	<b>26,000</b>	71,761
Events (held for the charity)	-	17,686	<b>17,686</b>	32,733
Other grants	67,780	-	<b>67,780</b>	-
Grants from grant making trusts	213,150	74,447	<b>287,597</b>	125,111
	<u>280,930</u>	<u>118,133</u>	<u><b>399,063</b></u>	<u>229,605</u>
<b>b) Investments</b>				
Bank Interest	-	395	<b>395</b>	1,061
Dividends and interest on investments	-	6,380	<b>6,380</b>	8,659
	<u>-</u>	<u>6,775</u>	<u><b>6,775</b></u>	<u>9,720</u>

4. Charitable activities

	Restricted Funds £	Unrestricted Funds £	2020 £	2019 £
<b>Adoption</b>				
Placement fees	-	666,476	<b>666,476</b>	1,050,727
Birth Relative Services (Poole and Bournemouth)	-	25,687	<b>25,687</b>	29,500
Step Parent assessments (Plymouth)	-	31,833	<b>31,833</b>	43,875
Life Story (Plymouth)	-	28,837	<b>28,837</b>	26,981
Family Finding	-	1,113	<b>1,113</b>	1,087
Adoption Support	-	73,613	<b>73,613</b>	143,711
Other contract income	-	5,558	<b>5,558</b>	-
	<u>-</u>	<u>833,117</u>	<u><b>833,117</b></u>	<u>1,295,881</u>

# Families for Children Trust

For the year ended 31 December 2020

## Notes to the Financial Statement

### 5. Expenditure

	Adoption Restricted £	Adoption £	Fundraising Publicity and Recruitment of Adopters £	2020 Total £	2019 Total £
<b>Costs directly allocated to activities</b>					
Salaries & on costs	117,243	751,391	4,858	873,492	1,137,415
Staff travel & other expenses	1,971	18,317	63	20,351	62,141
Sessional staff costs	-	-	21,652	21,652	23,624
Adoption expenses	-	63,286	-	63,286	123,788
Fundraising event costs and website	-	2	1,374	1,376	2,782
Marketing and Recruitment of adopters' costs	-	46,905	308	47,213	54,723
Training	270	1,682	-	1,952	4,988
Office expenses	-	5,196	9	5,205	9,511
Premises costs	1,055	8,342	-	9,397	15,086
Rent	-	21,050	-	21,050	42,250
Motor costs	4,144	-	-	4,144	6,671
Equipment & computer support	15,547	21,252	-	36,799	31,189
Depreciation	-	3,560	-	3,560	4,995
Accounting, legal & professional	644	11,897	-	12,541	17,827
Affiliation & subscriptions	-	21,253	20	21,273	17,684
Recruitment expenses	-	6,914	-	6,914	6,069
Bad debts	-	-	-	-	(921)
<b>Support costs have been allocated as follows</b>					
Salaries & on costs	5,710	73,827	-	79,537	120,101
Staff travel & other expenses	-	538	-	538	1,078
Training	-	126	-	126	-
Insurances	-	26,295	-	26,295	20,315
Accounting, Audit, legal & professional	-	16,185	-	16,185	16,399
Recruitment expenses	-	33	-	33	169
Committee & sundry expenses	-	4,388	222	4,610	10,445
Trustees' expenses	-	194	-	194	821
	<b>146,584</b>	<b>1,102,633</b>	<b>28,506</b>	<b>1,277,723</b>	<b>1,729,150</b>

For the year ended 31 December 2020

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries	<b>835,587</b>	1,113,514
Social Security	<b>67,550</b>	91,614
Pension costs	<b>49,892</b>	52,388
	<b><u>953,029</u></b>	<u>1,257,516</u>

One employee earned between £60,000 and £70,000  
(2019: One employee earned between £60,000 and £70,000)

Average number of employees analysed by function

	<b>2020</b>	<b>2019</b>
Adoption	<b>28</b>	36
Fundraising & Publicity	-	1
Administration	<b>9</b>	10
	<b><u>37</u></b>	<u>47</u>

The total employee benefits of the senior leadership team of the Agency were £165,041(2019: £170,601)

During the year redundancy payments totalling £nil were made (2019 £6,427).

**7. Trustees' Remuneration**

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

One Trustee (2019: two) was reimbursed for travel expenses amounting to £184 (2019: £569) and other out of pocket expenses including overnight stay amounting to £nil (2019: £162). Other expenses relating to the trustees were a DBS check of £10 (2019: meeting room costs of £191).

During the year five Trustees made unrestricted donations to the charity totalling £1,955 (2019: two Trustees, £660). 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:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit	<b>9,000</b>	8,338
Accountancy & financial advice – fees paid to current auditors	<b>9,532</b>	10,140
Other professional fees	<b>10,194</b>	15,748
Depreciation of fixed assets	<b>3,560</b>	4,995

**9. Taxation**

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

For the year ended 31 December 2020

10. Tangible Fixed Assets

	Equipment £	Computer Equipment £	Furniture & Fixtures £	Total £
<b>Cost</b>				
At 1 January 2020	22,008	90,879	20,471	133,358
Additions	-	-	1,399	1,399
Disposals	-	-	(1,994)	(1,994)
<b>At 31 December 2020</b>	<b>22,008</b>	<b>90,879</b>	<b>19,876</b>	<b>132,763</b>
<b>Depreciation</b>				
At 1 January 2020	21,958	90,237	15,641	127,836
Charge for year	34	402	3,124	3,560
Disposals	-	-	(1,994)	(1,994)
<b>At 31 December 2020</b>	<b>21,992</b>	<b>90,639</b>	<b>16,771</b>	<b>129,402</b>
<b>Net book value at 31 December 2020</b>	<b>16</b>	<b>240</b>	<b>3,105</b>	<b>3,361</b>
At 31 December 2019	50	642	4,830	5,522

11. Fixed Assets Investments

	2020 £	2019 £
<b>Quoted investments</b>		
Brought forward at 1 January 2020	515,780	479,367
Net investment additions/(disposals)	2,107	3,974
Transfer from / (to) cash	(83,661)	(51,749)
Realised/Unrealised gains on investments	47,957	84,188
<b>At 31 December 2020</b>	<b>482,183</b>	<b>515,780</b>
<b>Cash held as part of portfolio</b>		
Brought forward at 1 Jan 2020	53,731	1,982
Transfer (to)/from quoted investments	83,661	51,749
Cash withdrawn from investments	(120,000)	-
At 31 December 2020	17,392	53,731
<b>Total Investments</b>	<b>499,575</b>	<b>569,511</b>

Net cash released from investments in the year was £117,893 (2019: £3,974).

Included in the total investments of £499,575, is £309,830 (62%) which are held overseas and £189,745 (38%) 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 2020

**12. Debtors: Due within one year**

	2020	2019
	£	£
Debtors	33,356	86,007
Prepayment and accrued income	21,999	49,032
	<u>55,355</u>	<u>135,039</u>

**13. Current Asset Investments**

	2020	2019
	£	£
UK Short term deposits	<u>89,233</u>	<u>89,004</u>

**14. Creditors**

	2020	2019
	£	£
<b>Due within one year (unsecured)</b>		
Trade creditors	21,823	60,727
Deferred income	156,322	165,625
Social security and other taxes	62,314	18,506
Accruals	44,185	11,952
Agreed additional pension contributions	28,019	28,019
	<u>312,663</u>	<u>284,829</u>
<b>Due after one year (unsecured)</b>		
Agreed additional pension contributions	<u>34,981</u>	<u>51,780</u>

**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 2020.

	2020	2019
	£	£
Balance at 1 January 2020	165,625	171,599
Amounts released to income earned from charitable activities	(165,625)	(171,599)
Amount deferred in the year	156,322	165,625
Balance at 31 December 2020	<u>156,322</u>	<u>165,625</u>

**16. Financial commitments**

	2020	2019
	£	£
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	<u>36,385</u>	<u>69,112</u>

For the year ended 31 December 2020

17. Funds

	<u>Current year</u>					Balance 31.12.20 £
	Balance 01.01.20 £	Income £	Gain on Investments £	Spent £	Transfers £	
<b>Restricted Funds</b>						
Adoption support	-	78,017	-	(34,822)	-	<b>43,195</b>
Lopwell Barn – donations	<b>8,340</b>	31,250	-	(20,235)	-	<b>19,355</b>
Lopwell Barn – grants	<b>4,694</b>	15,000	-	(8,200)	-	<b>11,494</b>
Information technology	-	85,383	-	(15,547)	-	<b>69,836</b>
Adoption services salary grant	-	67,780	-	(67,780)	-	-
Other	<b>800</b>	3,500	-	-	-	<b>4,300</b>
	<b>13,834</b>	280,930	-	(146,584)	-	<b>148,180</b>
<b>Unrestricted Funds</b>						
General reserve	-	1,049,003	-	(1,131,139)	82,136	-
Operation Reserve	<b>521,797</b>	-	-	-	(50,940)	<b>470,857</b>
Revaluation Reserve	<b>142,719</b>	-	47,957	-	(31,196)	<b>159,480</b>
Designated Redundancy Reserve	<b>116,000</b>	-	-	-	-	<b>116,000</b>
	<b>780,516</b>	1,049,003	47,957	(1,131,139)	-	<b>746,337</b>
	<b>794,350</b>	1,329,933	47,957	(1,277,723)	-	<b>894,517</b>

**Restricted Funds**

*Adoption Support (2019 : includes Post Adoption Salary Grants)*

Adoption support is delivered by our Family Support Team and they received £78,017 in 2020. This allowed the team to deliver support groups (under Covid-19 guidance), provide peer-link support, deliver setting the pace training for families and provide direct support either through the telephone, Zoom or face to face (again under Covid-19 guidance). £34,822 was spent on salaries, expenses and volunteer expenses.

*Lopwell Barn:*

During the year the charity received grants and donations totalling £46,250. The grants and donations were to enable the operation of an outdoor activity centre including assistance towards the cost of leasing a minibus.

*Information Technology:*

The Charity received a total of £85,383 towards technology to initially help with the extra expense from working at home and then to spend on upgrading the infrastructure for the Charity. The main expenditure was in 2021 with the Charity now cloud based using Microsoft 365 for email and applications, Xero for accounting and Charms as its case record management system.

*Adoption services salary grant:*

The Department of Education provided grants to Voluntary Adoption Agencies in 2020 to help with staff costs of those working directly with children and families. The Charity received £67,780 which was fully spent in 2020.

*Other:*

During the year £3,500 was granted from the Tanner Trust to fund summer activities for adopted children and families. Unfortunately, this was not spent in 2020 due to Covid-19 and will roll over to 2021 when it can be hopefully used. £800 was brought and carried forward to be spent on youth work in Cornwall. In 2019 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.

*Adoptive Families in Crisis:*

This is for salaries of a rapid response service.

*Atrium funding:*

In 2019 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 during 2019.

For the year ended 31 December 2020

a. **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.

The revaluation reserve which represents the amount by which the market value of investments at 31<sup>st</sup> December 2019 exceeds their original cost was £159,480.

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 £470,857.

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

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

For the year ended 31 December 2020

18. Analysis of Net Assets between Funds

Current year	Tangible Fixed		Net Current	Creditors	2020
	Assets	Investments			
	£	£	£	£	£
<b>Restricted Funds</b>	-	-	148,180	-	148,180
<b>Unrestricted Funds</b>					
General Reserve	3,361	-	(3,361)	-	-
Revaluation Reserve	-	159,480	-	-	159,480
Designated Operation Reserve	-	224,095	281,743	(34,981)	470,857
Designated Redundancy Reserve	-	116,000	-	-	116,000
	<u>3,361</u>	<u>499,575</u>	<u>426,562</u>	<u>(34,981)</u>	<u>894,517</u>
<b>Previous year</b>					
<b>Restricted Funds</b>	-	-	13,834	-	13,834
<b>Unrestricted Funds</b>					
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
	<u>5,522</u>	<u>569,511</u>	<u>271,097</u>	<u>(51,780)</u>	<u>794,350</u>

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.

For the year ended 31 December 2020

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 recently finalised 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.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

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 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.

**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.

For the year ended 31 December 2020

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 the 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. A valuation as at 31 December 2019 was under way as at 31 December 2020.

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 £38,672 (2019: £52,388).

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

	2020	2019
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>100,167</b>	(98,478)
Depreciation charges	<b>3,560</b>	4,995
(Gains)/losses on investments	<b>(47,957)</b>	(84,188)
Dividends, interest and rents from investments	<b>(6,380)</b>	(8,659)
Decrease/(increase) in debtors	<b>79,684</b>	105,220
Increase/(decrease) in creditors	<b>11,035</b>	(30,597)
<b>Net cash provided by (used in) operating activities</b>	<b>140,109</b>	(111,707)

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

	2020	2019
	£	£
Cash in hand	<b>594,637</b>	331,883
Notice deposits (less than 3 months)	<b>89,233</b>	89,004
<b>Total cash and cash equivalents</b>	<b>683,870</b>	420,887

**The following pages do not form part of the statutory financial statements which are subject of the independent auditor's report on pages 15 to 18.**

## Analysis of Activities – General Funds

	Notes	Adoption £	Fundraising & Publicity £	2020 Total £	2019 Total £
<b>Income</b>					
Investments	3	6,775	-	6,775	9,720
Donations and legacies					
Individual Donations	3	-	26,000	26,000	71,761
Legacies	3	-	-	-	-
Fundraising events and grants	3	-	17,686	17,686	32,733
Grants from grant making trusts	3	-	287,597	287,597	125,111
Other Grants	3	67,780	-	67,780	-
Charitable activities:					
Fees Received	4	833,117	-	833,117	1,295,881
Other		90,978	-	90,978	11,278
<b>Total Income</b>		<u>998,650</u>	<u>331,283</u>	<u>1,329,933</u>	<u>1,546,484</u>
<b>Expenditure on:</b>					
Cost of generating funds	5	-	28,506	28,506	51,080
Charitable expenditure	5	1,249,217	-	1,249,217	1,678,070
<b>Total expenditure</b>		<u>1,249,217</u>	<u>28,506</u>	<u>1,277,723</u>	<u>1,729,150</u>
<b>Surplus/(Deficit) on activities (before investment gains/losses)</b>		<u>(250,567)</u>	<u>302,777</u>	<u>52,210</u>	<u>(182,666)</u>