

The Children's Family Trust

**Trustees' Report & Financial Statements
Year ended 31st December 2021**

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

Contents:

Report of the Trustees	1
Reference and Administrative Details	9
Auditor's Report	10
Statement of Financial Activities	13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Financial Statements	16



TRUSTEES' REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2021. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Our objects:

Established as a Registered Charity in 1945 and operating as a company limited by guarantee, our stated objectives, as set out in our governing Memorandum of Association, are:

- 1 The relief of children and young persons in need, and in particular those in the care of, or accommodated by, a Local Authority, by
 - 1.1 Providing them with, or otherwise assisting in the provision of, a placement or placements in suitable accommodation and providing them with or assisting in the provision of, appropriate Carers, with the aim of providing them with a stable family life.
 - 1.2 Providing for their education and establishment in life.
- 2 The relief of poverty and in particular the assistance of adults who have as children been in Local Authority care.

Our activities:

Our operational work in England is classified as an independent fostering agency. The standards applied by Ofsted are the primary measures of our success and are in the public domain, as are their Inspection Reports evaluating the quality of our work.

Overall, our purpose remains to provide a stable and successful family life for children in the care system with the aim of preparing them for successful adulthood. The Trust's guiding philosophy is that all children have the right to live '*a natural family life*'. Predominantly we do this through the provision of foster care. Most of our income derives from the fees we charge for this service. Traditionally, but not now exclusively, we have experience in providing for sibling groups and permanent placements – reflected in our core values around a '*family for life*'. However, increasingly, we also provide for children needing short-term care where we apply the same principles as if those children were placed on a '*family for life*' basis.

It follows that we continue in the Trust's tradition of putting the interests of our children first, closely followed by those of our Carers and staff.

Public benefit statement:

Local Authorities have a statutory obligation to provide foster placements for those children brought into the State care system and needing to live away from home. Our work, as a Registered Charity, is to provide such placement opportunities on a transparently not-for-profit basis, to do so to the highest professional standards, and to deliver the best outcomes to those placed in our charge. Our placements are open to all Local Authorities, irrespective of location, and our matching process meets all professional best practices in endeavouring to provide an enduring placement for each individual child. As our fees are met by Local Authorities, and we are providing care for any child that they may present and for whom we are able to affect a suitable match, we work on an entirely inclusive and non-discriminatory basis for the public benefit.

Further, we use our charitable resources to extend and enhance our services, and to meet individual needs, particularly where these are for children no longer supported by the public purse. This is demonstrated by the Trust's continuing support of individuals, now adults, who have been in the care of the Trust but who need, from time to time, the support of the Trust through its Lifetime Carers. This intervention has, in the past, helped prevent the involvement of the State in the lives of families.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Our structure:

As an organisation, the Trust is governed by the Board of Trustees. We employ full-time executive, administrative and professional resources, as well as retaining professional advisers such as legal and audit firms.

As a Registered Charity, the Trust is not a profit-making organisation and no benefit may be derived by its Trustees, who are also Members of the Trust. Accordingly, we are classified as a 'voluntary organisation' within the terms of the Children's Act 1989, section 105.

As a charity and as a company limited by guarantee, the Trustees' Report and Financial Statements, and the Memorandum and Articles of Association are publicly available.

We also make them available to appropriate and interested parties, e.g. Local Authorities, existing/prospective Foster Carers, children in placement or on request. The Articles of Association set out the regulations that govern the company's internal affairs.

Apart from the Trustee body being required to meet the appropriate qualifications to act as Trustees and Directors, they and the staff of the Trust, and the retained Foster Carers, Foster Carers' own children over the age of sixteen, baby-sitters, regular visitors to the Foster Carers' homes, any domestic staff, and the members of the Fostering Panel are all subject to the Disclosure and Barring Service (DBS) checks, formally referred to as Criminal Records Bureau (CRB) checks. We extend this process to other key workers within supporting organisations e.g. human resources and information technology. Further, Foster Carers are subject to additional checks as part of their BAAF Form F-based selection process.

All our professional staff are qualified variously holding CQSW/Diploma in Social Work, Practice Teaching Awards, and a Post-Graduate Diploma in Social Work and an MSc in Organisation Development as well as relevant first and post graduate degrees. In addition, the Trust has engaged, on a sessional basis, further fully qualified and highly skilled professionals to deliver training on such topics as safeguarding, therapeutic approaches, first aid and de-escalation techniques for both our staff and fostering families. All our professional Social Work staff are registered with Social Work England, the regulatory body. Several also have experience in working within the private and voluntary sectors. The Social Work teams are supported by our Head Office staff, which includes Administration, HR, Marketing and Media and Finance.

All Foster Carers have passed the TDS induction standards. Throughout the year they are expected to attend a minimum of six mandatory training courses.

In order to remain current in matters affecting the work of the Trust, it has for many years been a member of the National Council for Voluntary Organisations (NCVO), Children England, The Fostering Network, Foster talk and Coram BAAF (British Association for Adoption and Fostering). We have also added our voice to FFP (Fairer Fostering Partnership) which campaigns within the fostering sector on behalf of 'not for profit' fostering agencies as well as our most recent membership of the National Association of Fostering Providers (NAFP). Through membership of these organizations the Trust looks both to learn from developments in good practice relating both to governance and child-care, and to influence the development and implementation of social policy generally and childcare policy and provision specifically.

The Trust is not a member of any larger organization nor has affiliate organizations.

The Trust has a policy and procedure to deal with any complaints (formal or otherwise) and to secure early resolution of any such matters. The Trust received one complaint in 2021. This was investigated independently by an external HR agency, the details of which are recorded and all reports shared with the board of Trustees.

Trustees / Registered Office and Charity & Company Details:

These details can be found in the "Reference and Administrative Details of The Charity" on page 9.

Pay Policy for Senior Staff:

The Trust needs to operate in a competitive environment yet balance its responsibility to be prudent with charitable monies. The Trust has a Compensation Policy and uses Compensation Guidelines that are reviewed regularly and set out how it will manage pay for senior staff and all other employees.

The over-arching premise is that basic salary ranges should meet the Trust objectives of attracting, retaining and motivating staff.

The Trust continues to commission the services of an external human resources provider to support our HR Manager who has been in post since January 2022. In setting salary ranges for all roles within the organization the Trust looks at a range or relevant benchmarks such as location, charity sector, charity income and number of employees. All proposed salary ranges are agreed by the Board of Trustees. We plan to review our current pay structure and appraisal process during 2022 to ensure we remain competitive in a very saturated market. This review will be overseen by our board of trustees.

Currently, proposed salary changes by line managers, within the salary range for the role, are signed-off by the Chief Executive. The Chair of Trustees authorizes changes to the Chief Executive's pay.

Our achievements and performance in 2021:

The Trust continued to operate effectively throughout the year despite and in spite of the pandemic and the ongoing restrictions to working practice as a result. The economic climate within which we work has continued to be 'squeezed' mostly as a result of the pandemic and the rise in the number of children coming into care. However, the number of children now placed with our fostering families has surpassed our KPI's for 2021 and as a result has increased our overall income. Several of our larger contracts were due for retender during 2020 but as a result of the pandemic had been 'extended' or 'refreshed' until 2021-22. This situation is gradually changing with several contracts more recently coming up for retender. This will provide us with a much-needed opportunity to increase our fees for the first time in over 4 years.

However, Local Authorities continue to lower their fees and any new contracts and tenders reflect this downward pressure whilst expectations about what we should deliver continue to increase. Nevertheless, we continue to gain entry to additional contracts, which have supported our expansion plans. These additional successful tender bids including several local authorities within the East Midlands region including Derbyshire, Nottinghamshire, Leicestershire, Northamptonshire and Lincolnshire. At the end of 2021 we had 7 approved Foster families in the East Midlands region with another 3 families in assessment. Moving forwards, post pandemic and to meet the demands of the current contracts across the region we are currently planning to open a regional office in 2022 in the East Midlands region.

Recruitment of Foster Carers in all regions continues to prove challenging following the pandemic. However, greater focus on marketing and media strategies alongside 'refreshing' elements of our website has proven worthwhile. Targeted recruitment using several social media platforms is proving to be successful as it has two purposes, the first to raise our profile and the second to target those individuals from backgrounds with relevant experience, space and who are geographically well positioned to meet the needs of our current contracts. We continue to recruit very high calibre Carers who choose to foster on a vocational basis who have a mix of skills and experience to provide a varied and diverse range of placements to Local Authorities. Our Fostering Panels are held regionally though currently virtually, and our panel members live locally to our regional offices.

The number of children we look after increased passing the 200 mark with some temporary falls in numbers throughout the year. It is noticeable that most of the referrals we receive across the country, are of children with considerable difficulties and who have experienced very traumatic early lives. For this reason alone, the calibre, quality and skills of the Foster Carer is extremely important.

Key operational events and milestones of the year included:

Ofsted: All regions are registered with Ofsted and all Registered Managers appropriately experienced and qualified.

Our North-East Region:

Our North-East region continued its highly valued work throughout 2021 under some very challenging circumstances regarding the restrictions of the pandemic. Placement numbers increased gradually in the latter part of the year reaching 52 by the year end (excluding Staying Put). This arrangement means that whilst the young person remains living with their Foster Family the Trust stops receiving a fostering fee for the placement. The local authority will, in most cases financially support the young person in placement but will not provide the Carer or Trust with any financial support. This represents the Trust with some dilemmas given our ethos of 'Family for Life'. Many of our Carers remain committed to the young person they care for, but this arrangement can potentially cause them some financial hardship, particularly if they do not have another spare bedroom or a second child in placement. Most the children placed in the North East are 'family for life' placements, which tend to be stable and therefore provide a steady income source, which can be relied upon.

The region was Inspected by Ofsted in November and awarded a judgement of 'Outstanding'.

Our West Yorkshire Region

Our West Yorkshire office is now well established. The region continued its highly valued work throughout 2021 under some very challenging circumstances regarding the restrictions of the pandemic. Placement numbers increased slightly toward the year end and averaged out at 31 with many placements remaining stable and on a family for life basis. However, recruitment of new Foster Carers continues to prove challenging with local authorities in the region offering very competitive packages to potential Carers as well as the promise of always having children available to place.

Our West Midlands Region:

2021 was a relatively successful year for the West Midlands office. The region continued its highly valued work throughout the year and increased the number of children placed substantially, averaging out at over 70 throughout the year. The region is extremely well established and has a highly skilled staff team and a focussed and ambitious Registered Manager, both of which provides excellent support to a highly skilled and experienced group of Fostering families.

At the end of the year there were 43 approved Carers. However, several Carers 'retired' from fostering alongside several more ending their fostering careers because of poor health or for personal reasons related to a change in circumstances as a result of

the pandemic. By the end of the year there was another 7 prospective Carers in assessment who will be approved throughout 2022. Referrals continue to rise in the region receiving an average of 1200 per month.

The West Midlands team continues to operate in a congested and highly competitive market. However, the region continues to be a major contributor to the placements available to Local Authorities across the region.

Our South-Central Region:

We now have a staff team of 7 in the region including 3 Supervising Social Workers, 1 Principle Social Worker and 2 Administrators and a Registered Manager. The region has continued to grow in a very 'organic' way with several Carers coming our way because of 'word of mouth'. The region now has 28 approved Carers with another 2 in assessment and 39 children in place. The region continued its highly valued work throughout 2021 under some very challenging circumstances regarding the restrictions of the pandemic. Placement numbers increased gradually in the latter part of the year.

The region receives an average of 500 referrals a month and their profile in the region is well established with local authorities, this has resulted in local authority placement teams specifically requesting placements with several our Carers in the region. It is worthy of note that this region operates in a fiercely competitive market with over 110 IFA's in Hampshire alone. This is more than a third IFA's in the United Kingdom!

Our East Midlands Region:

Our East Midlands region is still very much in its infancy. However, toward the end of 2021 we have 7 approved Carers. There are currently 3 assessments being completed all of whom will be approved in 2022. At the end of 2021 we appointed a full-time permanent administrator to cover the admin and help with the recruitment for the region. The region also has two part time permanent Social Workers and 1 Principle Social Worker. We plan to open a regional office in late 2022.

Summary:

Closing placement numbers at 31st December 2021 were 198, up by 9 placements on those at the start of the year (189).

Progress elsewhere

Our Head Office continues to provide a myriad of services and support to all regions. The team comprises of several highly skilled professionals including our Head of Service, our HR Manager, our Head of Finance and a Marketing & Media Officer, these are all supported by several administrators.

Our Marketing & Media strategies proved invaluable throughout 2021 given the restrictions we've faced in holding any face to face recruitment events. We became hugely dependent on a number of social platforms and our website with regarding to advertising and recruitment. Raising our profile with local authorities has been key to our continued reputation as a high-quality provider of placements which is slowly paying off. Initial enquiries from potential applicants via our website and Facebook page continues to increase. We also continue to work closely with an external provider who focusses on SEO (Search Engine Optimization) to ensure our visibility on a variety of social media platforms.

We have also made progress in the management of our contracts and in our ability to respond to tendering opportunities, which has been a collaborative effort between Head Office and Social Work staff.

Registered Manager training courses were put 'on hold' for the majority of the year as a result of the pandemic. However, Skyrocket has grown in reputation across the sector and one day online courses were delivered during 2021, although not in the numbers initially planned. Skyrocket is shown under Programme Related Investments within the 2020 Statutory Accounts.

It is hoped that as we move forward during 2022 Skyrocket will continue to grow and deliver more tailored courses in line with the feedback provided by attendees. The partnership continues to contribute to improving practice across the sector, which in turn will hopefully lead to better outcomes for our looked after children and young people.

Financial review:

Our full results are given in the financial statements, later in this report.

The overall surplus for the year amounted to £344,186 (2020: £287,179 deficit).

Our income continues to come primarily from our child-care provision to Local Authorities. With an increase in the average number of children placed compared to the previous year our Local Authority income increased by £663,907 to £7,637,895 (2020: £6,973,988) or 9.5% when compared to 2020.

The Trust also provided a mix of Over 18 / Lifetime Carer support of £66,114 (2020: £61,657), which is met out of charitable donations, investment income and reserves.

Our financial asset strength remains principally in property, including an Investment Property.

It is the policy of the Trust to hold sufficient assets in cash, or in easily converted forms, to meet its forecast cash requirements and in order to fund continuing growth.

Close financial controls are in place to ensure that expenditure is planned and monitored. Decisions on where, when and how to invest internally to secure growth remain difficult judgements in our situation, where long lead-times are needed before results can be seen.

Risk assessment:

The Trust undertakes a formal Risk Assessment on an annual basis. The Risk Assessment and Risk Register is updated alongside the 5 Year Business Plan. The 5 Year Business Plan takes account of risks identified in the Risk Assessment. Risks are colour coded. Red is critical, Amber is highly important or significant, and Green is minor. Risks are categorised as either Management and Governance, Operational, Financial or External. Controls are in place to reduce or eliminate each identified risk. The mitigation of risk is considered on an ongoing basis by key management. For example, before any operational changes or any developments in activities provided by the Trust, and, within Senior Management and Registered Management meetings. Any newly identified critical risks are flagged up to Trustees either before or at the next planned trustee meeting.

At November 2021 the principal risks facing the charity and the strategies to manage them were as follows:

Risk	Controls
The Trust is unable to respond to placement requests	Communicate closely with commissioners, Explain ethos of the Trust as a permanency provider, Use existing capacity to best effect without compromising quality, Build placement capacity, Work with commissioners to understand their needs.
Local Authorities stance on Staying Put placements	Review potential impact over next 5 years, Maintain dialogue with local authorities concerned, Lobby government via FFP group, Review Budget & 5 Year Plan to earmark potential carer support, Look at staff training to meet needs of Staying Put / Over 18 support.
Government / Local Authority cuts push down fees to unsustainable levels	Review service provision, Review staff utilisation, Find ways of making savings in delivery, Reduce central cost base, Find value suppliers e.g. Insurance, IT, HR, etc., Review policy of limiting the number of placements in each area - increase placement numbers at lower fee, Co-operate with other smaller providers in the sector, Support the development of FFP and develop influence in government / local authorities.
Sector consolidation harms small operators	Monitor changes to the number of agencies operating in the sector, Research possible merger/purchase targets, Get to critical mass and maintain placement numbers, Compete on fee rates and foster carer fees, Continue to build add on services, Monitor LA for tender opportunities.



Reserves policy:

Free reserves, or unrestricted funds excluding designated funds (which are held as fixed assets), amounted to £2,224,693 as at 31st December 2021 (2020: £1,880,507). This represents 3.5 months (2020: 3.1 months) of total annual unrestricted expenditure excluding designated and restricted expenditure. The charity has a reserves policy to accumulate reserves equal to six months of total annual unrestricted expenditure excluding designated and restricted expenditure. As we come out of the global pandemic, the charity is continuing to ensure that we continue to work with Local Authorities, submit more tenders and increase the placement numbers. We are also continuing to develop a new region which will bring extra income. This will no doubt help us achieve the reserves that we should have.

The designated funds of £1,145,571 (2020: £1,145,571) are to meet costs in relation to our support to Lifetime Foster Carers.

The Trust looks at cash and liquid investments available to meet its known and planned requirements. As at 31st December 2021 the Trust had readily realisable cash reserves of £445,308 (2020: £284,068) to cover known and planned requirements of £234,628 (2020: £234,628). The known and planned requirements included, but was not limited to, the following:

- Working capital,
- Dilapidations on leased offices,
- Repairs,
- East Midlands office development.

Restricted funds will be spent in line with funding restrictions.

Investment policy and performance:

The Trust splits its investments to provide for capital growth and monthly income to support operations until the time when cash flow becomes reliably positive on a monthly basis. Details of these investments are given in the Financial Statements.

The Trust will explore options for investment advice in 2022.

Our plans for the future:

The Aims and Objectives for 2022 continue to be about recruitment, retention and raising the profile of the Trust. Recruitment of new Carers is vital if we are to increase our capacity to provide new placements going forward.

However, targeted recruitment in the right geographical areas and identifying the right profile of Carers remains of paramount importance. As a result, we plan to 'reskin' our website in order to make it more of a 'selling tool' and more visually engaging.

Retention of Carers continues to be another one of our key objectives going into 2022. As such we plan to look at the possibility of 'retainer' payments or 'loyalty' payments for our Carers alongside improving their current terms and conditions in order to retain our current Carers and attract new applicants.

COVID-19:

Following the lifting of government restrictions in June 2021 the Trust returned to the office adopting a 'hybrid' model of working. Thus, allowing all staff to work from home for up to 2 days per week. This arrangement has proved both popular with staff and highly productive for the wider organization.

Our panels also started to meet on a face to face basis once again and our foster families and children were visited on a similar basis by our social work teams.

Our referrals gradually increased as did the number of children placed following the end of the restrictions, this is reflected in the number of children in place by the year end.

Our local authority contractors have continued to work very closely with us during this somewhat unpredictable period and continue to pay invoices on time and have regularly provided reassurances that this situation will not change. They are very grateful of the 'added' support we have provided for the children we care for during the pandemic and continue to work in close collaboration with our professional staff and Carers to ensure the children's needs are met.

Ukraine Crisis:

With regard to recruitment and placements we are currently not impacted directly by the crisis in Ukraine. However, I've no doubt that as a number of displaced orphans arrive in the UK we will be approached by local authorities seeking appropriate



families to care for them. If we are in a position to provide placements for this particular group of vulnerable children this will be managed and placements offered where our Carers can best meet the needs of these children.

There is currently no evidence to suggest that individuals might be choosing to offer spare rooms to refugees rather than foster, however, I'm mindful that this may be the case in the future, as such we are placing a great deal of focus on recruitment over the next two years in any event as discussed earlier within this report.

Acknowledgements:

This report is an opportunity for us to recognise those that help give us our distinctive quality. This quality results partly from the knowledge that our work is not undertaken for profit but to ensure that children get the care and support they need to become well-adjusted and contributing adults later in life. Our tagline of a '*family for life*' underlines our commitment to those who need it that we will help them in their transition to independent adult living with supportive relationships beyond those provided within the state care system.

Our key debt is to our outstanding Foster Carers as it is, they who provide the care to those children entrusted to us. Some of these individuals have provided decades of unflinching selfless service to their extended families, now often including grandchildren, and even great-grandchildren. Others are recent recruits who intend to work as Foster Carers for a set period of their lives. To all of them, for all their skill and dedication, we remain eternally grateful.

We additionally acknowledge that it is our staff team who organise and make this possible, and we would like to take this opportunity to thank them all. In addition to our direct staff we would like to recognise and thank our wider community of retained sessional Social Workers and other specialists, our Fostering Panel, key support firms and consultants of all types who give us the professionalism we need to provide such an excellent quality of care. Finally, as Chairman, I would like to thank the Trustees for their contribution as well as our other financial supporters who fund our growth and help to make the work of the Trust achievable.

Related parties:

All related party transactions can be seen in note 19 to the Financial Statements.

Trustee Training and Induction:

The Trustees have chosen to manage the governance of the Trust as a small but involved group with complementary skills covering our heritage and core values, our professional work, education, and corporate business skills. The Trustees periodically consider whether, and where and when, additional or replacement skills and experiences are required. Recruitment channels have included national advertising, executive search, the use of nationally accepted clearing houses, as well as individual networking to seek out specific skills or expertise. Appointments are made after a process that allows candidates to explore the Trust's work and become familiar with the management team and the Trustees and then by the Trustee body in its entirety. Trustees undergo induction and training in their responsibilities and development affecting both their role and the work of the Trust.

Statement of Trustees' Responsibilities:

The Trustees (who are also the Directors of the charity for purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Trustee Indemnity insurance is included within Management Liability insurance cover provided by Zurich Insurance with an overall limit of indemnity of £1million. The cost of the Trustee Indemnity insurance is not given as it is not separately identifiable within the overall insurance cover cost.

Statement of Information for Auditors:

In so far as the Trustees are aware:

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

Small Company Provisions:

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption provided by section 408 and section 414B (b) of the Companies Act 2006.

On behalf of the Board of Trustees



Ian Brazier
Chairman

**Hanbury Court,
Harris Business Park,
Stoke Prior,
Bromsgrove,
Worcestershire,
B60 4DJ**

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS, for the year ended 31st December 2021:

Charity Name: The Children's Family Trust (a company registered in England and Wales)

Company Registration Number: 00398875

Charity Registered Number: 208607

Trustees: Mr I Brazier, Chair
Canon J Glover DL (resigned 30th September 2021)
Mrs A Oliver
Mr N Harrison
Mrs S Pinner (resigned 30th September 2021)
Dr V Wigfall
Mr D Williams
Dr M Hine
Mr T Gormley

Registered Office: Hanbury Court
Harris Business Park
Stoke Prior
Bromsgrove
Worcestershire
B60 4DJ

Chief Executive Officer: Mrs M Mulholland

Auditors: Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
West Midlands
B3 3AX

Solicitors: BPE Solicitors LLP
St James' House
St James' Square
Cheltenham
GL50 3PR

Bankers: HSBC Plc
Redditch Commercial Centre
Church Green West
Redditch
Worcestershire
B97 4E

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S FAMILY TRUST

Opinion

We have audited the financial statements of The Children's Family Trust (the 'charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' 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 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 Directors' Report included within 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 and proper 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 specific 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' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 the financial statements.

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.

Based on our understanding of the Charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Charities Act 2011, the Charities Statement of Recommended Practice, pensions legislation, employment regulation, anti-bribery, corruption and fraud, and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted and endowment funds, completeness of income, particularly in relation to cut-off, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

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

Ian Holder

Ian Holder
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor, Two Chamberlain Square, Birmingham, B3 3AX

Jul 18, 2022

STATEMENT OF FINANCIAL ACTIVITIES (including an Income and Expenditure Account) for the year ended 31 December 2021

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income:						
Donations and legacies	2	15,550	-	-	15,550	13,047
<i>Income from charitable activities:</i>						
Foster care local authority fees and recharges		7,637,895	-	-	7,637,895	6,973,988
Student fees		5,400	-	-	5,400	2,800
<i>Income from investments:</i>						
Rents from investment property		42,900	-	-	42,900	28,300
Listed investments		1,677	-	-	1,677	1,520
Total Income		7,703,422	-	-	7,703,422	7,019,655
Expenditure:						
<i>Cost of raising funds:</i>						
Expenditure on raising donations and legacies		272	-	-	272	471
Investment management costs		32,562	-	-	32,562	37,383
<i>Expenditure on charitable activities</i>						
Foster care	4	7,478,781	-	-	7,478,781	7,192,531
Fostering independence support	4	2,700	-	-	2,700	2,486
Lifetime carer costs	4	-	63,414	-	63,414	59,171
Total Expenditure		7,514,315	63,414	-	7,577,729	7,292,042
Revaluation gain on property		200,000	-	-	200,000	-
Other gains / (losses) on investments		18,493	-	-	18,493	(14,792)
Net income / (expenditure) before transfers		407,600	(63,414)	-	344,186	(287,179)
Transfers between funds	14	(63,414)	63,414	-	-	-
Net movement in funds		344,186	-	-	344,186	(287,179)
Reconciliation of funds						
Fund balances brought forward at 1 January 2021	14	1,880,507	1,145,571	412	3,026,490	3,313,669
Total funds carried forward		2,224,693	1,145,571	412	3,370,676	3,026,490

- All the above results are derived from continuing activities.
- The notes on pages 16 to 27 form part of these financial statements.

BALANCE SHEET at 31 December 2021

Company number: 00398875

	Notes	2021 £	£	2020 £	£
Fixed Assets:					
Tangible fixed assets	7	1,702,924		1,766,683	
Fixed asset investments	8	1,105,002		951,779	
Programme related investments	8	6,091		6,091	
Total Fixed Assets		2,814,017		2,724,553	
Current Assets:					
Debtors	9	560,160		489,328	
Investments – Short Term Deposits	10	3,398		3,398	
Cash at bank and in hand		441,910		280,670	
Total Current Assets		1,005,468		773,396	
Liabilities:					
Creditors: Amounts falling due within one year	11	(338,182)		(332,870)	
Net Current Assets		667,286		440,526	
Creditors: Amounts falling due after more than one year	12	(64,627)		(92,589)	
Dilapidations provision	13	(46,000)		(46,000)	
Net Assets		3,370,676		3,026,490	
The funds of the charity:					
Unrestricted funds	14	3,370,264		3,026,078	
Restricted funds		412		412	
Total charity funds		3,370,676		3,026,490	

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Trustees, authorised for issue and signed on its behalf.



Ian Brazier

Chairman

Date

The notes on pages 16 to 27 form part of these financial statements.

		2021		2020	
		£	£	£	£
Cash flows from operating activities:	Note				
Net cash provided by (used in) operating activities	15		79,355		(160,071)
Cash flows from investing activities:					
Dividends, interest & rents from investments		44,577		29,820	
Purchase of property, plant & equipment		-		(27,939)	
Proceeds from the sale of investments		65,270		-	
Net cash provided by (used in) investing activities			109,847		1,881
Cash flows from financing activities:					
Repayments of borrowing		(27,962)		(27,219)	
Net cash provided by (used in) financing activities			(27,962)		(27,219)
Increase (decrease) in cash and cash equivalents in the year			161,240		(185,409)
Cash and cash equivalents at the beginning of the year			280,670		466,079
Cash and cash equivalents at the end of the year			441,910		280,670

STATEMENT OF CASH FLOWS for year ending 31st December 2021

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1. PRINCIPLE ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Children's Family Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.2 Preparation of the accounts on a going concern basis

The trust reported a cash inflow of £161,240 for the year (2020: outflow £185,409).

The Trustees have prepared detailed financial and trading performance projections for the ensuing year. Those projections are prepared as far as possible by including only known business that the company is contracted to, or extremely likely to contract to, carry out during the year. Those projections are reviewed and revised at the end of each reporting period within the company's financial year. On the basis of those projections, the Trustees have satisfied themselves, as far as they are reasonably able and unforeseen events aside, that the company is in a position whereby it may adopt a going concern basis of accounting in preparing the annual financial statements.

1.3 Use of estimates and judgements

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The charity recognises its investment properties at fair value at each reporting date. There is a degree of judgement and estimation in ascertaining the fair value of the property, please see note 8 for further information.

1.4 Company status

The company is a company limited by guarantee. The Directors of the company are the Trustees named in the "Reference and Administrative Details". In the event of the company being wound up, the liabilities in respect of the guarantee is limited to £5 per member of the company.

1.5 Fixed assets

Tangible fixed assets are stated at cost less depreciation. The trust owned 7 domestic properties as at 31st December 2021. It is assumed that the buildings element of these properties represents two thirds of the overall cost. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	2% straight line
Office improvements	-	'Over lease term'
Fixtures, fittings and equipment	-	33% straight line

Only items over £500 are capitalised.

Intangible fixed assets are amortised over 3 years, which represents their expected useful lives.

Software	-	33% straight line
----------	---	-------------------

1.6 Operating lease agreements

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

1.7 Investments

Investment properties:

Investment properties are included in the Balance Sheet at their open market value in accordance with the SORP. Gains and losses on disposal and revaluation are charged or credited to the Statement of Financial Activities.

Listed investments:

Listed investments have been stated at mid-market value at the Balance Sheet date. Realised gains or losses are calculated as the difference between sale proceeds and market value at the previous Balance Sheet date.

All gains and losses whether realised or unrealised are taken to the Statement of Financial Activities.

Unlisted investments:

Unlisted investments are valued at cost.

Investments in subsidiaries and joint ventures:

Investments in subsidiaries and joint ventures are recognised at cost less impairment.

1.8 Taxation

The company is a registered charity and as such is not generally liable to taxation.

1.10 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earliest of the company being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified, and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.11 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the reserves.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

1.12 Pension costs

The company has a Group Pension Plan in place with Scottish Life. Since introduction uptake of the scheme has been very high with 37 employees in the scheme as at 31st December 2021 (2020: 42). From 1st April 2019, employee contribution rate was raised from 4% to 5%. This is now standard for all employees. The trust matches employee contribution rates up to 5% of salary.

In addition, the company continues to contribute to 2 individual personal pension schemes which were in place before the company Group Pension Plan. Again, the trust matches employee contribution rates up to 5% of salary.

The annual contributions payable is charged to the Statement of Financial Activities.

1.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.14 Financial Instruments

The trust only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a complex nature. Such financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. INCOME FROM DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	15,550	13,047
	<u>15,550</u>	<u>13,047</u>

All income received from donations and legacies in 2021 and 2020 was unrestricted.

3. NET INCOMING RESOURCES

	2021	2020
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	63,759	59,766
Amounts payable in respect of operating leases		
- land and building rental	134,218	102,365
- other operating leases	504	12,382
Auditor's remuneration:		
- Audit Fees	11,400	11,000
- Accountancy & Taxation	2,675	2,575
Pension costs	147,853	146,702
Interest payable	2,149	2,891
	<u>2,149</u>	<u>2,891</u>

4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Foster Care	Fostering Independence	Lifetime Carers	Total 2021	Total 2020
	£	£	£	£	£
Families' costs	4,826,819	2,129	42,258	4,871,206	4,341,416
Fostering Panel and Carers' recruitment	88,222	-	-	88,222	153,145
Salaries and related	1,237,774	-	-	1,237,774	1,375,020
Depreciation	31,384	-	9,822	41,206	37,291
Governance costs – note 5	184,437	81	1,606	185,124	90,722
Support costs – note 5	1,111,145	490	9,728	1,121,363	1,256,594
	<u>7,478,781</u>	<u>2,700</u>	<u>63,414</u>	<u>7,544,895</u>	<u>7,245,188</u>

5. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	General Support	Governance Costs	Total 2021	Total 2020	Basis of Apportionment
	£	£	£	£	
Salaries and related	704,617	61,271	765,888	666,367	On time spent
General office costs	394,193	3,616	397,809	626,630	Pro rata FTE
Depreciation	22,553	-	22,553	22,476	Staff
Trustee expenses reimbursed	-	1,648	1,648	1,537	Direct usage
Trustee board meeting costs	-	5,414	5,414	2,005	Governance
Trustee training	-	-	-	-	Governance
Audit & accountancy fees	-	18,690	18,690	15,500	Governance
Legal and professional	-	92,094	92,094	10,126	Governance
Bank charges	-	2,391	2,391	2,675	Governance
	<u>1,121,363</u>	<u>185,124</u>	<u>1,306,487</u>	<u>1,347,316</u>	

6. STAFF COSTS

	2021 £	2020 £
Wages and salaries	1,681,342	1,716,137
Social security costs	174,467	178,548
Pension costs	147,853	146,702
	<u>2,003,662</u>	<u>2,041,387</u>

	2021 Number	2021 FTE	2020 Number	2020 FTE
The average number of employees during the year was as follows:				
Direct charitable purpose	45	45	42	42
Management and administration	8	8	10	10
	<u>53</u>	<u>53</u>	<u>52</u>	<u>52</u>

	2021	2020
The number of highest paid employees was:		
In the band £60,001 - £70,000	-	3
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

For these employee's employer pension contributions amounted to £17,696 (2020: £16,582).

The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2020: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £Nil).

The key management personnel of the charity reduced this year and comprise the trustees, the Chief Executive Officer and the Head of Service. The total employee benefits of the key management personnel were £176,360 (2020 on the same basis: £172,420).

Termination payments in respect of one staff leaver during the year amounted to £12,500 relating to payment in lieu of salary. (2020: termination payments to one staff leaver were £22,543 - the amount relating to payment in lieu of salary was £16,894.)

7. FIXED ASSETS

Tangible Fixed Assets	Land and Buildings £	Office Improvements £	Furniture, fittings & equipment £	Total £
Cost				
As at 1 January 2021	1,874,911	115,278	265,675	2,255,864
Additions	-	-	-	-
As at 31 December 2021	<u>1,874,911</u>	<u>115,278</u>	<u>265,675</u>	<u>2,255,864</u>
Depreciation				
As at 1 January 2021	174,178	75,094	239,909	489,181
Charge	29,753	22,089	11,917	63,759
As at 31 December 2021	<u>203,931</u>	<u>97,183</u>	<u>251,826</u>	<u>552,940</u>
Net Book Value				
As at 31 December 2021	<u>1,670,980</u>	<u>18,095</u>	<u>13,849</u>	<u>1,702,924</u>
As at 31 December 2020	<u>1,700,733</u>	<u>40,184</u>	<u>25,766</u>	<u>1,766,683</u>

8. INVESTMENTS

Fixed Asset Investments

	Investment property £	Listed securities £	Unlisted securities £	Investments in subsidiary £	Total £
Market value at 1 January 2021	900,000	46,777	5,000	2	951,779
Revaluation	200,000	-	-	-	200,000
Unrealised gains/(losses)	-	-	-	-	-
Disposals	-	(46,777)	-	-	(46,777)
	<u>1,100,000</u>	<u>-</u>	<u>5,000</u>	<u>2</u>	<u>1,105,002</u>
Market value at 31 December 2021	<u>1,100,000</u>	<u>-</u>	<u>5,000</u>	<u>2</u>	<u>1,105,002</u>

Investment Property £

Valuation at 1 January 2021	900,000
Additions to investment at cost	-
Revaluation	200,000
	<u>1,100,000</u>
As at 31 December 2021	<u>1,100,000</u>

Market value at 31 December 2021	<u>1,100,000</u>
----------------------------------	------------------

Market value at 31 December 2020	<u>900,000</u>
----------------------------------	----------------

Historical Cost	493,217
-----------------	---------

The Trustees obtained an independent informal valuation of the property during 2021. The property is recognised at £1,100,000 as at 31st December 2021 representing the fair value of the property based on an open market value.

Listed securities

The listed securities related to a portfolio of shares and were all disposed of in the year.

Unlisted securities

Unlisted securities are held at cost and relate to a National Savings Bond.

Investments in subsidiary

At 31 December 2021 the Trust held 100% of the allotted share capital of CFT Trading Company Ltd, a company registered in England and Wales, which is a dormant company.

Capital and reserves of the Subsidiary Undertaking at 31 December 2021 and at 31 December 2020 were as follows:

Share Capital	£2
Reserves	£2

All fixed asset investments are held in the UK.

Programme Related Investments

Investment in Skyrocket	£
Cost as at 1 January and 31 December 2021	8,188
Impairment as at 1 January and 31 December 2021	2,097
Net book value as at 31 December 2021	<u>6,091</u>

The trust owns a half share of the net assets of Skyrocket Partnerships Limited, a company incorporated in England. The joint venture provides training programmes specifically aimed at training and mentoring Registered Managers in the Fostering sector.

The trust recognises the investment in the joint controlled entity at cost less any impairment to date. For the period ending 30th June 2021 the entity recorded a surplus of £3,270 (2020: deficit of £3,812) and had a deficit on reserves of £15,131 (2020: £18,401) at the Balance Sheet date.

9. DEBTORS

	2021 £	2020 £
Trade debtors	414,135	397,058
Prepayments	136,355	84,658
Other debtors	9,670	7,612
	<u>560,160</u>	<u>489,328</u>

10. INVESTMENTS – SHORT TERM DEPOSITS

	2021 £	2020 £
Balance at 1 January 2021	3,398	3,389
Withdrawals	-	-
Interest received and retained in account	-	9
Balance as at 31 December 2021	<u>3,398</u>	<u>3,398</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	63,922	85,642
Other creditors	14,384	11,885
Investments in Subsidiary	2	2
Taxation and other social security	48,442	49,825
Accruals	181,322	155,406
Commercial Mortgage Loan – HSBC Bank PLC	30,110	30,110
	<u>338,182</u>	<u>332,870</u>

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

	2021 £	2020 £
Commercial Mortgage Loan – HSBC Bank PLC (falling due between 1 and 5 years)	64,627	92,589
	<u>64,627</u>	<u>92,589</u>

The commercial mortgage loan with HSBC was agreed to complete the purchase of the Hanbury Court offices during May 2015. The loan is at a rate of 1.85% above the Bank of England Base Rate. Up until the 31st December 2021 the Bank of England Base Rate was 0.25% which equated to a rate of 2.1%. A Letter of Negative Pledge was agreed and signed by the charity ahead of the mortgage loan in March 2015 as security against the property which had a net book value of £653,163 as at 31st December 2021. A total of £30,111 was paid to HSBC in respect of this loan during the year (2020: £30,110), of which £27,962 related to capital repayments (2020: £27,219) and £2,149 to interest charged (2020: £2,891).

13. DILAPIDATIONS PROVISION

	2021 £	2020 £
Dilapidations provision	46,000	46,000
	<u>46,000</u>	<u>46,000</u>

The dilapidations provision relates to two leasehold properties.

14. STATEMENT OF FUNDS

	Balance 1 January 2021 £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance 31 December 2021 £
<i>Unrestricted funds</i>						
Designated funds	1,145,571	-	(63,414)	63,414	-	1,145,571
General funds	1,880,507	7,703,422	(7,514,315)	(63,414)	218,493	2,224,693
Total unrestricted funds	<u>3,026,078</u>	<u>7,703,422</u>	<u>(7,577,729)</u>	<u>-</u>	<u>218,493</u>	<u>3,370,264</u>
<i>Restricted funds</i>						
Big Lottery Fund – Ace in the Pack	300	-	-	-	-	300
North East Carers	112	-	-	-	-	112
Total restricted Funds	<u>412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412</u>
Total funds	<u>3,026,490</u>	<u>7,703,422</u>	<u>(7,577,729)</u>	<u>-</u>	<u>218,493</u>	<u>3,370,676</u>

The majority of the charity's income, and therefore expenditure, continues to relate to foster care placements with Local Authorities. This is classified as unrestricted income as it is felt that this best reflects the substance of the transactions.

The designated fund provides funds to meet costs in relation to our support to Lifetime Foster Carers. The charity does not receive any direct income to provide this support. The timing of expenditure for these designated funds is likely to be spread over the next 25 to 30 years. The fund is represented by the fixed assets, which include houses owned by the charity and used by carers. The transfer between designated and general funds equates to the value of the lifetime carer costs incurred the year.

The restricted funds remaining at the end of the year were £412. Of this £300 related to a Big Lottery Fund grant received in 2016 of £8,760 to fund media workshops to produce educational videos around the themes of being in foster care and associated issues.

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

	2021 £	2020 £
Net movement in funds	344,186	(287,179)
Adjustments:		
Depreciation charge	63,759	59,766
(Gains)/losses on investments	(218,493)	14,792
Dividends, interest and rents from investments	(44,577)	(29,829)
Increase/(decrease) in provisions	-	-
(Increase)/decrease in debtors	(70,832)	(2,660)
Increase/(decrease) in creditors	5,312	85,039
Net cash used by operating activities	79,355	(160,071)

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Balance 31 December 2021 £
Balances at 31 December 2021 are represented by:			
Tangible fixed assets	1,702,924	-	1,702,924
Investments	1,114,491	-	1,114,491
Cash at bank and in hand	441,498	412	441,910
Dilapidations provision	(46,000)	-	(46,000)
Other net current assets	221,978	-	221,978
Creditors of more than one year	(64,627)	-	(64,627)
Total net assets	3,370,264	412	3,370,676

	Unrestricted	Restricted	Balance 31 December 2020 £
Balances at 31 December 2020 are represented by:			
Tangible fixed assets	1,766,683	-	1,766,683
Investments	961,268	-	961,268
Cash at bank and in hand	280,258	412	280,670
Dilapidations provision	(46,000)	-	(46,000)
Other net current assets	156,458	-	156,458
Creditors of more than one year	(92,589)	-	(92,589)
Total net assets	3,026,078	412	3,026,490

17. FINANCIAL INSTRUMENTS

The carrying values of the financial assets and liabilities are summarised by category below:

	2021 £	2020 £
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 9), cash at bank and in hand	992,400	762,386
	<u>992,400</u>	<u>762,386</u>
Financial liabilities		
Measured at amortised cost		
Loans payable (see notes 11 and 13)	94,737	122,699
Measured at undiscounted amount payable		
Trade and other creditors (see note 11)	78,306	97,497
	<u>173,043</u>	<u>220,196</u>

18. OPERATING LEASE COMMITMENTS

At 31 December 2021/2020 the future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Expiry date:		
Due within 1 year:		
Land and buildings	93,968	93,968
Other	7,260	7,260
Between 2 and 5 years:		
Land and buildings	226,814	304,716
Other	22,465	29,726
More than 5 years:		
Land and buildings	-	16,065
Other	-	-

19. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

The charity was under the control of the Trustees (listed in Reference and Administrative Details) during the current and previous year. No Trustee received any remuneration during the year (2020: £Nil).

The Trustees were reimbursed £7,062 (2020: £3,542) for their travel and subsistence costs, included in pursuance of the Charity's objectives. The amount reimbursed during the year of £7,062 was in respect of claims received from 8 of the 10 trustees who served during the year (2020: £3,542 in respect of claims received from 5 of the 10 trustees who served during 2020).

Mr D Williams was appointed as a Trustee in September 2013. He is a partner with BPE Solicitors LLP. During the year the company paid BPE Solicitors LLP £23,156 for services provided (2020: £4,918). As at the 31st December 2021 there was a creditor balance owing to BPE Solicitors LLP of £Nil (2020: £Nil).

Mrs M Mulholland was appointed Chief Executive of the company from 1st September 2014. During the year the company paid £Nil to her spouse Mr L Mulholland for building related services provided in respect of a house that needed total refit – Low Church Road, various jobs at Hanbury Court and West Yorkshire office (2020: £41,695). As at the 31st December 2021 there was a creditor balance owing to Mr L Mulholland of £Nil (2020: £Nil).

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

20. CONTINGENT LIABILITIES

At 31 December 2021 there were no contingent liabilities to be disclosed (2020: £Nil)

21. CAPITAL COMMITMENTS

At 31 December 2021 there were no capital commitments (2020: £Nil).

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Please refer to notes of page 6 regarding COVID-19 update.

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash and cash equivalents				
Cash	280,670	161,240	-	441,910
	<u>280,670</u>	<u>161,240</u>	<u>-</u>	<u>441,910</u>
	<u>280,670</u>	<u>161,240</u>	<u>-</u>	<u>441,910</u>
Borrowings				
Debt due within one year	30,110	-	-	30,110
Debt due after one year	92,589	(27,962)	-	64,627
	<u>122,699</u>	<u>(27,962)</u>	<u>-</u>	<u>94,737</u>
	<u>122,699</u>	<u>(27,962)</u>	<u>-</u>	<u>94,737</u>

24. **STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVES**
(Including an Income and Expenditure Account) for the year ended 31 December 2020

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 2020 £
Income:				
Donations and legacies	13,047	-	-	13,047
<i>Income from charitable activities:</i>				
Foster care local authority fees and recharges	6,973,988	-	-	6,973,988
Student fees	2,800	-	-	2,800
<i>Income from investments:</i>				
Rents from investment property	28,300	-	-	28,300
Listed investments	1,520	-	-	1,520
Bank interest received	-	-	-	-
<i>Other income</i>				
Gain on fixed asset disposal	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Income	7,019,655	-	-	7,019,655
Expenditure:				
<i>Cost of raising funds:</i>				
Expenditure on raising donations and legacies	471	-	-	471
Investment management costs	37,383	-	-	37,383
<i>Expenditure on charitable activities</i>				
Foster care	7,192,531	-	-	7,192,531
Fostering Independence support	2,486	-	-	2,486
Lifetime carer costs	-	59,171	-	59,171
<i>Other expenditure</i>				
Loss on fixed asset disposal	-	-	-	-
Total Expenditure	7,232,871	59,171	-	7,292,042
Net gains on investments	(14,792)	-	-	(14,792)
Net income / (expenditure) before transfers	(228,008)	(59,171)	-	(287,179)
Transfers between funds	(59,171)	59,171	-	-
Net movement in funds	(287,179)	-	-	(287,179)
Reconciliation of funds				
Fund balances brought forward at 1 January 2020	2,167,686	1,145,571	412	3,313,669
Total funds carried forward	1,880,507	1,145,571	412	3,026,490