

# INSTITUTE OF INTEGRATED SYSTEMIC THERAPY

England & Wales · Charity number 286909

## Details

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Other names	CHILDHOOD FIRST, PEPPER HARROW FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	<a href="#">01708301</a>
Registered	1983-05-12
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	91-95 Southwark Bridge Road London SE1 0AX
Phone	020 7928 7388
Email	<a href="mailto:enquiries@childhoodfirst.org.uk">enquiries@childhoodfirst.org.uk</a>
Website	<a href="http://www.childhoodfirst.org.uk">www.childhoodfirst.org.uk</a>

## Activities

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**Objects:** 3.1 The objects of the Charity are, for the public benefit, to:3.1.1 deliver and further the care, education and treatment of children and young people who have experienced psychological and emotional trauma; and3.1.2 promote and deepen the understanding and knowledge of the ways in which the causes and effects of adverse early childhood experiences may be reduced and their consequences ameliorated.

**Activities:** Childhood First (previously called the Peper Harow Foundation) provides integrated programmes of care, education and treatment to children and young people who are suffering the consequences of neglect and emotional, physical and sexual abuse. Activities are centered on five residential communities with attached schools and a placement and family support programme.

## Classification

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- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

## Geography

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- Throughout England And Wales

## Finances

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Period end	Income	Expenditure	Assets	Employees
2025-03-31	£11,612,641	£11,067,438	£12,542,627	206
2024-03-31	£10,875,233	£9,881,423	£11,973,251	186
2023-03-31	£10,003,406	£9,830,723	£11,065,090	188
2022-03-31	£9,589,764	£9,030,537	£11,130,619	174
2021-03-31	£9,607,385	£8,679,212	£10,446,412	174

## Trustees

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Name	Role	Appointed
Anna Dinh		2024-12-09
Dr Henrietta Hughes OBE FRCGP		2025-03-12
Gary Etheridge		2024-12-09
George Viney		2025-03-12
Georgia Chataway		2025-03-12
PATRICIA PHILLIPS		2025-03-12
Rosemary Bodiam		2025-03-12
SANJAY SHAH		2025-03-12
Sarah Scarratt		2025-03-12

## Linked charities

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- CHILDHOOD FIRST (MIDLANDS) LTD (286909-1)
- CHILDHOOD FIRST (EAST ANGLIA) LIMITED (286909-2)
- CHILDHOOD FIRST (SOUTH) LIMITED (286909-3)
- PRINCESS MARY'S TRUST (286909-4)

**INSTITUTE OF INTEGRATED SYSTEMIC THERAPY**

England & Wales - Charity number 286909

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# Accounts

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# **Institute of Integrated Systemic Therapy**

**Company number: 01708301**  
**Charity number: 286909**

## **Annual Report and Accounts**

**For the year ended 31 March 2025**

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# Vision, Mission and Aims

## Our Vision

To be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

## Our Mission

To transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others and fulfil their potential.

## Our Approach

A form of psychotherapeutic group living and learning modelled on healthy relationships, adapted to the developmental needs of children and young people suffering early childhood trauma.

## Our Values

- Authenticity – to ensure that the choices and decisions we make reflect our feelings and beliefs.
- Resilience – to recover from difficult experiences whilst maintaining psychological well-being.
- Compassion – to respond to other people's emotions and take action to help others.
- Dedication – to give the time and energy to care for traumatised children and young people.
- Aspiration - to hold onto hope for the children until they are able to hold onto it for themselves.

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned.

Over the last 25 years, the charity has developed to consist of five therapeutic communities and a therapeutic independent special school. These therapeutic environments have continued to develop their services in line with modern day challenges and needs and remain at the forefront of caring for, educating and clinically treating some of the countries most traumatised children and young people.

## Integrated Systemic Therapy

iST is a systems-based and group-based therapeutic intervention, which also integrates individual psychotherapy. Within the context of a shared 'therapeutic community' life, iST focuses in particular on a structure of overlapping psychodynamic groups and supervisions, aimed at facilitating individual and group self-awareness and change, at behavioural, emotional and psychological levels. It is particularly suitable for children and young people who have experienced serious emotional and psychological trauma, and who struggle to function safely and effectively in less specialised settings, such as in families and schools. iST is accredited by the UKCP (United Kingdom Council for Psychotherapy).

## The Institute of Integrated Systemic Therapy (IiST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

# Trustees' Report

Welcome to our 2024/25 annual report. This year we have made huge strides forward in equipping the charity with the systems, developments and processes required to continue to meet the needs of our children and young people, and our staff that work so tirelessly to care, educate and treat them each and every single day.

In line with the Charity Commission's 'Principles of Best Practice', the Trustee Board undertook a full and comprehensive review of its Trustee governance processes. This has improved the process for recruitment, induction and performance of Trustees, and engagement with Patrons.

The executive team, led by Chief Executive, Gary Yexley has continued to ensure that the day to day care of the children and young people is safe and meets their complex emotional, educational and social needs. The training team has continued to deliver the high quality clinical training to the staff, and over the next year more of the quality improvements identified as required in the Charity's five-year strategic plan will be realised.

Our homes continue to demonstrate a high level of compliance with our statutory requirements with all of our five homes and our school receiving Ofsted inspection ratings of 'Good' or 'Outstanding'. As we look forward to the coming year, we will continue to implement our five year Charity Plan to ensure that we treat children safely and effectively.

## Our Achievements and Performance

### Strategic Objectives

We provide specialist 24/7 care, treatment and education for children and young people living with complex psychological trauma, emotional, behavioural, social and educational difficulties.

The organisation's strategic objectives have remained consistent throughout our strategic review process and continue to best articulate the overriding goals of the new strategic plan, its priorities and developments. These objectives are to continue to meet the children's needs with and through:

1. **Therapeutic effectiveness**; ensuring that we treat traumatised children safely and effectively through our clinically based residential, education, fostering and support services.
2. **Sustainable service growth**; creating new service capacity and expanding our clinical and management training to develop the next generation of service leaders.
3. **Developing external profile and influence**; develop our external influence and impact for traumatised children through research, conferences and clinical publications.

We have a five year strategic plan which consists of core strategic tasks, service quality improvements and business developments. We are making significant progress in all areas having completed a large part of the core strategic tasks and service quality improvements. This next two years will be to embed the changes in our clinical and operational practice as we continue on our path of continual improvement.

### What we achieved in 2024/25

#### Our People

We continue to make significant progress within the strategic areas described above. In relation to meeting our objectives to develop our workforce, this year we improved the awareness, attraction and value of the clinical training offered to our staff by clarifying and integrating staff training career progression routes. We launched a new human resources management system which gave staff greater access and control to staff. Our new improved employee benefits portal was launched which enabled staff to access a greater range of support, improving the total reward package to staff.

#### Our Services

We have continued to make significant progress towards our aim at providing services that represent a single integrated approach to therapeutic care, education and treatment. All of our therapeutic residential services and our school have all achieved 'Good' or 'Outstanding' ratings from Ofsted. We have improved our referral and matching process to enable us to ensure that the services we provide are tailored to the children and young people most in need of them. Our therapeutic special school continues to support our children and young people with achieving their educational potential with children sitting their GCSE's and applying for college placements.

## **Our Future**

We continue to lay the important foundations to meet our future aspirations in developing our services to reach more children who require specialist therapeutic services. To achieve this we continue to improve the structures, systems, standards and regulatory requirements to ensure a consistent approach and application of our service.

We are developing new business plans to expand our services to develop an expanded model of care, therapy and education in Norfolk that is consistent with the model in Kent and to build more capacity across the age groups of all the children and young people we serve.

## **Financial Review and the Results for the Year**

Through a planned simplification of the group structure, the two trading subsidiaries, Childhood First (South) and Childhood First (East Anglia) were closed in the year and the activities of the group rolled into the main charity. This has had no impact on the consolidated summary of the accounts except in that that all the trading activity is accounted for in the single entity.

### **Income and expenditure**

We made a surplus this year of £569k for the year (2024: £908k). This was made up of income of £11,613k (2024: £10,875k) generated mostly from the placement of children in our residential care homes. Average placements increased to 34.4 from 33.4 (86% occupancy (2024:83.55%) which together with price rises on new placements, generated additional income of £736k over last year. The increase in surplus was driven mostly by the increase in income but costs also increased by £1,186k or 12% arising mostly from wage inflation and a reduction in staff vacancy rates.

### **Cash position**

Our cash position reduced as we moved surplus funds to investments.

### **Investments**

Our investments increased in the year from £5,814k to £6,938k. We also amended our investment policy during the year as follows:

- To protect the capital value of our investments in real terms, i.e. at least in line with inflation measured over the long term (defined as 5-7 years).
- To ensure that our investments will be managed by Fund Managers.
- To ensure that funds are sufficiently diversified to both protect against downside risk and allow for upside opportunity.
- For Finance Committee to review and report on the performance of our Fund Managers and our holdings twice a year.

Our prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested. Trustees may not apply their own personal ethical criteria to the Childhood First's investment policies, but can employ ethical criteria where these can be shown to be linked to its general work.

Finance Committee review our investment strategy twice a year in the light of capital spending plans to ensure that we are taking an appropriate view of our liquidity needs and the investment horizon of our holdings, and at other times as appropriate.

## Financial reserves

Our financial reserves increased from £11,973k to £12,543k, of which £5,834k (2024: £10,663k) are general reserves and £6,683k (2024:£12,309k) are designated. Designated reserves are those allocated to the value of fixed assets or are set aside for planned business developments. There are also restricted reserves of £25k.

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of general reserves to support its activities, taking into account the risks to which it is exposed:

- to provide working capital to manage fluctuations in its cash flow;
- to provide protection against a serious disruption to its communities and a buffer for unexpected events, such as emergencies or an unplanned closure of services;
- to provide protection against a decline in the market for our services; and
- to provide for the strategic improvement in the quality of our service quality.

## Risk and Uncertainties

Trustees have assessed the major risks to which the charity is exposed and believe that systems and controls are in place to mitigate our exposure. Our major risks and the actions which we take to mitigate them further include:

- Failing to comply with data protection regulations and governance structures. Our current controls are that a DPO was appointed and registered by the ICO following a full external review of the organisations GDPR compliance.
- Failing to comply with our policies and procedures. Our current controls are that our policies are kept under review and are available to all staff, and there is close management of all new staff through the induction process. Interview process makes obligations clear and there is regular supervision of staff.
- Failing to comply with health and safety regulations. Our current controls are that health and safety processes are established and reviewed by community directors and senior management and all accidents and injuries are logged and notified.
- Loss, harm or damage due to uncontrolled changes to the school provision in one of our regions. Our current controls are discussions are ongoing and legal advice has been obtained to prepare for a loss of school places.
- Failure to comply with employment legislation and safer recruitment checks. Our current controls are that there are robust recruitment processes in place ensuring that all staff are vetted including DBS checks for all staff.
- Loss of business continuity as a result of migrating IT structures and systems to integrated cloud based systems. Our current controls are Cyber security in place across our infrastructure including MFA. Back-up systems are in place as part of business continuity plans and our IT support service is on hand to manage IT systems and security.
- Loss, harm or damage due to key members of senior staff being absent due to illness or other unplanned or unexpected event. Our current controls are regular supervision protocols including external clinical supervision and private medical insurance offered to senior staff.

## **Structure, Governance and Management**

### **Governing document**

The Institute of Integrated Systemic Therapy is a private charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008.

To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

### **Recruitment and appointment of Trustees**

Trustees are recruited through a new independent process. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

### **Trustee induction and training**

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

### **Organisational structure**

The Articles provide for between five and fifteen Trustees; there are currently nine. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience. In addition, we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

### **Management and core activities**

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Leadership Team led by the Chief Executive.

Our core activities are centred on the work of the following five residential therapeutic communities:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 to 17. Education is provided at Greenfields School or on-site.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who have experienced severe emotional trauma. Placement and Family Support is also provided as part of the core services.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities.

### **Remuneration Policy**

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees and the remuneration of the Chief Executive is set by the Chair.

## **Our Approach to Fundraising**

Our operating expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover all our growth and development plans, research and training, and other initiatives that enhance the lives of the children. Voluntary and grant funding is therefore essential to the sustainability and development of our work and our ambition to increase the number of children and families we can support.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable, are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

## **Public Benefit**

Children are referred to our residential communities from all over the UK. Our work with the children is intensive and specialised in nature because of the levels of childhood trauma that have been experienced. For this reason the number of children and young people who directly benefit from our work each year is relatively small.

Each child, however, represents a major investment of time and public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on five decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions widely on behalf of children and young people we serve. This is a further way we believe the charity provides a public benefit.

## Statement of Responsibilities of the Trustees

The Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity 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 applicable Charities SORP;
- make judgements and accounting 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; 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Disclosure of Information to Auditors

All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

The Trustees' Report (including the Strategic Report) was approved by the Trustees and signed on their behalf by:



Dr Henrietta Hughes OBE  
**Chair of trustees**

9 December 2025

## Independent Auditor's Report

### Opinion

We have audited the financial statements of The Institute of Integrated Systemic Therapy for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the group and parent charitable company's Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2025 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### 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 group'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 Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and 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 strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 9 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder

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.

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Charities SORP (FRS102), Companies Act 2006 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and the recognition of income. Audit procedures performed by the engagement team included:

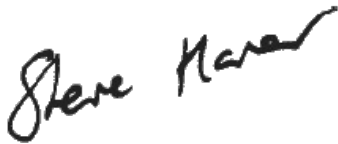
- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity, particularly in relation to the recording of income and processing of payments and payroll, to ensure these were in place throughout the year
- Evaluating management's controls designed to prevent and detect irregularities; and
- Reviewing and testing journal entries made in the year, particularly those made as part of the year-end financial reporting process.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



Steven Harper (Senior Statutory Auditor)  
10 Queen Street Place  
For and on behalf of HaysMac LLP, Statutory Auditors  
London  
EC4R 1AG

Date 17 December 2025

## Consolidated Statement of Financial Activities

for the Year Ended 31 March 2025

	Notes	Unrestricted £	Restricted £	Endowm't £	Total £	2024 Total £
<b>Income</b>						
Donations and legacies		128,752	45,324	-	174,076	268,977
Charitable activities		11,308,998	-	-	11,308,998	10,476,359
Investments		123,213	-	-	123,213	119,203
Other		6,354	-	-	6,354	10,693
		<u>11,567,317</u>	<u>45,324</u>	<u>-</u>	<u>11,612,641</u>	<u>10,875,232</u>
<b>Total income</b>		<b>11,567,317</b>	<b>45,324</b>	<b>-</b>	<b>11,612,641</b>	<b>10,875,232</b>
<b>Expenditure</b>						
Raising funds		89,057	-	-	89,057	147,239
Charitable activities:						
Therapeutic residential care		10,417,557	43,682	-	10,461,239	8,905,973
Training		517,142	-	-	517,142	828,211
		<u>11,023,756</u>	<u>43,682</u>	<u>-</u>	<u>11,067,438</u>	<u>9,881,423</u>
<b>Total expenditure</b>	2	<b>11,023,756</b>	<b>43,682</b>	<b>-</b>	<b>11,067,438</b>	<b>9,881,423</b>
Net income before investment gains		543,561	1,642	-	545,203	993,810
Gain / (loss) on Investments		24,172	-	-	24,172	(85,649)
		<u>567,733</u>	<u>1,642</u>	<u>-</u>	<u>569,375</u>	<u>908,161</u>
<b>Net income</b>		<b>567,733</b>	<b>1,642</b>	<b>-</b>	<b>569,375</b>	<b>908,161</b>
Transfers		483,947	-	(483,947)	-	-
		<u>1,051,680</u>	<u>1,642</u>	<u>(483,947)</u>	<u>569,375</u>	<u>908,161</u>
Net movement in funds		1,051,680	1,642	(483,947)	569,375	908,161
Total funds brought forward		<u>11,465,775</u>	<u>23,530</u>	<u>483,947</u>	<u>11,973,252</u>	<u>11,065,090</u>
		<u>12,517,455</u>	<u>25,172</u>	<u>-</u>	<u>12,542,627</u>	<u>11,973,250</u>
<b>Total funds carried forward</b>		<b>12,517,455</b>	<b>25,172</b>	<b>-</b>	<b>12,542,627</b>	<b>11,973,250</b>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2024 comparatives are shown in Note 16a.

The notes 1 to 16 form part of these financial statements.

## Consolidated and Company Balance Sheet

as at 31 March 2025

Company number 01708301

		Group	Group	Company	Company
		2025	2024	2025	2024
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	4,756,393	4,881,187	4,756,393	4,016,366
Investments	8	6,938,504	5,814,332	6,938,504	5,814,332
		<u>11,694,897</u>	<u>10,695,519</u>	<u>11,694,897</u>	<u>9,830,698</u>
<b>Current assets</b>					
Debtors	9	489,981	393,861	489,981	86,151
Cash at bank		1,010,835	1,502,234	1,010,835	1,414,675
		<u>1,500,816</u>	<u>1,896,095</u>	<u>1,500,816</u>	<u>1,500,826</u>
<b>Creditors</b>					
Amounts falling due within one year	10	(653,086)	(618,363)	(653,086)	(7,420,839)
Net current assets/(liabilities)		<u>847,730</u>	<u>1,277,732</u>	<u>847,730</u>	<u>(5,920,013)</u>
<b>Total assets less current liabilities</b>		<u>12,542,627</u>	<u>11,973,251</u>	<u>12,542,627</u>	<u>3,910,685</u>
<b>Net assets</b>		<u><b>12,542,627</b></u>	<u><b>11,973,251</b></u>	<u><b>12,542,627</b></u>	<u><b>3,910,685</b></u>
<b>The funds of the charity</b>					
Unrestricted funds					
- General reserves		5,834,043	10,663,581	5,834,043	3,108,492
- Designated funds	12	6,683,412	802,193	6,683,412	802,193
Total unrestricted funds		<u>12,517,455</u>	<u>11,465,774</u>	<u>12,517,455</u>	<u>3,910,685</u>
Restricted funds					
Restricted funds	11	25,172	23,530	25,172	-
Endowment funds	13	-	483,947	-	-
<b>Total charity funds</b>	15	<u><b>12,542,627</b></u>	<u><b>11,973,251</b></u>	<u><b>12,542,627</b></u>	<u><b>3,910,685</b></u>

The financial statements were approved and authorised for issue by the Trustees on 9 December 2025 and were signed on its behalf by



Dr Henrietta Hughes OBE  
**Chair of Trustees**

The notes 1 to 16 form part of these financial statements.

The surplus for the Institute of Integrated Systemic Therapy was £569,375 (2024: deficit £1,616,338).

**Consolidated Cash Flow Statement**

For the year ended 31 March 2025

	Notes	2025 £	2024 £
<b>Cash flow from operating activities</b>			
Net income for the reporting period		567,619	910,674
Depreciation		165,181	177,875
(Gains) / losses on investments	8	(24,172)	85,649
(Profit) / loss on fixed assets		(5,684)	1,552
(Increase) / decrease in debtors	10	(96,317)	73,482
Increase / (decrease) in creditors	11	36,479	(633,429)
		<b>643,106</b>	<b>615,804</b>
<b>Net cash generated from operating activities</b>			
Proceeds from sale of investments		2,200,000	-
Purchase of investments		(3,300,000)	(2,000,000)
Purchase of property, plant and equipment		(44,305)	(33,930)
Proceeds from sale of property		9,800	-
		<b>(1,134,505)</b>	<b>(2,033,930)</b>
<b>Net cash (used in) financing activities</b>			
<b>Change in cash in reporting period</b>			
		<b>(491,399)</b>	<b>(1,418,126)</b>
<b>Cash at beginning of year</b>			
		<b>1,502,234</b>	<b>2,920,360</b>
<b>Cash at end of year</b>			
		<b>1,010,835</b>	<b>1,502,234</b>

The notes 1 to 16 form part of these financial statements.

# Notes to the Financial Statements

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

### a) Basis of preparation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the Trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with the Accounting and reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102).

**Judgement and key sources of estimation uncertainty**

The trustees are satisfied that there are no material judgements and estimates used in the production of the financial statements.

**Basis for consolidation**

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy ('IIST') and its subsidiary undertakings, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. Through a planned simplification of the group structure, the two trading subsidiaries and Princess Mary's Trust, of which Institute of Integrated Systemic Therapy was the sole trustee, were closed in the year and the activities of the group rolled into the main charity. This has had no impact on the consolidated summary of the accounts except in that that all the trading activity is accounted for in the single entity.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £11,612,641 (2024: £1,683,866). The result for the parent charitable company, including unrealised surpluses on investments for the year was a £569,375 surplus (2024: £1,616,338 deficit).

### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use, then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received or receipt is probable. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

### e) Allocation of expenses:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- 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; and
- support costs are allocated on the basis of staff numbers.

### f) Investments

Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.

### g) Funds:

- Unrestricted funds

These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.

## 1 Accounting policies (continued)

- Restricted income funds  
These represent income received which can only be expended for the purpose specified by the donor.
  - Permanent Endowment fund  
This represented assets donated which were to be held as capital and not converted to income.
- h) Pension costs
- a number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;
- i) Financial instruments  
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- j) Cash and cash equivalents  
Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.
- k) Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate close to or above 80% of our current capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authorities.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- We retain adequate reserves to meet our reserves requirement.
- The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there are no material uncertainties related to events or conditions that cast significant doubt upon the Charity and Group's ability to continue as a going concern.

## 2 Analysis of total expenditure

Basis of allocation		Therapeutics Residential care	Training	Fundraising	2025 Total	2024 Total
		£	£	£	£	£
<b>Costs directly allocated to activities</b>						
Direct staff costs	Direct	7,934,874	368,442	-	<b>8,303,316</b>	<b>6,821,739</b>
Care costs including travel	Direct	1,104,293	65,424	7,287	<b>1,177,004</b>	<b>1,160,581</b>
Premises costs	Direct	751,078	-	18,492	<b>769,570</b>	<b>429,894</b>
IT, admin and professional fees	Direct	802,011	5,757	9,780	<b>817,548</b>	<b>150,126</b>
<b>Total</b>		<b>10,592,256</b>	<b>439,623</b>	<b>35,559</b>	<b>11,067,438</b>	<b>8,562,340</b>
Support costs allocated	Staff time	(131,019)	77,520	53,499	-	<b>1,317,326</b>
<b>Total expenditure</b>		<b>10,461,237</b>	<b>517,143</b>	<b>89,058</b>	<b>11,067,438</b>	<b>9,879,666</b>

Further details on comparatives are shown in note 16b.

**3 Net income**

	2025 £	2024 £
Net income for the year is stated after charging:		
Auditor's remuneration: Group	30,509	37,200
Depreciation of tangible fixed assets	165,181	177,875
Rentals payable under operating leases:		
Land and buildings	71,125	165,675
Other	42,159	29,558
Trustees' professional indemnity insurance	2,950	2,580
	<u>          </u>	<u>          </u>

**4 Staff numbers and costs**

The average number of persons employed by the group during the year was 206 (2024: 186). The aggregate payroll costs of these persons were as follows:

	2025 £	2024 £
Wages and salaries	6,886,219	6,102,086
Social security costs	674,048	583,911
Other pension costs	403,570	306,415
	<u>          </u>	<u>          </u>
	<b>7,963,837</b>	<b>6,992,412</b>
	<u>          </u>	<u>          </u>

Key management personnel in the Senior Leadership Team are seven (2024: seven). Their total employment costs for the year (including employer's National insurance contributions and pension) was £707,989 (2024: £522,820).

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2025	2024
£60,001 - £70,000	5	2
£70,001 - £80,000	-	3
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £914 (2024: £306).

**5 Related party transactions**

The Institute of Integrated Systemic Therapy (registered charity number 286909) was the sole member of Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It was also the sole Trustee of Princess Mary's Trust. These companies have all now been dissolved as planned and no management charges were applied. The intercompany balances were all zero as the activities of the related parties were all rolled into IIST by 31<sup>st</sup> March 2025.

The following balances were transferred in the year; CF (East Anglia) £7,594,209, CF (South) £4,147,597 and Princess Mary's Trust £21,073.

**6 Pensions****(a) Teacher's Pension Scheme**

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The last valuation of the TPS was as at 31 March 2020. The valuation report was published by the Department of Education on October 2023, with the SCAPE rate, sent by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £222 billion and the scheme had aggregate liabilities of £262 billion, leaving a notional past service deficit of £39.8 billion.

The Employers scheme contribution is set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.

## Teacher's Pension Scheme (continued)

Total pension costs during the year were £78,634 (2024 - £42,256). There were outstanding contributions of £9,073 due at the end of the financial year (2024 - £5,632).

Under the definitions set out in FRS 1012, the TPS is an unfunded multi-employer pension scheme. The Group is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Group has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

### (b) Group Personal Pension Plan

A Group Personal Pension Plan exists for employees which is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £324,931 (2024 - £263,810). There were outstanding contributions of £60,793 due at the end of the financial year (2024 - £44,028).

The charity used to participate in a defined benefit scheme which was exited last year and the closing liability was settled.

## 7 Tangible fixed assets (group and company)

Group	Freehold properties £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2024	5,534,579	396,254	162,271	6,093,104
Additions	-	-	44,305	44,305
Disposals	-	-	(11,399)	(11,399)
At 31 March 2025	5,534,579	396,254	195,177	6,126,010
<b>Depreciation</b>				
At 1 April 2024	749,857	358,184	103,678	1,211,719
Charge for the year	101,310	17,432	46,439	165,181
Disposals	-	-	(7,283)	(7,283)
At 31 March 2025	851,167	375,616	142,834	1,369,617
<b>Net book value</b>				
<b>At 31 March 2025</b>	<b>4,683,412</b>	<b>20,638</b>	<b>52,343</b>	<b>4,756,393</b>
At 31 March 2024	4,784,522	38,070	58,595	4,881,187

## 8 Fixed asset investments

### a) Group and Company

	2025			2024
	Cash funds £	Investment funds £	Total £	Total £
Balance at 1 April	2,555,217	3,259,115	5,814,332	3,899,981
Additions	1,100,000	2,200,000	3,300,000	2,000,000
Disposals	(2,000,000)	(200,000)	(2,200,000)	-
Gain / (Loss) on revaluation	26,599	(2,427)	24,172	(85,649)
<b>Market value at 31 March</b>	<b>1,681,816</b>	<b>5,256,688</b>	<b>6,938,504</b>	5,814,332

The cash funds are held via Cazenove Capital as are some investment funds whilst others are invested in CF Ruffer Total Return Fund, McInroy & Wood Balanced Fund and CG Portfolio Funds.

**Fixed asset investments** (continued)

**b) Subsidiary undertakings**

The legal entities which have been included in the consolidated financial statements, all of which were dormant at the financial year end and their activities rolled into IiST were:

<i>Subsidiary Undertaking</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of business</i>
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

**Subsidiary summary results**

	<b>Childhood First (South) Ltd</b>	<b>Childhood First (East Anglia) Ltd</b>	<b>Princess Mary's Trust</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income	6,26,440	5,132,479	-
Expenditure	3,614,554	3,209,456	-
Surplus / (loss) for the year	2,611,886	1,923,022	-
Reserves brought forward	1,738,224	5,772,475	553,623
Reserves carried forward	-	-	-
Net Assets	-	-	-

**9 Debtors – due within one year**

	<b>Group 2025</b>	<b>Group 2024</b>	<b>Company 2025</b>	<b>Company 2024</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	403,060	322,985	403,060	-
Amounts owed by group undertakings	-	-	-	21,074
Prepayments and accrued income	81,121	65,077	81,121	65,077
Other debtors	5,800	5,800	5,800	-
	<b>489,981</b>	<b>393,861</b>	<b>489,981</b>	<b>86,151</b>

**10 Creditors: amounts falling due within one year**

	<b>Group 2025</b>	<b>Group 2024</b>	<b>Company 2025</b>	<b>Company 2024</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	-	-	-	7,251,528
Trade creditors	88,268	187,213	88,268	57,113
Other creditors	185,219	108,395	185,219	18,441
Taxation and social security	197,405	151,047	197,405	48,541
Accruals	182,194	171,707	182,194	78,874
	<b>653,086</b>	<b>618,362</b>	<b>653,086</b>	<b>7,454,496</b>

**11 Restricted income funds**

The Group's restricted funds consist of the following funds:

	<b>Balance at 1 April 2024</b>	<b>Income for the year</b>	<b>Expenditure for the year</b>	<b>Balance at 31 March 2025</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General projects	23,530	45,324	(43,682)	25,172
<b>Total</b>	<b>23,530</b>	<b>45,324</b>	<b>(43,682)</b>	<b>25,172</b>

The reserves are restricted to the location of the communities and / or a particular activity such as a specific building project or service. Comparative information can be found in note 17c.

**12 Designated funds**

Designated funds which are part of unrestricted funds represent the book value of fixed property assets plus funds of £2m designated for future capital developments. This is a change of basis from last year in which only part of the fixed asset value was designated. The change reflects the commitment to future capital investment.

	<b>Group £</b>	<b>Company £</b>
Balance at 1 April 2024	802,193	802,193
<b>Balance at 31 March 2025</b>	<b>6,683,412</b>	<b>6,683,412</b>

**13 Endowment Funds**

	<b>Group £</b>
Balance at 1 April 2024	483,947
Transfer to unrestricted funds	(483,947)
<b>Balance at 31 March 2025</b>	<b>-</b>

The endowment relating to Greenfields House was held in Princess Mary's Trust. During the year the asset was transferred to the ownership of IIST which was the sole member of Princess Mary's Trust. This meant that the trust failed for lack of assets and was therefore closed. As the endowment did not transfer with the asset the endowment was therefore released.

**14 Operating leases**

Total commitments under non-cancellable operating leases at 31 March 2025 were as follows:

	<b>2025</b>	2024
	<b>£</b>	<b>£</b>
Equipment leases	42,159	29,558
Property leases	71,125	165,675
<b>Total</b>	<b>113,284</b>	<b>195,233</b>

Property leases relate to London office (break Sept 2025), Merrywood House (expired September 2025) and Sittingbourne office (break May 2028). Total property lease payments recognised as an expense in the year are £63,000 (2024: £71,125) due within one year, £8,125 (2024: £63,875) due between 2 to 5 years and £nil (2024: £nil) due in more than 5 years.

**15 Analysis of net assets between funds**

	Unrestricted £	Restricted £	Total funds £
Tangible fixed assets	4,756,393	-	4,756,393
Investments	6,938,504	-	6,938,504
Net current assets	822,558	25,172	847,730
	-----	-----	-----
<b>Total funds</b>	<b>12,517,455</b>	<b>25,172</b>	<b>12,542,627</b>
	=====	=====	=====

**16 Comparative information relating to 2024**
**a) Consolidated statement of Financial activities**

		2024			2023	
Notes	Unrestricted £	Restricted £	Endowm't £	Total £	Total £	
<b>Income</b>						
Donations and legacies	108,270	160,707	-	268,977	251,911	
Charitable activities	10,476,359	-	-	10,476,359	9,691,572	
Investments	119,203	-	-	119,203	37,190	
Other	10,694	-	-	10,694	22,733	
	-----	-----	-----	-----	-----	
<b>Total income</b>	<b>10,714,526</b>	<b>160,707</b>	<b>-</b>	<b>10,875,233</b>	<b>10,003,406</b>	
	=====	=====	=====	=====	=====	
<b>Expenditure</b>						
Raising funds	147,239	-	-	147,239	204,915	
Charitable activities						
Therapeutic residential care	8,710,609	195,444	-	8,905,973	8,881,294	
Training	828,211	-	-	828,211	572,611	
Fostering	-	-	-	-	171,903	
	-----	-----	-----	-----	-----	
<b>Total expenditure</b>	<b>9,685,979</b>	<b>195,444</b>	<b>-</b>	<b>9,881,423</b>	<b>9,830,723</b>	
	-----	-----	-----	-----	-----	
Net income before investment gains and (losses)	1,028,547	(34,737)	-	993,810	172,683	
(Loss) / gain on Investments	(85,649)	-	-	(85,649)	(124,212)	
	-----	-----	-----	-----	-----	
<b>Net income/(expenditure)</b>	<b>942,898</b>	<b>(34,737)</b>	<b>-</b>	<b>908,161</b>	<b>48,471</b>	
	-----	-----	-----	-----	-----	
Actuarial (loss) on defined benefit scheme	6	-	-	-	(114,000)	
	-----	-----	-----	-----	-----	
<b>Net movement in funds</b>	<b>942,898</b>	<b>(34,737)</b>	<b>-</b>	<b>908,161</b>	<b>(65,529)</b>	
	-----	-----	-----	-----	-----	
Total funds brought forward	10,522,875	58,267	483,947	11,065,090	11,130,619	
	-----	-----	-----	-----	-----	
<b>Total funds carried forward</b>	<b>11,465,772</b>	<b>23,530</b>	<b>483,947</b>	<b>11,973,251</b>	<b>11,065,090</b>	
	=====	=====	=====	=====	=====	

**16 Comparative information relating to 2024** (continued)**b) Analysis of total expenditure**

Basis of allocation		Therapeutics Residential care	Training	Fundraising	2024 Total	2023 Total
		£	£	£	£	£
<b>Costs directly allocated to activities</b>						
Direct staff costs	Direct	6,286,550	535,189	-	<b>6,821,739</b>	<b>6,787,945</b>
Care costs including travel	Direct	1,082,736	64,492	13,353	<b>1,160,581</b>	<b>1,154,832</b>
Premises costs	Direct	417,956	-	11,938	<b>429,894</b>	<b>427,764</b>
IT, admin and professional fees	Direct	141,965	4,745	3,416	<b>150,126</b>	<b>149,382</b>
Total		7,929,207	604,426	28,707	<b>8,562,340</b>	<b>8,519,923</b>
Support costs allocated	Staff time	975,090	223,744	118,492	<b>1,317,326</b>	<b>1,310,800</b>
<b>Total expenditure</b>		<b>8,904,297</b>	<b>828,170</b>	<b>147,199</b>	<b>9,879,666</b>	<b>9,830,723</b>

**c) Restricted funds**

	Balance at 1 April 2023	Income for the year	Expenditure for the year	Balance at 31 March 2024
	£	£	£	£
General projects	58,267	160,707	(195,444)	23,530
<b>Total</b>	<b>58,267</b>	<b>160,707</b>	<b>(195,444)</b>	<b>23,530</b>

**d) Analysis of assets between funds**

Group	Unrestricted funds	Restricted Income funds	Permanent Endowment fund	Total Funds
	£	£	£	£
Funds balances at 31 <sup>st</sup> March 2024 are represented by:				
Tangible fixed assets	4,397,240	-	483,947	4,881,187
Investments	5,814,332	-	-	5,814,332
Current assets	1,872,565	23,530	-	1,896,095
Current liabilities	(618,363)	-	-	(618,363)
<b>Total net assets</b>	<b>11,465,774</b>	<b>23,530</b>	<b>483,947</b>	<b>11,973,251</b>

## Reference and Administrative Detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	91-95 Southwark Bridge Road, London SE1 0AX

### Board of Trustees:

The Trustees (directors of the company) during the year and since the year-end were:

Dr Henrietta Hughes OBE (Chair)  
Mr George Viney  
Mr Jeremy Brier  
Ms Rosemary Bodiam  
Ms Georgia Chataway  
Mrs Patricia Phillips  
Mrs Sarah Scarratt  
Mr Sanjay Shah  
Mr Gary Etheridge - appointed 9<sup>th</sup> December 2024  
Ms Anna Dinh - appointed 9<sup>th</sup> December 2024

### Chief Executive

Gary Yexley

### Company Secretary

Michael Joseph

### Senior Leadership Team

Gary Yexley (Chief Executive)  
Robyn Bartram (Deputy Chief Executive)  
Michael Joseph (Finance & Corporate Services Director)  
Dan Lansley (Business Development Director)  
Bob Beardon (Director of Workforce Development)  
Rachel Sillis (Residential Services Director) – appointed 30<sup>th</sup> June 2025

The senior leadership team were all in post at 9th December 2025 except as detailed above

### Auditors

HaysMac LLP, 10 Queen St Pl, London EC4R 1AG

### Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS

### Solicitors

Rradar, 6 Beacon Way, Hull HU3 4AE.

**INSTITUTE OF INTEGRATED SYSTEMIC THERAPY**

England & Wales - Charity number 286909

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# Accounts

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**Annual Report and Accounts**

**For the year ended 31 March 2024**

**Institute of Integrated Systemic Therapy**

Company number: 01708301

Charity number: 286909

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# Our Vision, Mission and Aims

## Our Vision

To be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

## Our Mission

To transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others and fulfil their potential.

## Our Approach

A form of psychotherapeutic group living and learning modelled on healthy relationships, adapted to the developmental needs of children and young people suffering early childhood trauma.

## Our Values

- Authenticity – to ensure that the choices and decisions we make reflect our feelings and beliefs.
- Resilience – to recover from difficult experiences whilst maintaining psychological well-being.
- Compassion – to respond to other people's emotions and take action to help others.
- Dedication – to give the time and energy to care for traumatised children and young people.
- Aspiration - to hold onto hope for the children until they are able to hold onto it for themselves.

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned.

Over the last 25 years, the charity has developed to consist of five therapeutic communities and a special school. These therapeutic environments have continued to develop their services in line with modern day challenges and needs and remain at the forefront of caring for, educating and clinically treating some of the countries most traumatised children and young people.

## Integrated Systemic Therapy

This unique psychotherapeutic approach was developed over 40 years. It aims to heal serious emotional and behavioural trauma, transforming young lives.

iST is rooted in therapeutic tradition and accredited by the UKCP (United Kingdom Council for Psychotherapy). All our staff are fully trained, assuring all children receive 24/7 therapeutic care.

iST provides unconditional presence to behaviours caused by extreme distress, within a safe family environment. Children learn to safely process emotion and relate to others. The aim is a return to mainstream or foster family life.

## The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

## Chair's Introduction

Welcome to our 2023/24 annual report. This year we have made huge strides forward in equipping the charity with the systems, developments and processes required to continue to meet the needs of our children and young people, and our staff that work so tirelessly to care, educate and treat them each and every single day.

In line with the Charity Commission's 'Principles of Best Practice', the Trustee Board undertook a full and comprehensive review of its Trustee governance processes. A wide range of recommendations were adopted by the Board, which also included a review of the skills required by the charity at Board level. A comprehensive action plan was developed covering areas from how to improve the recruitment, induction and performance of Trustees, the appointment of two new Vice-Chair roles and the role of Patrons.

The executive team, led by Gary Yexley the Chief Executive has continued to ensure that the day to day care of the children and young people is safe and meets their complex emotional, educational and social needs. The training team has continued to deliver the high class clinical training to the staff, and over the next year more of the quality improvements identified as required in the Charity's five-year plan will be realised.

Our homes continue to demonstrate a high level of compliance with our statutory requirements with all of our five homes and our school receiving Ofsted inspection ratings of 'Good'. As we look forward to the coming year, we will continue to implement our five year Charity Plan to ensure that we treat children safely and effectively. We would like to express our immense gratitude to all of our generous benefactors, with special thanks to:

Blacksheep Cricket Club  
Cheruby Trust  
Elizabeth Tompkins  
Ian Mess  
Masonic Charitable Foundation  
T L Dallas & Co  
Tanya Scott-Adie  
The Annie Tranmer Charitable Trust  
The Austin & Hope Pilkington Charitable Trust  
The Barratt Family Charitable Trust  
The Carrington Charitable Trust  
The Colyer Ferguson Charitable Trust  
The D'Oyly Carte Charitable Trust  
The Dyer's Company Charitable Trust  
The Elizabeth & Prince Zaiger Charitable Trust  
The Geoffrey Watling Charity  
The HASH Foundation  
The Inverforth Charitable Trust  
The Joseph & Lena Randall Charitable Trust  
The Kent Community Foundation  
The Lyon Family Charitable Trust  
The Paget Charitable Trust  
The Percy Bilton Charity  
The Simon Gibson Charitable Trust  
The Whitehead Monckton Charitable Foundation  
Troy Asset Management



Dr Henrietta Hughes OBE  
**Chair of Trustees**

# Trustees' Report

## Our Achievements and Performance

We provide specialist 24/7 care, treatment and education for children and young people living with complex psychological trauma, emotional, behavioural, social and educational difficulties.

### Our aims in 2024/25

Our five-year strategy provides a clear roadmap for the charity and focuses on three main areas:

**Our Services:** Achieving therapeutic effectiveness by treating traumatised children safely and effectively through our clinically based residential, education and family support services.

**Our People:** Achieving sustainable growth by creating new service capacity and expanding our training through our institute to develop the next generation of clinical and service leaders.

**Our Future:** Developing our external profile, influence and impact for traumatised children through research conferences and clinical publications.

The charity's strategic objectives of delivering therapeutic effectiveness, achieving sustainable service growth and developing our external profile and influence has been joined by a detailed plan of thirty-five new strategies, reviews and projects. These are grouped to align with the roles and functions of the executive team, led by the Chief Executive. They represent developments over the next five years in Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and Business Developments.

### What we achieved in 2023/24

#### Our People

We have continued to make significant progress within the strategic areas described above. In relation to meeting our objectives to develop our workforce, we undertook a detailed analysis of the market which showed that although we ask a lot of our staff in terms of dedication and commitment to the task of caring for traumatised children and young people, we also provide reward within the top 10% of providers and a clinical training pathway career progression that is unrivalled within the social care sector. We also undertook a process to reduce the number of overnight 'sleeping in' duties for staff so they work fewer hours.

We have started to review our HR systems to simplify and improve our on boarding processes for new staff which will also allow staff in the future to access their own records and make the administration of HR easier. We have established full fibre connection in all our therapeutic homes and updated our IT equipment so that they are secure to use. We have obtained Cyber Essentials certification including multi-factor authentication.

#### Our Services

All of our therapeutic residential services have all achieved 'Good' ratings from the Social Care Inspectorate, OFSTED, including areas in which our Leadership and Management was rated as 'Outstanding'. We have invested and improved our 1:1 individual therapy service, ensuring that each child and young person within their therapeutic home has state of the art therapy spaces in which they can explore their feelings in a safe space with a qualified Child Therapist.

Following a successful pilot, we have rolled out into each homes, a new Case Recording System. This system ensures that all our documents are safe and secure and compliant with GDPR and record keeping good practice. We undertook a review of our organizational design of the Senior Management Roles within our homes to ensure that all teams and roles are aligned in the same way throughout the organization to help achieve our objectives.

#### Our Future

We continue to lay the important foundations to meet our future aspirations in developing our services to reach more children who require specialist therapeutic services. To achieve this we continue to improve the structures, systems, standards and regulatory requirements to ensure a consistent approach and application of our service.

Our fostering strategy has continued to be developed and we have presented this to a number of foster agencies and increased the number of residential services interested in developing our unique approach to ensuring that children and young people who transition to and from residential care are consistently assessed, cared for and communicated with and about between all agencies to ensure an integrated approach to their transition.

## Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the two subsidiaries: Childhood First (South) which contains Greenfields House, The Gables House in Kent and Oakwood House, and Childhood First (East Anglia) which contains Earthsea House and Merrywood House. The accounts also include non-trading Princess Mary's Trust. Dormant subsidiary Childhood First (Midlands), a closed entity, which was dissolved on 30<sup>th</sup> January 2024.

### Income summary

	2023/24	2022/23	Change
	£'000	£'000	£'000
East Anglia	5,162	4,749	413
South	5,485	5,010	475
Residential	10,647	9,759	888
Other income incl. fundraising, investments etc.	251	244	7
Total	10,898	10,003	895

Average placements increased from 31.4 to 33.4 which together with price rises on new placements, generated additional income of £888k over last year. The spread of change was consistent across the regions with our occupancy rate increasing from 76.5% to 83.5%.

### Net surplus / (deficit)

	2023/24	2023/23	Change
	£'000	£'000	£'000
East Anglia	1,597	709	888
South	980	(148)	1,128
Residential	2,577	561	2,016
Other incl. fundraising, investments etc.	(1,669)	(626)	(1,043)
Total income	908	(65)	973

The increase in surplus has been almost wholly driven by the increase in income. There is 1% reduction in costs which is a mixture of wage inflation, mitigated by a small reduction in staff numbers and some small cost savings in other areas.

### Fixed assets

There were only minor investments in vehicles, furniture and equipment in the year.

### Debtors and Creditors

Trade debtors reduced by £73k (16%). Trade creditors reduced by £116k (38%) and represent around two weeks of purchases. Other creditors have reduced following our exit from of the Local Government Pension Scheme.

### Cash position

The cash position has reduced significantly with the charity making use of cash holdings in longer term money market deposits.

### Investments

The charity investment policy is to maintain an investment portfolio which seeks to protect the capital value and combine the best long term total financial return with a relatively low risk. In order to achieve this objective, the investment portfolio is be invested in managed funds under the following guidelines:

- The investments should be divided between at least two different managed funds.
- The managed funds will have an aim of making total returns rather than income generation.

## Financial Review and the Results for the Year (continued)

### Investments

The prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested.

The performance of the funds is monitored by the Finance Committee on a regular basis. The value of these investments at the year-end was £5,814k which included an unrealized deficit of £86k compared to an unrealized deficit in 2023 of £124k. These were disappointing results but trustees consider them reasonable in challenging investment markets.

### Financial reserves

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of reserves to support its activities, taking into account the risks to which it is exposed. The charity holds reserves in the form of designated funds that are earmarked by the trustees to represent fixed and other assets which cannot be readily converted into cash. In addition, the charity holds unrestricted funds for the following reasons:

1. to provide working capital to manage fluctuations in its cash flow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;
4. to provide funds for growth; and
5. to provide for the strategic improvement in the quality of our service quality.

## Our Future Plans

### Strategic Objectives

The organisation's strategic objectives have remained consistent throughout our strategic review process and continue to best articulate the overriding goals of the new strategic plan, its priorities and developments. These objectives are to continue to meet the children's needs with and through:

1. **Therapeutic effectiveness**; ensuring that we treat traumatised children safely and effectively through our clinically based residential, education, fostering and support services.
2. **Sustainable service growth**; creating new service capacity and expanding our clinical and management training to develop the next generation of service leaders.
3. **Developing external profile and influence**; develop our external influence and impact for traumatised children through research, conferences and clinical publications.

The organisation has a five year strategic plan with the strategic priorities categorised into three areas of organisational activity that best describe how the strategic plan has been developed. These areas are articulated as 'Our People', 'Our Services' and 'Our Future'. These three strategic areas contain within them five strategic priorities that contain a list of strategies, reviews, projects and business developments.

These strategic priorities are Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and, Business Development. Each one of these priorities is linked to a member of the Executive Team who is the strategic lead for each area. The Chief Executive is overseeing the strategic plan, particularly focusing on how the plan is engaged with internally by everyone within the organisation and communicated externally to all our stakeholders.

The plan is now two years through the five year plan and we are making good progress. The majority of the strategies and projects fall into the area we call 'Our Services' which is the focus on quality improvement to achieve a consistent level of quality and compliance throughout the charity and to prepare it for the new business developments identified in the plan.

## Risk and Uncertainties

Trustees have assessed the major risks to which the charity is exposed and believe that systems are in place to mitigate our exposure.

Major risks and the actions which are taken to mitigate these risks include:

### **Statutory Regulation**

All of our children's residential homes and Independent Special School are regulated by Ofsted. The charity employs a Safeguarding and Compliance lead who works alongside the Responsible Individual and Registered Managers and Head Teacher of each of the services to ensure full compliance with the appropriate regulatory frameworks. Each of the residential homes have a monthly independent inspection to ensure compliance and where any requirements or recommendations are identified by the regulator, Ofsted at inspection a comprehensive action plan is formulated to ensure that all policies, systems and practices are improved immediately. This together with bi-annual 'quality of care' reports and an active working relationship with the regulator and each inspector ensure that the risk to our services is minimalised and managed to an acceptable level for the services that the charity provides.

All of our five homes and our school were all Ofsted rated 'Good' during the year.

### **Safeguarding**

A safeguarding risk exists wherever children are looked after. We have in place a system to detect and prevent safeguarding issues. This includes specific reports around restraints and regular reporting to trustees. We operate a Safeguarding Committee which reviews all incidents. We ensure all appropriate matters are reported to the Local Authority Designated Officer. Additionally, we use iST to encourage discussion of any concerns. We have an operational whistleblowing policy. We also meet the statutory requirements of Safer Recruitment that apply to children's homes.

### **Cyber Security and GDPR**

This year we have achieved Cyber Essentials certification and multi-factor authentication across our services. This is supported by a new IT infrastructure built on real time vulnerability testing and a three tier business continuity plan. We have a policy of continual improvement and training to meet the ever changing cyber threat and we are engaged in a programme of continual improvement in relation to GDPR compliance.

### **Recruitment and retention of appropriate skilled staff**

We provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We employ clinical specialists in roles which do not require shift-work, for experienced and qualified staff therapeutic staff.

### **Residential properties continue to meet the needs of the children and young people**

Refurbishment and regular maintenance programmes are in place. All our properties are fit for purpose, as therapeutic children's homes, schools or administrative offices.

## Structure, Governance and Management

### **Governing document**

The Institute of Integrated Systemic Therapy is a private charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008.

To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

## **Structure, Governance and Management** (continued)

### **Recruitment and appointment of Trustees**

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. Nominations are discussed by the Board and, if agreed, the nominees are formally invited to join the Board by the Chair. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

### **Trustees' induction and training**

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

### **Organisational structure**

The Articles provide for between five and fifteen Trustees; there are currently nine. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience.

### **Committee Membership**

#### **Finance**

George Viney (Chair), Sanjay Shah, Sebastian Lyon#

#### **Safeguarding**

Georgia Chataway (Chair) Sarah Scarratt, Vinod Diwakar

#### **School Governance**

Sarah Scarratt (Chair)

#external member

In addition, we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

### **Management and core activities**

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Leadership Team led by the Chief Executive.

Our core activities are centred on the work of five residential therapeutic communities.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who have experienced severe emotional trauma.

The communities are:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 to 17. Education is provided at Greenfields School or onsite.

## **Structure, Governance and Management** (continued)

### **Management and core activities**

The work includes The Placement and Family Support service which provides therapeutic support for vulnerable children with emotional and behavioural difficulties, together with their families and carers.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work. For these, voluntary and grant funding is required.

### **Remuneration Policy**

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees and the remuneration of the Chief Executive is set by the Chair.

## **Our Approach to Fundraising**

The basic operational expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover all the growth and development of the therapeutic work, the facilities required, and research and training, which are key to the quality and effectiveness of the therapeutic work.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. As noted earlier, we are developing the capacity to fundraise for capital projects, as well as to increase the proportion of funding raised from trust and voluntary sources. These initiatives will strengthen the sustainability of our mission and increase the number of children and families we can support.

Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable, are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound to adopt any regulatory scheme. However, the charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities; nor do we consider it necessary to design specific procedures to monitor this.

## **Public Benefit**

We review our aims and objectives regularly, looking both at the planned activities for the coming year and the progress against plans for the previous year. We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At each of our communities, places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

Due to the intensive and specialised nature of the work, the comparatively long treatment period for children who have experienced trauma and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small.

Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

### **Public benefit (continued)**

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. Adolescents who are referred to our services must also personally ask to come and participate in the treatment programme.

As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on four decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions more widely on behalf of children and young people who have experienced trauma. This is a further way we believe the charity provides a public benefit.

## **Statement of Responsibilities of the Trustees**

### **Trustees' responsibilities**

The Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity 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 applicable Charities SORP;
- make judgements and accounting 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; 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate at close to 80% of our capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authority.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainties related to events or conditions that cast significant doubt upon the Charity and Group's ability to continue as a going concern for at least a period of twelve months from the date of signing.

## Disclosure of Information to Auditors

All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

On 19 November 2024 the company's auditor changed its name from haysmacintyre LLP to HaysMac LLP. A resolution to re-appoint HaysMac LLP as auditors will be proposed at the next annual general meeting.

The Trustees' Report (including the Strategic Report) was approved by the Trustees and signed on their behalf by:



Dr Henrietta Hughes OBE  
**Chair of trustees**

10 December 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE INSTITUTE OF INTEGRATED SYSTEMIC THERAPY****Opinion**

We have audited the financial statements of The Institute of Integrated Systemic Therapy for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the group and parent charitable company's Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**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 group'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 Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and 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 strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 9 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Charities SORP (FRS102), Companies Act 2006 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and the recognition of income. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity, particularly in relation to the recording of income and processing of payments and payroll, to ensure these were in place throughout the year
- Evaluating management's controls designed to prevent and detect irregularities; and
- Reviewing and testing journal entries made in the year, particularly those made as part of the year end financial reporting process.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

Steven Harper (Senior Statutory Auditor)

10 Queen Street Place  
For and on behalf of HaysMac LLP, Statutory Auditors  
London  
EC4R 1AG

Date

## Consolidated Statement of Financial Activities

for the Year Ended 31 March 2024

	Notes	2024			2023	
		Unrestricted £	Restricted £	Endowm't £	Total £	Total £
<b>Income</b>						
Donations and legacies		108,270	160,707	-	268,977	251,911
Charitable activities		10,476,359	-	-	10,476,359	9,691,572
Investments		119,203	-	-	119,203	37,190
Other		10,694	-	-	10,694	22,733
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>10,714,526</b>	<b>160,707</b>	<b>-</b>	<b>10,875,233</b>	<b>10,003,406</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure</b>						
Raising funds		147,239	-	-	147,239	204,915
Charitable activities						
Therapeutic residential care		8,710,609	195,444	-	8,905,973	8,881,294
Training		828,211	-	-	828,211	572,611
Fostering		-	-	-	-	171,903
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>9,685,979</b>	<b>195,444</b>	<b>-</b>	<b>9,881,423</b>	<b>9,830,723</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains and (losses)		1,028,547	(34,737)	-	993,810	172,683
(Loss) / gain on Investments		(85,649)	-	-	(85,649)	(124,212)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income / (expenditure)</b>		<b>942,898</b>	<b>(34,737)</b>	<b>-</b>	<b>908,161</b>	<b>48,471</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Actuarial (loss) on defined benefit scheme	6	-	-	-	-	(114,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>942,898</b>	<b>(34,737)</b>	<b>-</b>	<b>908,161</b>	<b>(65,529)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total funds brought forward		10,522,875	58,267	483,947	11,065,090	11,130,619
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>11,465,772</b>	<b>23,530</b>	<b>483,947</b>	<b>11,973,251</b>	<b>11,065,090</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2023 comparatives are shown in Note 17a.

The notes 1 to 16 form part of these financial statements.

## Consolidated and Company Balance Sheet

as at 31 March 2024

Company number 01708301

		Group 2024	Group 2023	Company 2024	Company 2023
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	4,881,187	5,026,684	4,016,366	4,074,505
Investments	8	5,814,332	3,899,981	5,814,332	3,899,981
		<u>10,695,519</u>	<u>8,926,665</u>	<u>9,830,698</u>	<u>7,974,486</u>
<b>Current assets</b>					
Debtors	9	393,861	467,343	86,151	84,234
Cash at bank		1,502,234	2,920,360	1,414,675	2,830,883
		<u>1,896,095</u>	<u>3,387,703</u>	<u>1,500,826</u>	<u>2,915,117</u>
<b>Creditors</b>					
Amounts falling due within one year	10	(618,363)	(1,249,278)	(7,420,839)	(5,316,286)
Net current assets/(liabilities)		<u>1,277,732</u>	<u>2,138,425</u>	<u>(5,920,013)</u>	<u>(2,401,169)</u>
<b>Total assets less current liabilities</b>		<u>11,973,251</u>	<u>11,065,090</u>	<u>3,910,685</u>	<u>5,573,317</u>
<b>Net assets</b>		<u><u>11,973,251</u></u>	<u><u>11,065,090</u></u>	<u><u>3,910,685</u></u>	<u><u>5,573,317</u></u>
<b>The funds of the charity</b>					
<b>Income funds</b>					
Unrestricted funds					
- General reserves		10,663,581	9,720,683	3,108,492	4,724,830
- Designated funds	11	802,193	802,193	802,193	802,193
Total unrestricted funds		<u>11,465,774</u>	<u>10,522,876</u>	<u>3,910,685</u>	<u>5,527,023</u>
Restricted funds	12	23,530	58,267	-	46,294
<b>Capital funds</b>					
Endowment funds	13	483,947	483,947	-	-
<b>Total charity funds</b>	15	<u><u>11,973,251</u></u>	<u><u>11,065,090</u></u>	<u><u>3,910,685</u></u>	<u><u>5,573,317</u></u>

The financial statements were approved and authorised for issue by the Trustees on 10 December 2024 and were signed on its behalf by



Dr Henrietta Hughes OBE  
Chair

The notes 1 to 16 form part of these financial statements.

The deficit for the Institute of Integrated Systemic Therapy was (£1,616,338) (2023: deficit (£619,769))

## Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Notes	2024 £	2023 £
<b>Cash flow from operating activities</b>			
Net income / (expenditure) for the reporting period		910,674	(65,529)
Depreciation		177,875	170,620
Losses on investments	8	85,649	124,212
Loss on fixed assets		1,552	-
Decrease / (increase) in debtors	10	73,482	103,617
(Decrease) / increase in creditors	11	(633,429)	648,742
Actuarial (loss) on defined benefit scheme	13	-	(483,000)
		<b>615,804</b>	<b>498,662</b>
<b>Cash flows from investing activities</b>			
(Purchase) of property, plant equipment	7	(33,930)	(89,922)
Purchase of investments		(2,000,000)	-
		<b>(2,033,930)</b>	<b>(89,922)</b>
<b>Net cash (used in) financing activities</b>			
		<b>(1,418,126)</b>	<b>408,740</b>
<b>Change in cash in reporting period</b>			
		<b>2,920,360</b>	<b>2,511,620</b>
<b>Cash at beginning of year</b>			
		<b>1,502,234</b>	<b>2,920,360</b>
<b>Cash at end of year</b>			

### Analysis of changes in net debt

2024

	Cash Deposits £	Cash £	Total £
Balance at 1 April 2023	-	2,920,360	2,920,360
Cash flows	-	(1,418,126)	(1,141,812)
	<b>-</b>	<b>1,502,234</b>	<b>1,502,234</b>

The notes 1 to 16 form part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

#### a) Basis of preparation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the Trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with the Accounting and reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102).

#### Judgement and key sources of estimation uncertainty

The trustees are satisfied that there are no material judgements and estimates used in the production of the financial statements.

#### Basis for consolidation

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy and of its subsidiary undertakings, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. The consolidated accounts also include the results and net assets of Princess Mary's Trust, of which Institute of Integrated Systemic Therapy is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Institute of Integrated Systemic Therapy's registered office. Dormant subsidiary Childhood First (Midlands), a closed entity, which was dissolved on 30th January 2024.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,709k (2023: £1,727k). The result for the parent charitable company, including unrealised surpluses on investments and an actuarial deficit on the defined benefit pension scheme for the year was a £619k deficit (2023: £568k surplus).

#### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use, then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

#### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

#### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received or receipt is probable. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

#### e) Allocation of expenses:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- 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; and
- support costs are allocated on the basis of staff numbers.

#### f) Investments

Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.

**1 Accounting policies (continued)**

- g) Funds:
- Unrestricted funds  
These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.
  - Restricted income funds  
These represent income received which can only be expended for the purpose specified by the donor.
  - Permanent Endowment fund  
This represents assets donated which must be held as capital and cannot be converted to income.
- h) Pension costs
- a number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;
- i) Financial instruments  
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- j) Cash and cash equivalents  
Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.
- k) Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate close to or above 80% of our current capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authorities.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- We retain adequate reserves to meet our reserves requirement.
- The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there are no material uncertainties related to events or conditions that cast significant doubt upon the Charity and Group's ability to continue as a going concern.

**2 Analysis of total expenditure**

Basis of allocation		Therapeutics Residential care	Training	Fundraising	2024 Total	2023 Total
		£	£	£	£	£
<b>Costs directly allocated to activities</b>						
Staff costs	Direct	5,915,545	535,189	-	6,450,734	6,197,394
Other staff costs	Direct	372,761			372,761	265,946
FRS 102 pension adjustment	Direct	-	-	-	-	47,000
Consultancy	Direct	6,094	10,054	-	16,148	41,763
Travel	Direct	132,565	27,867	1,250	161,682	205,329
Office costs	Direct	32,202	1,399	3,416	37,017	270,331
Marketing	Direct	-	-	11,938	11,938	45,912
Premises	Direct	326,458	-	-	326,458	524,786
Household	Direct	91,499	-	-	91,499	104,147
Provisions	Direct	176,585	-	-	176,585	140,936
Education	Direct	193,712	-	-	193,712	255,217
Personal care	Direct	82,074	-	-	82,074	67,597
Social activities	Direct	270,392	-	12,103	282,495	251,083
Other	Direct	43,439	26,571	-	70,010	42,494
Depreciation	Direct	177,875	-	-	177,875	170,621
Finance charges	Direct	970	-	-	970	971
Legal & professional	Direct	35,002	3,346	-	38,348	246,772
Audit and accountancy	Direct	37,200	-	-	37,200	50,772
<b>Total</b>		<b>7,894,373</b>	<b>604,426</b>	<b>28,707</b>	<b>8,527,506</b>	<b>8,929,071</b>
Premises and office costs	Staff time	105,252	175,420	70,168	350,840	171,156
Finance and HR staff	Staff time	487,510	27,084	27,084	541,678	607,694
Other	Staff time	418,919	21,240	21,240	461,399	122,802
<b>Total</b>		<b>1,011,681</b>	<b>223,744</b>	<b>118,492</b>	<b>1,353,917</b>	<b>901,652</b>
<b>Total expenditure</b>		<b>8,906,054</b>	<b>828,170</b>	<b>147,199</b>	<b>9,881,423</b>	<b>9,830,723</b>

Insurance costs have been allocated to Other costs in 2024 having been shown previously in Legal and Professional fees.

Further details on comparatives are shown in note 16b.

**3 Net income**

	2024 £	2023 £
Net income for the year is stated after charging:		
Auditor's remuneration: Group	37,200	50,772
Depreciation of tangible fixed assets	177,875	170,621
Rentals payable under operating leases:		
Land and buildings	165,675	115,425
Other	29,558	40,072
Trustees' professional indemnity insurance	2,580	2,580

**4 Staff numbers and costs**

The average number of persons employed by the group during the year was 186 (2023: 188). The aggregate payroll costs of these persons were as follows:

	2024 £	2023 £
Wages and salaries	6,102,086	5,821,177
Social security costs	583,911	568,634
Other pension costs	306,415	415,277
	<u>6,992,412</u>	<u>6,805,088</u>

Total Staff Costs in note 2 include the staff costs in Support Costs which together total £7,365,173 (2023: £7,071,033). These are different from the figures in this note by £372,761 (2023: £265,945) which are recruitment and life assurance costs not included in the table above.

Key management personnel comprise the seven individuals (2023: seven). The total employment costs (including employer's National insurance contributions and pension) of the Senior Leadership Team for the year was £522,820 (2023: £552,081).

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2024	2023
£60,001 - £70,000	2	1
£70,001 - £80,000	3	4
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £306 (2023: £194).

**5 Related party transactions**

The Institute of Integrated Systemic Therapy (registered charity number 286909) is the sole member of Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It is also the sole Trustee of Princess Mary's Trust. Dormant subsidiary Childhood First (Midlands), is a closed entity and was dissolved on 30th January 2024.

During the year the following transactions took place between the parent company and its subsidiaries.

	Princess Mary's Trust	Childhood First (South)	Childhood First (East Anglia)	Total
	£	£	£	£
<b>Charge to subsidiary</b>				
Management charge	-	479,157	340,822	819,979
Institute training	-	183,600	108,000	291,600
Rent	-	244,600	100,000	344,600
	<u>-</u>	<u>907,357</u>	<u>548,822</u>	<u>1,456,179</u>
<b>Total</b>	<u>-</u>	<u>907,357</u>	<u>548,822</u>	<u>1,456,179</u>
<b>Intercompany balances</b>				
<b>As at 31 March 2024</b>				
Owed to parent	21,073	-	-	21,073
Owed by parent	-	1,651,492	5,600,036	7,251,527

## 5 Related party transactions (continued)

At the balance sheet date Princess Mary's Trust owed £21,073 to the parent charity (2023: £21,073 owed to parent). No other transactions have taken place during the year.

Entity information	Princess Mary's Trust	Childhood First (South)	Childhood First (East Anglia)
Company number	N/A	03547839	03706394
Charity number	229136	286909	286909

## 6 Pensions

### (a) Teacher's Pension Scheme

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The last valuation of the TPS was as at 31 March 2020. The valuation report was published by the Department of Education on October 2023, with the SCAPE rate, sent by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £222 billion and the scheme had aggregate liabilities of £262 billion, leaving a notional past service deficit of £39.8 billion.

The Employers scheme contribution is set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.

Total pension costs during the year were £42,256 (2023 - £49,660). There were outstanding contributions of £5,632 due at the end of the financial year (2023 - £11,950).

Under the definitions set out in FRS 1012, the TPS is an unfunded multi-employer pension scheme. The Group is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Group has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

### (b) Group Personal Pension Plan

A Group Personal Pension Plan exists for employees which is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £263,810 (2023 - £268,892). There were outstanding contributions of £44,028 due at the end of the financial year (2023 - £44,122).

The charity used to participate in a defined benefit scheme which was exited last year and the closing liability was settled.

## 7 Tangible fixed assets

Group	Freehold properties £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2023	5,534,579	396,254	231,604	6,162,436
Additions	-	-	33,930	33,930
Disposals	-	-	(110,215)	(110,215)
At 31 March 2024	5,534,579	396,254	155,319	6,086,151
<b>Depreciation</b>				
At 1 April 2023	647,977	322,792	164,984	1,135,753
Charge for year	102,080	35,392	40,403	177,875
Disposals	-	-	(108,663)	(108,663)
At 31 March 2024	750,057	358,184	96,724	1,104,965
<b>Net book value</b>				
<b>At 31 March 2024</b>	<b>4,784,522</b>	<b>38,070</b>	<b>58,595</b>	<b>4,881,187</b>
At 31 March 2023	4,886,601	73,462	66,621	5,026,684

**7 Tangible fixed assets (continued)**

<b>Company</b>	<b>Freehold properties</b>	<b>Furniture and equipment</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 April 2023	4,507,287	92,910	4,600,197
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2024	4,507,287	92,910	4,600,197
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2023	434,722	90,921	525,693
Charge for year	56,150	1,990	58,140
	<hr/>	<hr/>	<hr/>
At 31 March 2024	490,922	92,910	583,833
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2024</b>	<b>4,016,366</b>	<b>-</b>	<b>4,016,366</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2023	4,072,517	1,988	4,074,505
	<hr/>	<hr/>	<hr/>

**8 Fixed asset investments**
**a) Group and Company**

	<b>2024</b>			<b>2023</b>
	<b>Cash funds</b>	<b>Investment funds</b>	<b>Total</b>	<b>Total</b>
	£	£	£	£
Balance at 1 April	504,148	3,395,833	3,899,981	4,024,193
Additions	2,000,000	-	2,000,000	-
Disposals	-	-	-	-
Gain / (Loss) on revaluation	51,069	(136,718)	(85,649)	(124,212)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Market value at 31 March</b>	<b>2,555,217</b>	<b>3,259,115</b>	<b>5,814,332</b>	<b>3,899,981</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The cash deposits are managed by Coutts and Cazenove Capital Management Limited and the investment funds are invested in CF Ruffer Total Return Fund, McInroy Balanced Fund and CG Portfolio Funds.

**b) Subsidiary undertakings**

The principal undertakings which have been included in the consolidated financial statements are as follows:

<i>Subsidiary Undertaking</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of business</i>
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

**8 Fixed asset investments (continued)**

Subsidiary summary results	Childhood First (South) Ltd	Childhood First (East Anglia) Ltd	Princess Mary's Trust
	£	£	£
Income	5,485,589	5,161,956	-
Expenditure	4,505,381	3,564,671	(6,700)
Surplus / (loss) for the year	980,208	1,597,285	(6,700)
Reserves brought forward	765,425	4,175,190	560,023
Reserves carried forward	1,745,633	5,772,475	553,623
Net Assets	1,745,633	5,772,475	553,623

**9 Debtors – due within one year**

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
Trade debtors	322,985	398,382	-	-
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	65,077	63,161	65,077	63,160
Other debtors	5,800	5,800	-	-
	<b>393,861</b>	<b>467,343</b>	<b>86,151</b>	<b>84,234</b>

**10 Creditors: amounts falling due within one year**

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
Amounts owed to group undertakings	-	-	7,251,528	4,596,648
Trade creditors	187,213	304,122	57,113	55,081
Other creditors	108,395	645,296	18,441	575,052
Taxation and social security	151,048	141,917	48,541	34,942
Accruals	171,707	157,943	45,216	54,563
	<b>618,363</b>	<b>1,249,278</b>	<b>7,420,839</b>	<b>5,316,286</b>

Amounts owed to group undertakings are repayable on demand.

**11 Restricted income funds**

The Group's restricted funds consist of the following material funds:

	Balance at 1 April 2023	Income for the year	Expenditure for the year	Balance at 31 March 2024
	£	£	£	£
General projects	58,267	160,707	(195,444)	23,530
<b>Total</b>	<b>58,267</b>	<b>160,707</b>	<b>(195,444)</b>	<b>23,530</b>

## 11 Restricted income funds (continued)

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 17c.

## 12 Designated funds

Designated funds, within unrestricted funds, represent fixed property assets which are not part of the permanent endowment fund, specifically Earthsea House, Greenfields School and part of Greenfields House.

	Group £	Company £
Balance at 1 April 2023	802,193	802,193
<b>Balance at 31 March 2024</b>	<b>802,193</b>	<b>802,193</b>

## 13 Endowment Funds

	Group £
Balance at 1 April 2023	483,947
<b>Balance at 31 March 2024</b>	<b>483,947</b>

IIST, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by property held for the use of the charity. In 2006 the Charity Commission for England and Wales granted an order under section 26 of the Charities Act 1993 enabling IIST to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

The endowment balance relates to Greenfields House. As the property currently held within the permanent endowment by the Princess Mary's Trust is held as functional property there is no income being generated by permanent endowment. There is therefore no unapplied total return to be allocated between capital and income.

## 14 Operating leases

Total commitments under non-cancellable operating leases at 31 March 2024 were as follows:

	2024 £	2023 £
Equipment leases	29,558	76,972
Property leases	165,675	224,100
<b>Total</b>	<b>195,233</b>	<b>301,072</b>

Property leases relate to London office (break Sept 2025), Merrywood House (expires September 2025) and Sittingbourne office (break May 2025). Total property lease payments recognised as an expense in the year are £115,800 (2023: £115,425) is due within 1 year, £49,875 (2023: £106,800) is due between 2 to 5 years and £nil (2023: £1,875) is due in more than 5 years.

## 15 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total Funds £
Funds balances at 31 <sup>st</sup> March 2024 are represented by:				
Tangible fixed assets	4,397,240		483,947	4,881,187
Investments	5,814,332		-	5,814,332
Current assets	1,872,565	23,530	-	1,896,095
Current liabilities	(618,363)	-	-	(618,363)
<b>Total net assets</b>	<b>11,465,774</b>	<b>23,530</b>	<b>483,947</b>	<b>11,973,251</b>

The permanent endowment fund represents the asset of Princess Mary's Trust. See note 16d for comparatives.

**16 Comparative information relating to 2023**

## a) Consolidated statement of Financial activities

		2023			
	Notes	Unrestricted £	Restricted £	Endowment £	Total £
<b>Income and endowments from</b>					
Donations and legacies		198,552	53,359	-	251,911
Charitable activities		9,691,572	-	-	9,691,572
Investments		37,190	-	-	37,190
Other		22,733	-	-	22,733
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>9,950,047</b>	<b>53,359</b>	<b>-</b>	<b>10,003,406</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>					
Raising funds		204,915	-	-	204,915
Charitable activities					
Therapeutic residential care		8,839,908	41,386	-	8,881,294
Fostering		171,903	-	-	171,903
Training		572,611	-	-	572,611
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>9,789,337</b>	<b>41,386</b>	<b>-</b>	<b>9,830,723</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains		160,710	11,973	-	172,683
Gains on Investments		(124,212)	-	-	(124,212)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income</b>		<b>36,498</b>	<b>11,973</b>	<b>-</b>	<b>48,471</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Transfers between funds		-	-	-	-
Actuarial gains on defined benefit schemes	6	(114,000)	-	-	(114,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>(77,502)</b>	<b>11,973</b>	<b>-</b>	<b>(65,529)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total funds brought forward		<b>10,600,378</b>	<b>46,294</b>	<b>483,947</b>	<b>11,130,619</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>10,522,876</b>	<b>58,267</b>	<b>483,947</b>	<b>11,065,090</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**16 Comparative information relating to 2023** (continued)

**b) Analysis of total expenditure**

Basis of allocation		Raising funds	Therapeutics Residential care	Fostering	Training	20	
		2023 Total	Tot			£	£
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	85,077	6,031,337	190	346,736	6,463,340	5,998,310
FRS 102 pension adjustment	Direct	-	47,000	-	-	47,000	93,000
Consultancy	Direct	-	9,156	-	32,607	41,763	8,111
Travel	Direct	1,824	182,340	394	20,771	205,329	155,796
Office costs	Direct	-	245,738	13,774	10,819	270,331	186,666
Marketing	Direct	45,610	302	-	-	45,912	26,457
Premises	Direct	-	502,044	22,742	-	524,786	466,232
Household	Direct	-	104,147	-	-	104,147	129,973
Provisions	Direct	-	140,936	-	-	140,936	155,474
Education	Direct	-	255,217	-	-	255,217	325,593
Personal care	Direct	-	67,597	-	-	67,597	72,292
Social activities	Direct	75	251,008	-	-	251,083	177,225
Other	Direct	-	41,441	950	103	42,494	62,789
Depreciation	Direct	-	170,621	-	-	170,621	162,343
Finance charges	Direct	-	971	-	-	971	952
Insurance, legal, professional	Direct	4,685	186,116	8,719	47,252	246,772	181,459
Audit and accountancy	Direct	-	50,772	-	-	50,772	35,400
<b>Total</b>		<b>137,271</b>	<b>8,286,743</b>	<b>46,769</b>	<b>458,288</b>	<b>8,929,071</b>	<b>8,238,071</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	15,560	77,798	15,560	77,798	171,156	128,376
Finance and HR staff	Staff time	91,154	30,385	91,154	30,385	607,694	527,961
Other	Staff time	18,420	6,140	18,420	6,140	122,802	141,304
<b>Total</b>		<b>67,644</b>	<b>594,551</b>	<b>125,134</b>	<b>114,323</b>	<b>901,652</b>	<b>797,641</b>
<b>Total expenditure</b>		<b>204,915</b>	<b>8,881,294</b>	<b>171,903</b>	<b>572,611</b>	<b>9,830,723</b>	<b>9,035,712</b>

**16 Comparative information relating to 2023** (continued)

 c) **Restricted funds**

	Balance at 1 April 2022 £	Income for the year £	Expenditure for the year £	Transfer to Unrestricted £	Balance at 31 March 2023 £
Other projects	46,294	53,359	(41,386)	58,267	46,294
<b>Total</b>	<b>46,294</b>	<b>53,359</b>	<b>(41,386)</b>	<b>58,267</b>	<b>46,294</b>

 d) **Analysis of assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total Funds £
Fund balances at 31 March 2023 are represented by:				
Tangible fixed assets	4,542,737	-	483,947	5,026,684
Investments	3,899,981	-	-	3,899,981
Current assets	3,329,436	58,267	-	3,387,703
Current liabilities	(1,249,278)	-	-	(1,249,278)
Pension liability	-	-	-	-
<b>Total net assets</b>	<b>10,522,876</b>	<b>58,267</b>	<b>483,947</b>	<b>11,065,090</b>

## Reference and Administrative Detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	210 Borough High Street, London SE1 1JX

### Board of Trustees:

The Trustees (directors of the company) during the year (and since the year-end) were:

Dr Henrietta Hughes OBE (Chair)  
Mr George Viney  
Mr Jeremy Brier  
Ms Rosemary Bodiam – appointed January 2024  
Ms Georgia Chataway  
Mrs Patricia Phillips  
Mrs Sarah Scarratt  
Mr Sanjay Shah  
Mr Matthew Fletcher – resigned September 2023  
Mr John Harrison – resigned June 2023  
Mr Scott Murdoch – resigned September 2023  
Mr Robert Shipton – resigned April 2023  
Dr Vinod Diwakar – resigned November 2024

### Chief Executive

Gary Yexley

### Company Secretary

Michael Joseph

### Senior Leadership Team

Gary Yexley (Chief Executive)  
Michael Joseph (Finance & Corporate Services Director)  
Dan Lansley (Business Development Director)  
Robyn Bartram (Residential Services Director)  
Bob Beardon (Director of Workforce Development) – appointed September 2024  
Laura Park (Safeguarding and Compliance Director) – resigned August 2023  
Lace Jackson (Clinical Institute Director) - resigned March 2024

The senior leadership team were all in post at 10 December 2024 except as detailed above

### Auditors

HaysMac LLP, 10 Queen St Pl, London EC4R 1AG

### Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS

### Solicitors

Rradar, 6 Beacon Way, Hull HU3 4AE.

**INSTITUTE OF INTEGRATED SYSTEMIC THERAPY**

England & Wales - Charity number 286909

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# Accounts

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**Annual Report and Accounts**

**For the year ended 31 March 2023**

**Institute of Integrated Systemic Therapy**

Company number: 01708301

Charity number: 286909

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# Our Vision, Mission and Aims

## Our Vision

To be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

## Our Mission

To transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others and fulfil their potential.

## Our Aims

Our aim is to continue to evolve and grow our mission, and to further develop our therapeutic approach, to better meet the needs of our beneficiaries and to maintain long-term sustainability.

We aim to continue to develop our clinical capabilities and positioning to meet the needs of the most traumatised children and young people, whose needs can be met by very few providers.

We aim to continue to demonstrate a unique capacity to create and sustain a group of therapeutic communities for traumatised children and young people. We therefore recognise an obligation to grow our provision and extend its scope to deal with unmet needs. We plan to play our part in better meeting the needs of seriously traumatised children and young people by:

- a) increasing the capacity and number of residential placements and special school places that we provide;
- b) influencing relevant national policies on behalf of children and young people who suffer serious emotional and psychological disturbance as a result of their life experience;
- c) expanding our psychotherapeutic training programmes and extending our capacity and reputation for clinical excellence; and
- d) raising development funding by undertaking targeted appeals for capital developments.

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned. Since then, several therapeutic communities and schools have been created and outreach work of various kinds has been undertaken to meet the needs of the day.

## Integrated Systemic Therapy

This unique psychotherapeutic approach was developed over 40 years. It aims to heal serious emotional and behavioural trauma, transforming young lives.

iST is rooted in therapeutic tradition and accredited by the UKCP (United Kingdom Council for Psychotherapy). All our staff are fully trained, assuring all children receive 24/7 therapeutic care.

iST provides unconditional presence to behaviours caused by extreme distress, within a safe family environment. Children learn to safely process emotion and relate to others. The aim is a return to mainstream or foster family life.

## The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

## Chair's Introduction

Welcome to our 2022/23 annual report. This year we have focussed our attention on taking the time to review and make plans for the future of the charity. We have renewed our commitment as an organisation dedicated to providing the very best care to children and young people living with trauma and achieving the very best outcomes for them.

As our therapeutic approach to their treatment is research-led, we remain committed to supporting the learning and development of our professional staff who work with children and young people ensuring that we can be an exemplar within the social care sector.

We are ambitious in providing the highest quality care and this is our top priority. We are committed to using our training and research-led approach to ensure the care and therapy provided to our children and young people is at the cutting edge. The outcomes for the children and young people cared are some of the highest in the sector, providing further evidence that the truly holistic therapeutic approach taken by us gives children and young people living with trauma the very best chance for the future.

Over the next five years we want to increase the profile of the care we provide and the research that underpins it, so we can influence national policy and guidance relating to the care and treatment of children and young people living with trauma, meaning more children and young people could benefit from our approach.

We are also looking to increase our physical presence with a new home, to complement our existing homes in Norfolk and Kent and our Kent school. In addition, we are looking at options to increase the availability of our therapeutic approach beyond our physical homes – allowing more children access to the research-led and evidence-based care we provide.

As well as providing the very best care to children and young people, we also want to be a caring, responsive employer that supports staff to deliver the best outcomes of children, as well as moving forward with their own development as professionals. The training and research opportunities we provide to our staff set us apart as an employer and we hope this will encourage more dedicated staff to join us.

We have reviewed and renewed our charities 'Values' by asking our staff what values they think best describe our work, our organisation and our approach. They have decided that the following values encompass everything we are looking to achieve for the children and young people in our care.

- Authenticity
- Compassion
- Dedication
- Aspiration
- Resilience

Our homes continue to demonstrate a high level of compliance with our statutory requirements with all of our five homes and our school receiving Ofsted inspection ratings of 'Good'. Our Institute graduation event for staff took place this year in July 2022 and again celebrated the achievements of all of our staff and trainees who, even despite the added difficulties throughout the pandemic were able to complete their studies and achieve their UKCP accredited psychotherapy qualifications.

As we look forward to the coming year, the charity will be launching its new five year Charity Plan. This will articulate the charities vision for the future and how we are going to meet our strategic objectives by providing **Therapeutic Effectiveness**, ensuring that we treat traumatised children safely and effectively. Providing **Sustainable Service Growth**, by creating new service capacity and expanding our clinical and management training and **Developing our External Profile and Influence** through research, conferences and clinical publications. Once again, thank you for taking the time to read our annual report and I look forward to updating you on our progress next year.



Dr Henrietta Hughes OBE

**Chair of Trustees**

# Trustees' Report

## Our Achievements and Performance

We provide specialist 24/7 care, treatment and education for children and young people living with complex psychological trauma, emotional, behavioural, social and educational difficulties.

### Our aims in 2022/23

Our aims in 2022/23 were to develop and launch the charity's new five-year strategic plan and to update our Vision, Mission, Approach and Values.

This year the charity has undergone a complete review of its strategic objectives. Led by the Chief Executive and his team, the charity's Trustees and staff have participated in a range of strategic engagement events. These events have helped review and formulate the charity's new five-year strategic plan launched in 2023. This ensures that all internal stakeholders are fully aligned with the new strategic plan from the Trustees to the staff and children throughout the organisation.

These events have also been used to update the charity's Vision, Mission and Approach. The language has been updated to better reflect the organisation's purpose, approach and values.

**Our Vision** is to be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

**Our Mission** is to transform the lives of children and young people who suffer severe emotional and psychological difficulties, so they can relate well to others and fulfil their potential.

**Our Approach** is a form of psychotherapeutic group living and learning modelled on healthy relationships, adapted to the developmental needs of children and young people suffering early childhood trauma. We call this Integrated Systemic Therapy (IST).

This year the charity undertook a wholesale review of its organisational Values. It asked staff to describe what values they felt most appropriately articulated the core beliefs of the charity. The below set of values were what staff decided were how we want to interact and work with each other to achieve the best possible results for the children and young people in our care.

Our five core **Values** are:

- Authenticity
- Resilience
- Compassion
- Dedication
- Aspiration

The new five-year strategy provides a clear roadmap for the charity and will focus on three main areas:

**Our Services:** Achieving therapeutic effectiveness by treating traumatised children safely and effectively through our clinically based residential, education and family support services.

**Our People:** Achieving sustainable growth by creating new service capacity and expanding our training through our institute to develop the next generation of clinical and service leaders.

**Our Future:** Developing our external profile, influence and impact for traumatised children through research conferences and clinical publications.

The charity's strategic objectives of delivering therapeutic effectiveness, achieving sustainable service growth and developing our external profile and influence has been joined by a detailed plan of thirty-five new strategies, reviews and projects. These are grouped to align with the roles and functions of the executive team, led by the Chief Executive. They represent developments over the next five years in Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and Business Developments.

**Our Achievements and Performance** (continued)

**What we achieved in 2022/23**

In light of the new the Charities Act 2022 which came into effect on 14 June 2023 we conducted a review of our Board governance to ensure that we are both compliant and following best practice. We identified that we are compliant and have initiated a plan to review our governance framework as well as reviewing the skills and diversity of our trustees.

In terms of strategic and operational matters these are a few of the highlights:

We have begun work to create a robust, consistent and repeatable fostering pathway with a therapeutic fostering agency with training for staff to improve the contextual understanding of the service from which our children have come to maximise the potential success of fostering placements.

The training team have delivered several service improvements and more organizational learning in addition to locally delivered theoretical seminars in communities. We have also expanded both the training and roll out of the in-house 1-1 therapy to children who need additional therapeutic support.

We have developed a new research and evaluation strategy to steer the work and disseminate our research and evidence-based practice to wider audiences both internally and externally. We continue to focus our efforts on the upcoming UKCP Organisation Members Review and the developments necessary to meet these continued requirements as well as fully embedding quality improvements in applied clinical practice.

We have been engaged in a management review of one of our therapeutic communities, Gables House during which we assessed all the clinical and operational aspects and made a series of recommendations. This led to improvements in the physical environment, operating culture and the improved effectiveness of the therapeutic model along with the adoption of the new therapeutic facilities.

All our therapeutic communities continue to ensure that the safeguarding practices are maintained at the highest possible standard. During staff inductions all staff are made aware of the correct protocols if they have any safeguarding concerns, and the open culture of the homes promote best safeguarding practice. All Regulation 40 and Ofsted notifiable safeguarding events are reviewed quarterly at the Trustee Safeguarding Committee.

In response to the cost-of-living crisis we conducted a charity wide survey of the circumstances of our staff and how we could best support them. Whilst we learned that food, housing and utility costs were the main challenges we decided the best support we could provide was through a one-off cost-of-living payment which was made to all staff in February 2023.

The fundraising landscape is different as a result of changed economic circumstances post-pandemic. We have therefore started a review of our fundraising strategy in terms of identifying potential future income streams and new strategic partnerships.

We would like to express our immense gratitude to all of our generous benefactors, with special thanks to:

The 29th May 1961 Charitable Trust  
 Barratt Family Charitable Trust  
 The Colyer-Fergusson Charitable Trust  
 The Dyers' Company Charitable Trust  
 The Elizabeth & Prince Zaiger Trust  
 The EQ Foundation  
 Marc Harris  
 Hasluck Charitable Trust  
 The Inverforth Charitable Trust  
 John Black Foundation  
 John Lewis Partnership General Community Fund  
 The Joseph and Lena Randall Charitable Trust  
 Kent Community Foundation  
 The Lynne & Nigel Ross Charitable Trust  
 The Lyon Family Charitable Trust  
 Ian Mess  
 Tonbridge School  
 Tanya Scott-Adie  
 The Tompkins Foundation  
 Michele C Warshaw  
 Whitegates Children's Trust

## Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the two subsidiaries: Childhood First (South) which contains Greenfields House, The Gables House in Kent and Oakwood House, and Childhood First (East Anglia) which contains Earthsea House and Merrywood House, The accounts also include non-trading dormant companies Princess Mary's Trust and Childhood First (Midlands).

### Fee income summary

	2022/23	2021/22	Change
	£'000	£'000	£'000
East Anglia	4,749	4,801	(52)
South	5,010	4,587	423
Residential	9,759	9,388	371
Other income	244	202	42
Total	10,003	9,590	413

Residential fee income is up by £371k on 2021/22. Average placements declined slightly from 32.75 to 31.4 though we were able to sustain income levels by modest price rises. We achieved growth in capacity in Kent with full occupancy at our new home Oakwood but had vacancies at The Gables. In East Anglia, we had a small decline. Overall our occupancy dropped from 77.3% to 76.5%.

### Net surplus / (deficit)

	2022/23	2021/22	Change
	£'000	£'000	£'000
East Anglia	709	1,237	(528)
South	(148)	(497)	349
Residential	561	740	(179)
Other incl. pension, investments etc.	(626)	(1,424)	798
Total	(65)	(684)	619

The small decline in occupancy in East Anglia led to a reduction of surplus in the year of £528k whilst we kept staffing levels steady. In Kent the growth in income led to a corresponding reduction in the net deficit of £349k. The other items reflect the increase in unrealized losses on investments, the settlement of the Local Government pension scheme mentioned below and increased staff costs in central services.

Fundraising income was £73k or 41% up on 2022 as we came out of the pandemic. This represents good performance in the context of a challenging economic environment and cost of living crisis.

### Total costs

Overall costs have grown by £801k or 9% during the year. Staff costs have risen by £470k and non-staff costs have increased by £331k. These costs have been driven mostly by the cost of living crisis and increase in National Minimum Wage as well as by soaring inflation. We have worked hard to remain competitive on salaries and our employee value proposition which includes therapeutic training. We have also sought, and in the large part succeeded in mitigating increases in other costs such as utilities and have achieved reasonably effective cost control over the course of the year.

### Fixed assets

There were only minor investments in vehicles, furniture and equipment in the year.

### Debtors and Creditors

Debtors reduced by £104k (18%). Trade creditors reduced by £86k (39%) and represent around two weeks of purchases.

## **Financial Review and the Results for the Year** (continued)

### **Cash position**

The cash position has remained steady in the year.

### **Provision for liabilities and charges**

We exited from both Local Authority defined benefit pension schemes in this year as anticipated and at the year-end were left only with the liability of the cessation sum for Surrey of £536k which was cleared in April of 2023. No other provisions were required.

### **Investments**

The charity investment policy is to maintain an investment portfolio which seeks to protect the capital value and combine the best long term total financial return with a relatively low risk. In order to achieve this objective, the investment portfolio should be invested in managed investment funds with the following guidelines:

- The investments should be divided between at least two different managed funds.
- The managed funds will have an aim of making total returns rather than income generation.

The prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested.

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £3,899k which included an unrealized deficit of £124k compared to an unrealized gain in 2022 of £192k. In the context of the challenging economic environment, trustees consider this reasonable investment performance.

### **Financial reserves**

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of reserves to support its activities, taking into account the risks to which it is exposed. The charity holds reserves in the form of designated funds that are earmarked by the trustees to represent fixed and other assets which cannot be readily converted into cash. In addition, the charity holds unrestricted funds for the following reasons:

1. to provide working capital to manage fluctuations in its cash flow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;
4. to provide funds for growth; and
5. to provide for the strategic improvement in the quality of our service quality.

Based on the accounts, total reserves are £11,065k. Excluding fixed assets of £5,026k, restricted funds of £58k, and endowment of £484k the unrestricted reserves or reserves that are 'free' amount to £5,497k, an increase of £172k on last year.

Last year we were anticipating exiting and settling the outstanding liabilities to two Local Authority Pension schemes Norfolk and Surrey. The Norfolk pension was settled in year and the final liability for the Surrey pension was crystalized with our exit from the scheme in August 2022 and settled in April 2023. That liability of £561k is included on the balance sheet at the year end.

The resolution of our pension liabilities means that there is now less risk in the valuation of the liabilities at the year end and the reserves will be focused on delivery of our strategic plans described below.

## Our Future Plans

### Strategic Objectives

The organisation's strategic objectives have remained consistent throughout our strategic review process and continue to best articulate the overriding goals of the new strategic plan, its priorities and developments. These objectives are to continue to meet the children's needs with and through:

1. **Therapeutic effectiveness**; ensuring that we treat traumatised children safely and effectively through our clinically based residential, education, fostering and support services.
2. **Sustainable service growth**; creating new service capacity and expanding our clinical and management training to develop the next generation of service leaders.
3. **Developing external profile and influence**; develop our external influence and impact for traumatised children through research, conferences and clinical publications.

The organisation has developed a five year strategic plan. The strategic priorities have been categorised into three areas of organisational activity that best describe how the strategic plan has been developed. These areas are articulated as 'Our People', 'Our Services' and 'Our Future'. These three strategic areas contain within them five strategic priorities that contain a list of strategies, reviews, projects and business developments.

These strategic priorities are Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and, Business Development. Each one of these priorities is linked to a member of the Executive Team who is the strategic lead for each area. The Chief Executive is overseeing the strategic plan, particularly focusing on how the plan is engaged with internally by everyone within the organisation and communicated externally to all our stakeholders.

The plan is now one year through the five year plan and we are making good progress. The majority of the strategies and projects fall into the area we call 'Our Services' which is the focus on quality improvement to achieve a consistent level of quality and compliance throughout the charity and to prepare it for the new business developments identified in the plan.

## Risk and Uncertainties

Trustees have assessed the major risks to which the charity is exposed and believe that systems are in place to mitigate our exposure.

Major risks and the actions which are taken to mitigate these risks include:

### Statutory Regulation

All of our children's residential homes and Independent Special School are regulated by Ofsted. The charity employs a Director of Safeguarding and Compliance who works alongside the Responsible Individual and Registered Managers and Head Teacher of each of the services to ensure full compliance with the appropriate regulatory frameworks. Each of the residential homes have a monthly independent inspection to ensure compliance and where any requirements or recommendations are identified by the regulator, Ofsted at inspection a comprehensive action plan is formulated to ensure that all policies, systems and practices are improved immediately. This together with bi-annual 'quality of care' reports and an active working relationship with the regulator and each inspector ensure that the risk to our services is minimalised and managed to an acceptable level for the services that the charity provides.

All of our five homes and our school were all Ofsted rated 'Good' during the year.

### Safeguarding

A safeguarding risk exists wherever children are looked after. We have in place a system to detect and prevent safeguarding issues. This includes specific reports around restraints and regular reporting to trustees. We operate a Safeguarding Committee which reviews all incidents. We ensure all appropriate matters are reported to the Local Authority Designated Officer. Additionally, we use iST to encourage discussion of any concerns. We have an operational whistleblowing policy. We also meet the statutory requirements of Safer Recruitment that apply to children's homes.

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**Risk and Uncertainties** (continued)**Recruitment and retention of appropriate skilled staff**

We provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We employ clinical specialists in roles which do not require shift-work, for experienced and qualified staff therapeutic staff.

**Residential properties continue to meet the needs of the children and young people**

Refurbishment and regular maintenance programmes are in place. All our properties are fit for purpose, as therapeutic children's homes, schools or administrative offices.

## Structure, Governance and Management

**Governing document**

The Institute of Integrated Systemic Therapy is a private charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008.

To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

**Recruitment and appointment of Trustees**

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. Nominations are discussed by the Board and, if agreed, the nominees are formally invited to join the Board by the Chair. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

**Trustees' induction and training**

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

**Organisational structure**

The Articles provide for between five and fifteen Trustees; there are currently nine. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience.

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**Structure, Governance and Management** (continued)**Committee Membership****Finance**

George Viney (Chair), Sanjay Shah, Sebastian Lyon#

**Safeguarding**

Georgia Chataway (Chair) Sarah Scarratt, Vinod Diwakar

**School Governance**

Sarah Scarratt (Chair)

#external member

In addition, we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

**Management and core activities**

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Leadership Team led by the Chief Executive.

Our core activities are centred on the work of five residential therapeutic communities.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who have experienced severe emotional trauma.

The communities are:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 – 17. Education is provided at Greenfields School or onsite.

The work includes The Placement and Family Support service which provides therapeutic support for vulnerable children with emotional and behavioural difficulties, together with their families and carers.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work. For these, voluntary and grant funding is required.

**Remuneration Policy**

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees and the remuneration of the Chief Executive is set by the Chair.

## Our Approach to Fundraising

The basic operational expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover all the growth and development of the therapeutic work, the facilities required, and research and training, which are key to the quality and effectiveness of the therapeutic work.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. As noted earlier, we are developing the capacity to fundraise for capital projects, as well as to increase the proportion of funding raised from trust and voluntary sources. These initiatives will strengthen the sustainability of our mission and increase the number of children and families we can support.

Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable, are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participants or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound to adopt any regulatory scheme. However, the charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities; nor do we consider it necessary to design specific procedures to monitor this.

## Public Benefit

We review our aims and objectives regularly, looking both at the planned activities for the coming year and the progress against plans for the previous year. We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At each of our communities, places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

Due to the intensive and specialised nature of the work, the comparatively long treatment period for children who have experienced trauma and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small.

Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. Adolescents who are referred to our services must also personally ask to come and participate in the treatment programme.

As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on four decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions more widely on behalf of children and young people who have experienced trauma. This is a further way we believe the charity provides a public benefit.

## Statement of Responsibilities of the Trustees

### Trustees' responsibilities

The Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity 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 applicable Charities SORP;
- make judgements and accounting 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; 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate at close to 80% of our capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authority.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainties related to events or conditions that cast significant doubt upon the Charity and Group's ability to continue as a going concern.

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## Disclosure of Information to Auditors

All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board of Trustees



Dr Henrietta Hughes OBE  
**Chair**

12 December 2023

# Independent Auditor's Report

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2023 and of the Group's incoming resources and application of resources 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.

We have audited the financial statements of Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the consolidated and company balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Parent Charitable Company 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.

## Conclusions related 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 Group and the Parent Charitable Company'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. 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 themselves. 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.

## Other Companies Act 2006 reporting

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 and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or 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 by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

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

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

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

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:

### *Non-compliance with laws and regulations*

Based on our understanding of the Group and the sector in which it operates, discussion with management and those charged with governance and obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations we considered the significant laws and regulations to be the Companies Act 2006, the Charities Act 2011 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).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Employment Act 2002, Data Protection Act 2018, Bribery Act 2010, and Health and Safety legislation.

Our procedures in respect of the above included:

- enquiry with management and those charged with governance regarding any known or suspected non-compliance with laws and regulations;
- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of the serious incident report made to the Charity Commission;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and income recognition.

Our procedures in respect of the above included:

- we tested the appropriateness of journals meeting specific risk criteria;
- assessed the judgements and assumptions used in the production of the financial statements for indication of potential bias; and
- tested a sample of income assessing income recognition to confirm that this has been recognised in accordance with the Charities SORP 2019.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

DocuSigned by:

*Fiona Condron*

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Fiona Condron (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK

Date: **15 December 2023**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities

for the Year Ended 31 March 2023

	Notes	2023			2022 *As restated	
		Unrestricted £	Restricted £	Endowment £	Total £	Total £
<b>Income and endowments from</b>						
Donations and legacies		198,552	53,359	-	251,911	178,794
Charitable activities		9,691,572	-	-	9,691,572	9,371,361
Investments		37,190	-	-	37,190	31,959
Other		22,733	-	-	22,733	7,650
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>9,950,047</b>	<b>53,359</b>	<b>-</b>	<b>10,003,406</b>	<b>9,589,764</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>						
Raising funds		204,915	-	-	204,915	143,200
Charitable activities						
Therapeutic residential care		8,839,908	41,386	-	8,881,294	8,288,570
Fostering		171,903	-	-	171,903	194,695
Training		572,611	-	-	572,611	409,247
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>9,789,337</b>	<b>41,386</b>	<b>-</b>	<b>9,830,723</b>	<b>9,035,712</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains and (losses)		160,710	11,973	-	172,683	554,052
(Loss) / gain on Investments		(124,212)	-	-	(124,212)	192,155
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income</b>		<b>36,498</b>	<b>11,973</b>	<b>-</b>	<b>48,471</b>	<b>746,207</b>
Transfers between funds		-	-	-	-	-
Actuarial (loss) on defined benefit scheme	6	(114,000)	-	-	(114,000)	(62,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>(77,502)</b>	<b>11,973</b>	<b>-</b>	<b>(65,529)</b>	<b>684,207</b>
Total funds brought forward		<b>10,600,378</b>	<b>46,294</b>	<b>483,947</b>	<b>11,130,619</b>	<b>10,446,412</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>10,522,876</b>	<b>58,267</b>	<b>483,947</b>	<b>11,065,090</b>	<b>11,130,619</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2022 comparatives are shown in Note 18a.

The notes 1 - 19 form part of these financial statements.

\* Please see note 19 for prior period adjustment schedule.

## Consolidated and Company Balance Sheet

as at 31 March 2023

		Group 2023	Group 2022	Company 2023	Company 2022 *As restated
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	5,026,684	5,107,383	4,074,505	4,136,338
Investments	8	3,899,981	4,024,193	3,899,981	4,024,193
		<u>8,926,665</u>	<u>9,131,576</u>	<u>7,974,486</u>	<u>8,160,531</u>
<b>Current assets</b>					
Debtors	10	467,343	570,960	84,234	118,936
Cash at bank		2,920,360	2,511,620	2,830,883	2,442,174
		<u>3,387,703</u>	<u>3,082,580</u>	<u>2,915,117</u>	<u>2,561,110</u>
<b>Creditors:</b>					
Amounts falling due within one year	11	(1,249,278)	(600,537)	(5,316,286)	(4,045,556)
Net current assets/(liabilities)		<u>2,138,425</u>	<u>2,482,043</u>	<u>(2,401,169)</u>	<u>(1,484,446)</u>
<b>Total assets less current liabilities</b>		<u>11,065,090</u>	<u>11,613,619</u>	<u>5,573,317</u>	<u>6,676,085</u>
<b>Pension liability</b>					
	12	-	(483,000)	-	(483,000)
<b>Net assets</b>		<u>11,065,090</u>	<u>11,130,619</u>	<u>5,573,317</u>	<u>6,193,085</u>
<b>The funds of the charity</b>					
<b>Income funds</b>					
Unrestricted funds					
- General reserves		9,720,683	10,281,185	4,724,830	5,344,598
- Pension reserves		-	(483,000)	-	-
- Designated funds	14	802,193	802,193	802,193	802,193
Total unrestricted funds		<u>10,522,876</u>	<u>10,600,378</u>	<u>5,527,023</u>	<u>6,146,791</u>
Restricted funds	15	58,267	46,294	46,294	46,294
<b>Capital funds</b>					
Endowment funds	16	483,947	483,947	-	-
<b>Total charity funds</b>		<u>11,065,090</u>	<u>11,130,619</u>	<u>5,573,317</u>	<u>6,193,085</u>

\* Please see note 19 for prior period adjustments schedule.

The financial statements were approved and authorised for issue by the Trustees on 12 December 2023 and were signed on its behalf by



Dr Henrietta Hughes OBE  
Chair

The notes 1 to 19 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 March 2023

	Notes	2023 £	2022 *As restated £
<b>Cash flow from operating activities</b>			
Net (expenditure) / income for the reporting period		(65,529)	669,575
Depreciation		170,620	162,343
Losses / (gains) on investments	8	124,212	(208,481)
Decrease / (increase) in debtors	10	103,617	(64,637)
Increase / (decrease) in creditors	11	648,742	(162,759)
Actuarial (loss) / gain on defined benefit scheme	13	(483,000)	122,000
		<b>498,662</b>	<b>518,041</b>
<b>Cash flows from investing activities</b>			
(Purchase) of property, plant equipment	7	(89,922)	(17,795)
Dividends and interest from investments		-	14,632
Purchase of investments		-	(500,000)
		<b>(89,922)</b>	<b>(503,163)</b>
<b>Net cash (used in) financing activities</b>			
		<b>408,740</b>	<b>14,878</b>
<b>Change in cash in reporting period</b>			
		<b>2,511,620</b>	<b>2,496,742</b>
<b>Cash at beginning of year</b>			
		<b>2,920,360</b>	<b>2,511,620</b>
<b>Cash at end of year</b>			

### Analysis of changes in net debt

2023

	Cash Deposits £	Cash £	Total £
Balance at 1 April 2022	-	2,511,620	2,511,620
Cash flows	-	408,740	408,740
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>2,920,360</b>	<b>2,920,360</b>

The notes 1 to 19 form part of these financial statements.  
\* Please see note 19 for prior period adjustment schedule.

## Notes to the Financial Statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

#### a) Basis of preparation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the Trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Judgement and key sources of estimation uncertainty

The trustees are satisfied that there are no material judgements and estimates used in the production of the financial statements.

Basis for consolidation

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy and of its subsidiary undertakings, Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. The consolidated accounts also include the results and net assets of Princess Mary's Trust, of which Institute of Integrated Systemic Therapy is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Institute of Integrated Systemic Therapy's registered office.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,709k (2022: £1,727k). The result for the parent charitable company, including unrealised surpluses on investments and an actuarial deficit on the defined benefit pension scheme for the year was a £619k deficit (2022: £568k surplus).

#### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use, then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

#### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

#### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as to the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

#### e) Allocation of expenses:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- 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; and
- support costs are allocated on the basis of staff numbers.

#### f) Investments

Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.

**1 Accounting policies (continued)**

- g) Funds:
- Unrestricted funds  
These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.
  - Restricted income funds  
These represent income received which can only be expended for the purpose specified by the donor.
  - Permanent Endowment fund  
This represents assets donated which must be held as capital and cannot be converted to income.
- h) Pension costs
- a number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;
  - a number of employees belong to the Surrey County Council Pension Scheme or the Norfolk County Council Pension Fund, which are defined benefit pension schemes. These are treated in accordance with FRS 102;
  - the difference between the fair value of the assets held in the charitable company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charitable company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charitable company is able to recover the surplus either through reduced contributions in the future or through funds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance;
  - charges in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the charitable company are charged to the Statement of Financial Activities in accordance with FRS 102 'Retirement benefits'; and
  - employees who are not eligible to belong to the above schemes may belong to a group personal pension plan. The assets of this plan are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period.
  - By the end of the accounting year there were no staff employed who were in either the Surrey County Council Scheme or the Norfolk County Council Scheme.
- i) Financial instruments  
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- j) Cash and cash equivalents  
Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.
- k) Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate close to or above 80% of our current capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authorities.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- We retain adequate reserves to meet our reserves requirement.
- The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there are no material uncertainties related to events or conditions that cast significant doubt upon the Charity and Group's ability to continue as a going concern.

**2 Analysis of total expenditure**

Basis of allocation		Raising funds	Therapeutics Residential	Fostering	Training	2023 Total	2022 Total *As adjusted
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	85,077	6,031,337	190	346,736	6,463,340	5,998,309
FRS 102 pension adjustment	Direct	-	47,000	-	-	47,000	93,000
Consultancy	Direct	-	9,156	-	32,607	41,763	8,111
Travel	Direct	1,824	182,340	394	20,771	205,329	155,796
Office costs	Direct	-	245,738	13,774	10,819	270,331	186,666
Marketing	Direct	45,610	302	-	-	45,912	26,457
Premises	Direct	-	502,044	22,742	-	524,786	466,232
Household	Direct	-	104,147	-	-	104,147	129,973
Provisions	Direct	-	140,936	-	-	140,936	155,474
Education	Direct	-	255,217	-	-	255,217	325,593
Personal care	Direct	-	67,597	-	-	67,597	72,292
Social activities	Direct	75	251,008	-	-	251,083	177,225
Other	Direct	-	41,441	950	103	42,494	62,789
Depreciation	Direct	-	170,621	-	-	170,621	162,343
Finance charges	Direct	-	971	-	-	971	952
Insurance, legal, professional	Direct	4,685	186,116	8,719	47,252	246,772	181,459
Audit and accountancy	Direct	-	50,772	-	-	50,772	35,400
<b>Total</b>		<b>137,271</b>	<b>8,286,743</b>	<b>46,769</b>	<b>458,288</b>	<b>8,929,071</b>	<b>8,238,071</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	31,119	46,679	15,560	77,798	171,156	128,376
Finance and HR staff	Staff time	30,385	455,770	91,154	30,385	607,694	527,961
Other	Staff time	6,140	92,102	18,420	6,140	122,802	141,304
<b>Total</b>		<b>67,644</b>	<b>594,551</b>	<b>125,134</b>	<b>114,323</b>	<b>901,652</b>	<b>797,641</b>
<b>Total resources expended</b>		<b>204,915</b>	<b>8,881,294</b>	<b>171,903</b>	<b>572,611</b>	<b>9,830,723</b>	<b>9,035,712</b>

Further details on comparatives are shown in note 18b.

\* Please see note 19 for prior period adjustment table.

### 3 Net income

	2023 £	2022 £
Net income for the year is stated after charging:		
Auditor's remuneration: Group	50,772	35,400
Depreciation of tangible fixed assets	170,621	162,343
Rentals payable under operating leases:		
Land and buildings	115,425	150,814
Other	40,072	38,014
Trustees' professional indemnity insurance	2,580	2,240
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

The average number of persons employed by the group during the year was 188 (2022: 174). The aggregate payroll costs of these persons were as follows:

	2023 £	2022 £
Wages and salaries	5,821,177	5,375,406
Social security costs	568,634	454,742
Other pension costs	415,277	281,941
FRS 102 pension adjustment	-	93,000
	<u>          </u>	<u>          </u>
	<u>6,805,088</u>	<u>6,205,089</u>

Total Staff Costs in note 2 include the staff costs in Support Costs which together total £7,071,033 (2022: £6,525,270). These are different from the figures in this note by £265,945 (2022: £321,181) which are recruitment and life assurance costs not included in the table above.

Key management personnel comprise the seven individuals (2022: six). The total employment costs (including employer's National insurance contributions and pension) of the Senior Leadership Team for the year was £552,081 (2022: £531,746).

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2023	2022
£60,001 - £70,000	1	3
£70,001 - £80,000	4	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	2
£100,001 - £110,000	1	-

Pension payments for the above members of staff amounted to £32,910 (2022: £53,766). The combined remuneration of these staff was £519,171 (2022: £531,747). No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £194 (2022: £601).

### 5 Related party transactions

The Institute of Integrated Systemic Therapy (registered charity number 286909) is the sole member of Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It is also the sole Trustee of Princess Mary's Trust.

During the year the following transactions took place between the parent company and its subsidiaries.

	Princess Mary's Trust	Childhood First (South)	Childhood First (East Anglia)	Total
	£	£	£	£
<b>Charge to subsidiary</b>				
Management charge	-	479,157	340,822	819,979
Institute training	-	183,600	108,000	291,600
Rent	-	244,600	100,000	344,600
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	-	907,357	548,822	1,456,179
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Donations to subsidiary</b>	-	22,193	31,167	53,359
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Intercompany balances</b>				
<b>As at 31 March 2023</b>				
Owed to parent	21,073	-	-	21,073
Owed by parent	-	676,806	3,919,841	4,596,647
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 5 Related party transactions (continued)

At the balance sheet date Princess Mary's Trust owed £21,073 to the parent charity (2022: £21,073 owed to parent).

Entity information	Princess Mary's Trust	Childhood First (Midlands)	Childhood First (South)	Childhood First (East Anglia)
Company number	N/A	03187004	03547839	03706394
Charity number	229136	286909	286909	286909

## 6 Pensions

### (a) Surrey Pension Scheme

In August 2022 the departure from employment of the last member of the scheme triggered our planned exit from the Surrey Pension scheme. In April 2023 we were notified of a cessation value of £536k to clear all current and future liabilities to the scheme and that sum was settled in April 2023.

#### Assets

The market value of the scheme's assets and their current allocation are:

	2023 £	2022 £
Equities	-	3,682,600
Bonds	-	1,496,040
Property	-	460,320
Cash	-	115,080
Totals	-	5,754,040

	2023 £	2022 £
<b>Net pension assets and liabilities</b>		
Estimated employer assets	5,539,000	5,754,000
Present value of scheme liabilities	(6,075,000)	(6,237,000)
Net pension liability (included in other creditors as a current liability)	(536,000)	(483,000)

#### Changes in the fair value of plan assets, defined benefit obligation and net liability

	2023 £	2022 £
<b>Reconciliation of Funded liabilities</b>		
Opening position	-	6,612,000
Current service cost	-	41,000
Interest cost	-	126,000
Contributions by members	-	9,000
Benefits paid	-	(300,000)
Expected closing position	-	6,488,000
Re-measurements		
Changes to financial assumptions	-	(251,000)
Total re-measurements	-	(251,000)
Closing position	-	6,237,000

#### Reconciliation of fair value of employer assets

	2023 £	2022 £
Opening position	-	6,249,000
Interest income	-	120,000
Employer contributions	-	95,000
Contributions by members	-	9,000
Benefits paid	-	(300,000)
Expected closing position	-	6,173,000
Total re-measurements	-	(419,000)
Closing position	-	5,754,000

**6 Pensions** (continued)

<b>Analysis of amounts credited/(charged) to the statement of financial activities</b>	<b>2023</b>	<b>2022</b>
	£	£
Current service costs	-	(41,000)
Interest cost	-	(126,000)
Interest income	-	-
	-	(167,000)
Net (charge) to statement of financial activities:	-	(167,000)
Actual Return on assets	-	(419,000)
Actuarial gains arising on scheme liabilities	-	251,000
	-	(168,000)
Actuarial gains/(losses) charged to the statement of Financial Activities	-	(168,000)

**(a) Norfolk County Council Pension Fund**

At the start of the year there were no employees in the scheme and no deficit contribution. To complete the planned exit from the scheme a qualified independent actuary quantified the cessation sum at £35k and this was paid in full in July 2022. This compares to the actuarial deficit attributable to the group as at 31<sup>st</sup> March 2022 of £483k.

**6 Pensions** (continued)**Assets - solely Childhood First (East Anglia) Limited**

The market value of the scheme's assets and their current allocation are:

	2023	2022
	£	£
Equities	-	-
Bonds	-	1,455,360
Property	-	45,480
Cash	-	15,160
Totals	-	1,516,000
	<hr/>	<hr/>
	2023	2022
	£	£
<b>Net pension assets and liabilities</b>		
Estimated employer assets	-	1,516,000
Present value of scheme liabilities	-	(1,435,000)
	<hr/>	<hr/>
Total value of asset	-	81,000
	<hr/>	<hr/>
Net pension asset	-	81,000
	<hr/>	<hr/>
<b>Changes in the fair value of plan assets, defined benefit obligation and net liability: Reconciliation of funded liabilities</b>		
Opening position	-	1,467,000
Current service cost	-	47,000
Interest cost	-	30,000
Contributions by members	-	10,000
Benefits paid	-	(36,000)
	<hr/>	<hr/>
Expected closing position	-	1,518,000
	<hr/>	<hr/>
Re-measurements	-	(81,000)
Changes to financial assumptions	-	(6,000)
Other experience	-	4,000
	<hr/>	<hr/>
Total re-measurements	-	(83,000)
	<hr/>	<hr/>
Closing position	-	1,435,000
	<hr/>	<hr/>
<b>Reconciliation of fair value of employer assets</b>		
Opening position	-	1,469,000
Interest income	-	47,000
Employer contributions	-	21,000
Contributions by members	-	10,000
Benefits paid	-	(36,000)
	<hr/>	<hr/>
Expected closing position	-	1,511,000
	<hr/>	<hr/>
Return on assets	-	23,000
	<hr/>	<hr/>
Total re-measurements	-	23,000
Closing position	-	1,516,000
	<hr/>	<hr/>

## 6 Pensions (continued)

<b>Analysis of amounts (charged)/credited to the statement of financial Activities</b>	<b>2023</b>	<b>2022</b>
	£	£
Current service costs	-	(47,000)
Interest cost	-	(30,000)
Interest income	-	29,000
	<hr/>	<hr/>
Net (charge) to statement of financial activities:	-	(48,000)
	<hr/>	<hr/>
Actuarial gain arising on scheme liabilities	-	106,000
	<hr/>	<hr/>
Actuarial gain charged to the statement of Financial Activities	-	106,000
	<hr/>	<hr/>

### (c) Combined summary information for Surrey and Norfolk County Council Pension Funds

The table below provides details of the movement in the deficit during the year for both defined benefit pension schemes on a combined basis:

	<b>2023</b>	<b>2022</b>
	£	£
Current service costs	-	(88,000)
Past service	-	-
Interest cost	-	(156,000)
Interest income	-	29,000
	<hr/>	<hr/>
Net (charge) to statement of financial activities (note 2)	-	(215,000)
	<hr/>	<hr/>
Re-measurements		
Return on assets	-	(396,000)
Actuarial liabilities	-	(357,000)
	<hr/>	<hr/>
Actuarial (loss) charged to statement of financial activities	-	(753,000)
	<hr/>	<hr/>
<b>Decrease in liability in the year</b>	-	176,000
<b>(Deficit) in schemes at beginning of the year</b>	-	(361,000)
	<hr/>	<hr/>
<b>(Deficit) in schemes at end of year</b>	-	(185,000)
	<hr/>	<hr/>

### (d) Teacher's Pension Scheme

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

The last valuation of the TPS was as at 31 March 2012. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176 billion and the scheme had aggregate liabilities of £191 billion, leaving a deficit of £15 billion. The valuation determined the contribution rates on the basis of a fifteen year recovery timeframe for this deficit.

From 2015 the total scheme contribution was determined to be 26% with employee contributions of 9.6% and employer contributions of 16.4%. Of the employer contributions, 10.8% were normal contributions and 5.8% was identified to cover past service deficits.

Total pension costs during the year were £50,803 (2022 - £43,901). There were outstanding contributions of £11,950 due at the end of the financial year (2022 - £5,713).

### (e) Group Personal Pension Plan

A Group Personal Pension Plan exists for employees which is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £268,892 (2022 - £253,931). There were outstanding contributions of £44,122 due at the end of the financial year (2022 - £36,698).

**7 Tangible fixed assets**

<b>Group</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Motor vehicles</b> £	<b>Total</b> £
<b>Cost</b>				
At 1 April 2022	5,534,579	377,812	210,530	6,122,921
Additions	-	18,442	71,479	89,921
Disposals	-	-	(50,405)	(50,405)
At 31 March 2023	5,534,579	396,254	231,604	6,162,437
<b>Depreciation</b>				
At 1 April 2022	546,468	282,912	186,158	1,015,538
Charge for year	101,510	39,880	29,230	170,620
Disposals	-	-	(50,405)	(50,405)
At 31 March 2023	647,978	322,792	164,983	1,135,753
<b>Net book value</b>				
<b>At 31 March 2023</b>	<b>4,886,601</b>	<b>73,462</b>	<b>66,621</b>	<b>5,026,684</b>
At 31 March 2022	4,988,111	94,900	24,372	5,107,383

<b>Company</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 April 2022	4,507,287	92,910	4,600,197
Additions	-	-	-
At 31 March 2023	4,507,287	92,910	4,600,197
<b>Depreciation</b>			
At 1 April 2022	379,191	84,668	463,859
Charge for year	55,579	6,254	61,833
At 31 March 2023	434,770	90,922	525,692
<b>Net book value</b>			
<b>At 31 March 2023</b>	<b>4,072,517</b>	<b>1,988</b>	<b>4,074,505</b>
At 31 March 2022	4,128,096	8,242	4,136,338

## 8 Fixed asset investments

### a) Group and Company

	2023			2022
	Cash funds	Investment funds	Total	Total
	£	£	£	£
Balance at 1 April	469,150	3,555,043	4,024,193	3,315,711
Additions	-	-	-	516,238
Disposals	-	-	-	-
Loss / (gain) on revaluation	34,998	(159,210)	(124,212)	192,154
<b>Market value at 31 March</b>	<b>504,148</b>	<b>3,595,833</b>	<b>3,899,981</b>	<b>4,024,193</b>

The cash deposits are managed by Cazenove Capital Management Limited and the investment funds are invested in CF Ruffer Total Return Fund, McInroy Balanced Fund and CG Portfolio Funds.

### b) Subsidiary undertakings

The principal undertakings which have been included in the consolidated financial statements are as follows:

<i>Subsidiary Undertaking</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of business</i>
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (Midlands) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

#### Subsidiary summary results:

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	5,009,586	-	4,748,694	-
Expenditure	5,157,940	-	4,039,400	(6,700)
Loss / (surplus) for the year	(148,354)	-	709,294	(6,700)
Reserves brought forward	904,613	-	3,465,896	567,023
Reserves carried forward	756,259	-	4,175,190	560,323
Net Assets	756,259	-	4,175,190	560,323

## 9 Unapplied total return

At both 1 April 2022 and 31 March 2023 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

**10 Debtors – due within one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	398,382	407,789	-	19,491
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	63,161	78,371	63,160	78,371
Other debtors	5,800	84,800	-	-
	<u>467,343</u>	<u>570,960</u>	<u>84,234</u>	<u>118,936</u>

**11 Creditors: amounts falling due within one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts owed to group undertakings	-	-	4,596,648	3,883,709
Trade creditors	304,122	217,818	55,081	33,181
Other creditors	645,296	122,531	575,052	43,294
Taxation and social security	141,917	129,728	34,942	33,130
Accruals and deferred income	157,943	130,460	54,563	52,242
	<u>1,249,278</u>	<u>600,537</u>	<u>5,316,286</u>	<u>4,045,556</u>

Amounts owed to group undertakings are repayable on demand.

**12 Pension liability**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Pension costs</b>				
Balance brought forward	-	361,000	-	363,000
Increase in FRS102 pension liability during the year - see note 6(c)	-	122,000	-	120,000
	<u>-</u>	<u>483,000</u>	<u>-</u>	<u>483,000</u>
<b>Balance carried forward</b>	<u>-</u>	<u>483,000</u>	<u>-</u>	<u>483,000</u>

**13 Restricted income funds**

The Group's restricted funds consist of the following material funds:

	Balance at 1 April 2022 £	Income for the year £	Expenditure for the year £	Balance at 31 March 2023 £
General projects	46,294	53,359	(41,386)	58,267
<b>Total</b>	<u>46,294</u>	<u>53,359</u>	<u>(41,386)</u>	<u>58,267</u>

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 18c.

## 14 Designated funds

Designated funds, within unrestricted funds, represent fixed property assets which are not part of the permanent endowment fund, specifically Earthsea House, Greenfields School and part of Greenfields House.

	Group £	Company £
Balance at 1 April 2022	802,193	802,193
<b>Balance at 31 March 2023</b>	<b>802,193</b>	<b>802,193</b>

## 15 Endowment Funds

	Group £
Balance at 1 April 2022	483,947
<b>Balance at 31 March 2023</b>	<b>483,947</b>

IIST, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by property held for the use of the charity. In 2006 the Charity Commission for England and Wales granted an order under section 26 of the Charities Act 1993 enabling IIST to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

The endowment balance relates to Greenfields House. As the property currently held within the permanent endowment by the Princess Mary's Trust is held as functional property there is no income being generated by permanent endowment. There is therefore no unapplied total return to be allocated between capital and income.

## 16 Commitments

Total commitments under non-cancellable operating leases at 31 March 2023 were as follows:

	2023 £	2022 £
Equipment leases	76,972	38,014
Property leases	224,100	260,399
Total	301,072	298,413

Property leases relate to London office (break April 2024), Merrywood House (expires September 2025) and Sittingbourne office (expires May 2028). Total property lease payments recognised as an expense in the year are £115,425 (2022: £150,814) is due within 1 year, £106,800 (2022: £147,600) is due between 2 to 5 years and £1,875 (2022: £nil) is due in more than 5 years.

## 17 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total Funds £
Funds balances at 31 <sup>st</sup> March 2023 are represented by:				
Tangible fixed assets	4,542,737	-	483,947	5,026,684
Investments	3,899,981	-	-	3,899,981
Current assets	3,329,436	58,267	-	3,387,703
Current liabilities	(1,249,278)	-	-	(1,249,278)
<b>Total net assets</b>	<b>10,522,876</b>	<b>58,267</b>	<b>483,947</b>	<b>11,065,090</b>

The permanent endowment fund represents some of the assets of Princess Mary's Trust. See note 18d for comparatives.

**18 Comparative information relating to 2022**

## a) Consolidated statement of Financial activities

2022

	Notes	Unrestricted £	Restricted £	Endowment £	Total £
<b>Income and endowments from</b>					
Donations and legacies		104,161	74,633	-	178,794
Charitable activities		9,371,361	-	-	9,371,361
Investments		31,959	-	-	31,959
Other		7,650	-	-	7,650
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>9,515,131</b>	<b>74,633</b>	<b>-</b>	<b>9,589,764</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>					
Raising funds		143,200	-	-	143,200
Charitable activities					
Therapeutic residential care		8,244,467	44,103	-	8,288,570
Fostering		194,695	-	-	194,695
Training		409,247	-	-	409,247
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>8,991,609</b>	<b>44,103</b>	<b>-</b>	<b>9,035,712</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains		523,522	30,530	-	554,082
Gains on Investments		192,155	-	-	192,155
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income</b>		<b>715,677</b>	<b>30,530</b>	<b>-</b>	<b>746,207</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Transfers between funds		471,200	(471,200)	-	-
Actuarial gains on defined benefit schemes	6	(62,000)	-	-	(62,000)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>1,124,877</b>	<b>(440,670)</b>	<b>-</b>	<b>684,207</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total funds brought forward		9,475,501	486,964	483,947	10,446,412
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>10,600,378</b>	<b>46,294</b>	<b>483,947</b>	<b>11,130,619</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**18 Comparative information relating to 2022** (continued)

**b) Analysis of total expenditure**

Basis of allocation		Raising funds	Therapeutics Residential care	Fostering	Training	2022 Total *As Adjusted	2021 Total
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	48,676	5,613,621	38,434	297,579	5,998,310	5,881,222
FRS 102 pension adjustment	Direct	-	93,000	-	-	93,000	122,000
Consultancy	Direct	-	8,111	-	-	8,111	58,383
Travel	Direct	934	145,774	1,151	7,937	155,796	109,030
Office costs	Direct	-	175,850	114	10,702	186,666	243,405
Marketing	Direct	26,457	-	-	-	26,457	(1,435)
Premises	Direct	-	442,634	23,598	-	466,232	353,260
Household	Direct	-	129,973	-	-	129,973	119,510
Provisions	Direct	-	155,474	-	-	155,474	147,825
Education	Direct	-	325,593	-	-	325,593	310,266
Personal care	Direct	-	72,292	-	-	72,292	70,020
Social activities	Direct	-	177,225	-	-	177,225	128,032
Other	Direct	-	40,458	5,556	16,774	62,789	86,050
Depreciation	Direct	-	162,343	-	-	162,343	174,243
Finance charges	Direct	-	952	-	-	952	653
Insurance, legal, professional	Direct	5,142	165,128	11,189	-	181,459	155,175
Audit and accountancy	Direct	-	35,400	-	-	35,400	23,871
<b>Total</b>		<b>81,209</b>	<b>7,743,828</b>	<b>80,042</b>	<b>332,992</b>	<b>8,238,071</b>	<b>7,981,510</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	28,528	42,792	14,264	42,792	128,376	88,634
Finance and HR staff	Staff time	26,398	395,971	79,194	26,398	527,961	490,283
Other	Staff time	7,065	105,979	21,195	7,065	141,304	118,785
<b>Total</b>		<b>61,991</b>	<b>544,742</b>	<b>114,653</b>	<b>76,255</b>	<b>797,641</b>	<b>697,702</b>
<b>Total expenditure</b>		<b>143,200</b>	<b>8,288,570</b>	<b>194,695</b>	<b>409,247</b>	<b>9,035,712</b>	<b>8,679,212</b>

**18 Comparative information relating to 2022** (continued)

**c) Restricted funds**

	Balance at 1 April 2021	Income for the year	Expenditure for the year	Transfer to Unrestricted	Balance at 31 March 2022
	£	£	£	£	£
Other projects	486,964	74,633	(44,103)	(471,200)	46,294
<b>Total</b>	<b>486,964</b>	<b>74,633</b>	<b>(44,103)</b>	<b>(471,200)</b>	<b>46,294</b>

**d) Analysis of assets between funds**

Group	Unrestricted funds	Restricted Income funds	Permanent Endowment fund	Total Funds
	£	£	£	£
Fund balances at 31 March 2022 are represented by:				
Tangible fixed assets	4,623,436	-	483,947	5,107,383
Investments	4,024,193	-	-	4,024,193
Current assets	3,036,286	46,294	-	3,082,580
Current liabilities	(600,537)	-	-	(600,537)
Pension liability	(483,000)	-	-	(483,000)
<b>Total net assets</b>	<b>10,600,378</b>	<b>46,294</b>	<b>483,947</b>	<b>11,130,619</b>

**19 Prior period adjustment**

In preparing the financial statement for the year ended 31 March 2023, it was noted that two adjustments, relating to the actuarial loss on the pension scheme, and transfer between funds, were not appropriately treated in the prior year. This note elucidates the nature of these adjustments, their impact on the prior period financial statements, and the subsequent modifications made to achieve correct the comparative numbers.

Group	Previously Reported 2022 £	Adjustment 2022 £	Restated 2022 £
Consolidated statement of financial activities			
Actuarial loss on defined benefit pension scheme	(230,000)	168,000	(62,000)
Consolidated cash flow statement			
Actuarial loss on defined benefit scheme	290,000	(168,000)	122,000
Net (expenditure) / income for the reporting period	501,575	168,000	669,575
<b>Company</b>			
Company balance sheet			
Unrestricted funds - General reserves	4,873,400	471,200	5,344,600
Restricted funds	517,494	(471,200)	46,294

The table above contains the prior period adjustments to the actuarial loss on the defined benefit pension scheme, as shown in the consolidated accounts which was overstated by £168,000.

In addition, the company unrestricted reserves of £4,873,400 were understated by £471,200 as there were unrestricted reserves incorrectly classified as restricted reserves.

## Reference and Administrative Detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	210 Borough High Street, London SE1 1JX

### Board of Trustees:

The Trustees (directors of the company) during the year (and since the year-end) were:

Dr Henrietta Hughes OBE (Chair)  
Mr Jeremy Brier  
Ms Georgia Chataway  
Dr Vinod Diwakar  
Mr Matthew Fletcher – resigned 23 September 2023  
Mr John Harrison – resigned 13 June 2023  
Mr Scott Murdoch – resigned 20 September 2023  
Mrs Patricia Phillips  
Mrs Sarah Scarratt  
Mr Sanjay Shah  
Mr Robert Shipton – resigned 1 April 2023  
Mr George Viney

### Chief Executive

Gary Yexley

### Company Secretary

Michael Joseph

### Senior Leadership Team

Gary Yexley (Chief Executive)  
Michael Joseph (Finance & Corporate Services Director)  
Lace Jackson (Clinical Director)  
Dan Lansley (Business Development Director)  
Robyn Bartram (Residential Services Director)  
Laura Park (Safeguarding and Compliance Director) – resigned 4 August 2023

The senior leadership team were all in post at 12 December 2023 except as detailed above

### Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS.

**INSTITUTE OF INTEGRATED SYSTEMIC THERAPY**

England & Wales - Charity number 286909

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# Accounts

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**Annual Report and Accounts**

**For the year ended 31 March 2022**

**Institute of Integrated Systemic Therapy**

Company number: 01708301

Charity number: 286909

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# Our Vision, Mission and Aims

## Our Vision

To be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

## Our Mission

To transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others and fulfil their potential.

## Our Aims

Our aim is to continue to evolve and grow our mission, and to further develop our therapeutic approach, to better meet the needs of our beneficiaries and to maintain long-term sustainability.

We aim to continue to develop our clinical capabilities and positioning to meet the needs of the most traumatised children and young people, whose needs can be met by very few providers.

We aim to continue to demonstrate a unique capacity to create and sustain a group of therapeutic communities for traumatised children and young people. We therefore recognise an obligation to grow our provision and extend its scope to deal with unmet needs. We plan to play our part in better meeting the needs of seriously traumatised children and young people by:

- a) increasing the capacity and number of residential placements and special school places that we provide;
- b) influencing relevant national policies on behalf of children and young people who suffer serious emotional and psychological disturbance as a result of their life experience;
- c) expanding our psychotherapeutic training programmes and extending our capacity and reputation for clinical excellence; and
- d) raising development funding by undertaking targeted appeals for capital developments.

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned. Since then, several therapeutic communities and schools have been created and outreach work of various kinds has been undertaken to meet the needs of the day.

## Integrated Systemic Therapy

This unique psychotherapeutic approach was developed over 40 years. It aims to heal serious emotional and behavioural trauma, transforming young lives.

iST is rooted in therapeutic tradition and accredited by the UKCP (United Kingdom Council for Psychotherapy). All our staff are fully trained, assuring all children receive 24/7 therapeutic care.

iST provides unconditional presence to behaviours caused by extreme distress, within a safe family environment. Children learn to safely process emotion and relate to others. The aim is a return to mainstream or foster family life.

## The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

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## Chair's Introduction

Welcome to our 2021/22 annual report. I am delighted to have the opportunity to introduce myself as the new Chair of Trustees for the Institute of Integrated Systemic Therapy.

Following my election on 14<sup>th</sup> September 2021, I, together with the new Chief Executive, Gary Yexley have worked to guide the charity through, what can only be described as a period of significant organisational change. As well as a new Chair of Trustees and CEO, the charity has also welcomed a new generation of executive officers covering the roles of finance, business development, training, operations and safeguarding, whilst also welcoming some new and valuable trustees to the board.

Like many other charities and organisations, we have this year adapted to life after the Covid-19 pandemic, and I remain impressed with the adaptability, agility and resourcefulness of our staff who have remained so committed to the care of the children. Thank you for all your hard work.

In our continuing efforts to support traumatised children and young people, in August 2021 we opened a new therapeutic community home in Kent, Oakwood House. This new, initially four bedded home for young people aged 11-17 years old continues our commitment to providing first class care, education and treatment to children and young people suffering from early childhood trauma.

As chair, I am committed to ensuring that all of our services provide the highest level of safeguarding and as such have welcomed the completion of a full organisational safeguarding review. Following the review, the charity will be implementing a number of recommendations, including an audit of safeguarding training needs across the organisation to ensure that our safeguarding processes and training goes beyond the statutory minimum.

As well as reviewing our safeguarding processes, we have also re-committed to ensuring that our organisation has the support and processes in place so that children, young people and staff can 'speak up' with any concerns, that they will be listened to, believed, and that the right actions will be taken.

Our homes including our new home, Oakwood House have continued to demonstrate a high level of compliance with our statutory requirements with four out of our five homes and our school receiving Ofsted inspection ratings of 'Good' or 'Outstanding'. In May 2021, our remaining home received a rating of 'Requires Improvement to be Good' and subsequently an interim rating of 'Improved Effectiveness' in January 2022. This, before returning to a rating of 'Good' in May 2022, following a full Ofsted inspection.

Our Graduation took place this year in July 2021 and again celebrated the achievements of all of our staff and trainees who, even despite the added difficulties throughout the pandemic were able to complete their studies and achieve their UKCP accredited psychotherapy qualifications.

As we look forward to the coming year, the charity is beginning to explore its plans for the future. This will include consulting with our staff and other stakeholders to ensure that the services we provide for children and young people remain at the leading edge of innovation and expertise. We will be engaging in a variety of events and initiatives to canvas views on the services we provide with the intention of developing a new five to ten-year strategic plan by the end of 2022.

Once again, thank you for taking the time to read our annual report and I look forward to updating you again on our progress next year.



Dr Henrietta Hughes OBE  
Chair of Trustees

# Trustees' Report

## Our Achievements and performance

We are here to help severely traumatised children. We provide specialist 24/7 treatment for complex psychological, emotional and behavioural issues.

We do this in the following ways:

- a) Delivering therapeutic effectiveness.
- b) Sustaining service growth.
- c) Applying our external profile and influence.

We are reporting our achievements for 2021/22 against these below.

### Delivering therapeutic effectiveness

As our organisation began to emerge out of the Covid-19 pandemic, we like the children's social care sector were adjusting to how the last year had impacted on the demand for our therapeutic services.

The delay in children and young people being able to move on during the pandemic created a year in which a higher number of placements ended and began. This placement 'churn' resulted in a high than usual number of new arrivals and leavers which required us to demonstrate our expertise in admitting and preparing children and young people for the next step on their life journey.

#### **Our aims for 2021/22 were to:**

Treat troubled children safely and effectively in iST-based residential, foster care and related services.

#### **What we achieved in 2021/22**

Despite the ongoing challenges of the pandemic, we purchased, registered and opened a new home in Kent, Oakwood House. This initial four bedded home for 11 to 18 year olds enabled us to continue our commitment to delivering and developing another high quality therapeutic service. This new service received a 'Good' rating at its first Ofsted inspection during the year.

As a result of this new development, the capacity of our homes now allows us to accommodate 41 children and young people covering the age range from 5 to 18 years old. We set a target to average 33.80 placements or 82% of capacity and averaged 32.8 placements which was 84% of the increased capacity with three of our homes on average more than 88% full.

All of our homes with the exception of one was rated either 'Outstanding' or 'Good' by the regulator Ofsted. The Gables House in Kent received a downgraded inspection rating of 'Requires Improvement to be Good' in May 2021. This rating reflected the impact of the development of the new home in Kent, which unexpectedly led to an unforeseen change in leadership within the region. The consequences of this disruption were anticipated within the budgeting and placement targets that were set for the home for this financial year. This prudent approach allowed for a new leadership team to be created and improvement of the Ofsted rating within the financial year and subsequently to be restored to 'Good' in May 2022.

We had already planned to pause our fostering service because of the pandemic which made expansion difficult. The aim in the year was a controlled wind down. This was achieved; the last child left in November 2020 and the remaining staff were redeployed within the charity. Following a further review of our therapeutic services, a decision was made to cancel the registration of our fostering agency in favour of a new approach of developing a partnership model for children to move into a foster family setting. This year was spent exploring this new model with more details to be explored as part of the organisations five-year strategic plan which will be developed during 2022/23.

## Sustaining service growth

### Our aims for 2021/22 were to:

- a) Develop new placement capacity.
- b) Develop new Institute services – through providing therapeutic training; clinical supervision and consultation; membership services.
- c) Grow voluntary and trust-funded development income.
- d) Recruit, train and develop iST staff and carers.
- e) Develop the next generation of service and Institute leaders.

### What we achieved in 2021/22

On 23<sup>rd</sup> August 2021 we opened a new therapeutic home, Oakwood House in Kent, catering for children aged 11 –18 years. This followed the successful recruitment of the additional staff required and have the creation of the necessary staff clinical structure and culture to accommodate and meet the children and young people's needs. After receiving the full registration from the regulator, Ofsted, the home opened by accommodating two young people from our younger age home nearby.

Our internal training continues to thrive. We have 90 students currently training from the Foundation course to Masters. Our third graduation ceremony was held in July 2021 having been deferred from November due to the pandemic. As usual it was held at Southwark Cathedral. As with the first such event, it was a celebration of the dedication of the many staff who had worked so hard to progress in their therapeutic knowledge and skills. In total, 26 students graduated from the training. One student completed a full Masters in iST. Three of these qualified at Masters level as iST Child Psychotherapists.

The fundraising forecast for the year to March 31st 2022 was revised down to reflect a scaled-down fundraising team (a single fundraiser) and the slow recovery of the fundraising market post-Covid. Whilst the majority of fundraising income (52%) was once again received from trusts, we began to see growth in other income streams. Despite charities struggling to recruit challenge event participants due to uncertainties around whether or not events would go ahead, the London Marathon took place in October 2021 and we did secure a team of 15 runners. We held our first ever online, matched funding fundraising campaign in December which was a great success and we also raised funds through sponsorship and ticket sales for an event scheduled for the summer of 2022. Fundraising income for the year totaled £179k which is an achievement given the challenging climate.

We are investing in the recruitment of an additional fundraiser in order to grow fundraising income to support the charity's planned strategic developments.

We would like to express our immense gratitude to all of our generous benefactors, with special thanks to:

29th May 1961 Charitable Trust  
Henry Oldfield Charitable Trust  
Latham & Watkins LLP  
Marc Harris  
Paul Basham Charitable Trust  
Philip Rackham Charitable Trust  
Richard Pollock Charitable Trust  
Tanya Scott-Adie  
The Big Give Trust  
The Clover Trust  
The Colyer-Fergusson Charitable Trust  
The Elizabeth and Prince Zaiger Charitable Trust  
The HASH Foundation  
The Inverforth Charitable Trust  
The Joseph & Lena Randall Charitable Trust  
The Monica Rabagliati Charitable Trust  
The Paget Charitable Trust  
The Taylor Family Foundation  
The Tompkins Foundation  
Timothy & Christine Youngman

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## Applying our external profile and influence

### Our aims for 2021/22 were to:

- a) Develop new placement capacity - sustainable therapeutic residential and foster care placements.
- b) Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
- c) Grow voluntary and trust-funded development income.
- d) Recruit, train and develop iST and iTF therapeutic staff and carers.
- e) Develop the next generation of service and Institute leaders.
- f) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.
- g) Develop clinical influence through research, conference attendance and clinical papers

### What we achieved in 2021/22

We successfully implemented the new work-based accredited learning over the 21/22 academic calendar. Reflexive improvements were made to the quality of tutor feedback and support for students to achieve not only academic success but improvements in their clinical practice. Recruitment of Course Tutors assigned to communities resulted in twenty-six students graduating across the various modules in 2021. One member of staff achieved their UKCP Child Psychotherapeutic Counsellor Status and a further member of staff achieved their MA in Integrated Systemic Therapy.

Work continues to fully implement a blended learning environment which has involved all module programmes being transferred onto the iST learning hub (VLE) allowing all students and staff trainees to access learning material and course content remotely and at any time. Increased cross organisational learning has led to increased identification of the need for consistent practice and ongoing work to achieve this.

The initial scoping and delivery of a leader and manager's essential induction was successfully implemented allowing forty-one out of forty-two leaders and managers to engage in the two-day course. Tangible results are being evidenced in the way senior leaders have been able to contribute to strategic planning events and improved management practice.

The delivery of an education foundation workbook has enabled increased engagement of education-based staff in the iST framework and greater understanding of group dynamics. Initial relationship building with Caspari a therapeutic education provider is beginning in order to scope the development of a qualification's pathway for education psychotherapists. This remains interdependent on future developments of the education strategy.

We have continued to extend our external reach by publishing a second paper 'The complexities and benefits of placement and family support work in children's residential care', in The Scottish Journal of Residential Child Care. We also have a third paper, pending publication 'An investigation into exploring the understanding and management of self-harm in children in a therapeutic community in order to inform the development of practice'. Several workshops in relation to the findings of this research has been delivered to staff and learning has been added to the Child Mental Health Module to enhance staff training in this area.

One PhD research project 'Contact visits for looked after children: the views of children, parents, and professionals' has been completed by an external student supported by the Research, training and clinical practice team. This has been shared with the organisation and work continues to disseminate the findings across the organisation.

A further five student led research projects received ethical approval during 2021.

## Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the two subsidiaries: Childhood First (South) which contains Greenfields House, The Gables House in Kent and Oakwood House, Childhood First (East Anglia) which contains Earthsea House and Merrywood House, The accounts also include two dormant companies Princess Mary's Trust and Childhood First (Midlands).

### Fee income summary

	2021/22	2020/21	Change
	£'000	£'000	£'000
East Anglia	4,801	4,392	409
Kent	4,587	4,893	(306)
Residential	9,388	9,285	103
Other incl. pension	202	96	106
Total	9,590	9,381	209

Residential fee income is up by £103k on 2020/21. Average placements declined slightly from 33.7 to 32.75 though we were able to sustain income levels by modest price rises. We achieved growth in East Anglia and a decline in Kent during the period of transition from adding an additional home in Kent. In this way we increased our capacity by 11% but as a result our occupancy rate went from 91% to 84%.

During the year we wound down our activity in fostering and all activity ceased in January 2021. We still made a net surplus of 6.9% but this was down on the previous year as a result of our investment in the new home in Kent.

### Net surplus

	2021/22	2020/21	Change
	£'000	£'000	£'000
East Anglia	1,237	691	546
Kent	(497)	479	(976)
Residential	740	1,170	(430)
Other incl. pension	72	124	(52)
Total	812	1,294	(482)

Central surpluses are a combination of fundraising results, investment returns and movements in the valuation of the pension. Our approach to investments has been to seek to protect capital values in a difficult market. We have broadly achieved this outcome but with a resulting lower return than in 2021 £192k against £366k in 2021.

Fundraising income was broadly unchanged from 2021 which is a good outcome given the challenges of fundraising during a pandemic.

### Total costs

Overall costs have grown by £351 (4%) during the year. Staff costs have risen by £121k and non-staff costs have increased by £230k. The opening of a new community in Kent explains the majority of both increases. Also of note is the recovery of travel costs as we come out of the pandemic and we expect costs to increase in 2022-23 in relation to both salaries and other costs that may have stayed low during the pandemic.

### Fixed assets

There were only minor investments in vehicles in the year. We were able to add £500k to our managed investment portfolio.

### Debtors and Creditors

Debtors increased by £65k (13%). Trade creditors reduced by £163k (21%) and represent around six weeks of purchases.

## Cash position

The cash position has remained steady in the year.

## Provision for liabilities and charges

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though these schemes were replaced with defined contribution schemes some years ago for all new employees. The poor performance of these Local Authority Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £651k. We are anticipating exiting these schemes and settling the liabilities in the course of 2022-23. Details of these schemes are included in the notes to the accounts.

## Investments

The charity investment policy is to maintain an investment portfolio which combines the best long term total financial return with a relatively low risk. In order to achieve this objective, the investment portfolio should be invested in managed investment funds with the following guidelines:

- The investments should be divided between at least two different managed funds.
- The managed funds will have an aim of making total returns rather than income generation.

The prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested.

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £4,024k; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £174k.

## Financial reserves

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of reserves to support its activities, taking into account the risks to which it is exposed. The charity holds reserves in the form of designated funds that are earmarked by the trustees to represent fixed and other assets which cannot be readily converted into cash. In addition, the charity holds unrestricted funds for the following reasons:

1. to provide working capital to manage fluctuations in its cash flow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;
4. to provide funds for growth; and
5. to provide for the strategic improvement in the quality of our service quality.

Based on the accounts, total reserves are £10,963k. Excluding fixed assets of £5,107k, restricted funds of 46k, and endowment of £484k the unrestricted reserves or reserves that are 'free' amount to available amount to £5,325k.

We anticipate settling the Surrey pension in the next six months and have been given an indicative cost of doing so of £1.5m (this is despite the valuation at 31<sup>st</sup> March of £651k. The reserves that are therefore free to cover operational risk, strategic development and expansion of service provision are £3,825k.

## Our Future Plans

### Strategic Objectives

The organisation's strategic objectives have remained consistent throughout our strategic review process and continue to best articulate the overriding goals of the new strategic plan, its priorities and developments. These objectives are to continue to meet the children's needs with and through:

## Our Future Plans (continued)

### Strategic objectives (continued)

1. **Therapeutic effectiveness**; ensuring that we treat traumatised children safely and effectively through our clinically based residential, education, fostering and support services.
2. **Sustainable service growth**; creating new service capacity and expanding our clinical and management training to develop the next generation of service leaders.
3. **Developing external profile and influence**; develop our external influence and impact for traumatised children through research, conferences and clinical publications.

### Strategic Priorities

The organisation's strategic priorities have been categorised into three areas of organisational activity that best describe how the strategic plan has been developed. These areas are articulated as **Our People, Our Services** and **Our Future**. These three strategic areas contain within them five strategic priorities that contain a list of strategies, reviews, projects and business developments.

These strategic priorities are Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and, Business Development. Each one of these priorities is linked to a member of the Executive Team who is the strategic lead for each area. The Chief Executive will oversee the strategic plan, particularly focussing on how the plan is engaged with internally by everyone within the organisation and communicated externally to all our stakeholders.

The Chief Executive and Executive Team estimate that each of the above strategies, reviews, projects and business developments are necessary to equip and develop the charity over the next five years. The majority of these projects fall into the '**Our Services**' strategic area. This is felt to be appropriate in order for the organisation to achieve a consistent level of quality and compliance throughout the charity and to prepare it for the new business developments identified in the plan which will continue to be considered in parallel with the other reviews and project areas.

## Our Response to Covid-19

The most severe impact of Covid was coming to an end by March 2022. Through this financial year the key points of our approach were:

- Our homes continued to operate normally but applied all government restrictions as required.
- All central office staff became established in a hybrid working model for which we had sufficient systems and infrastructure in place.
- Our professional training became established on-line and all students continued to receive training.
- Our fundraising activity was curtailed in line with much of the charity sector.
- We maintained the quality of our work, although ceased home inspections during this time.
- Our customers are exclusively local authorities and we experienced no fall in demand for our services or payment for them.

For the latter part of the year we continued to operate at close to full. We were able to maintain sufficient staffing to allow this to happen.

We continued to monitor the staff absence rates during this period and we managed any outbreaks of Covid to have adequate cover whilst they self-isolated.

Our professional training was on-line and all students were able to access an uninterrupted delivery of iST. The group analysts still delivered their therapy in group meetings.

The level of visits from third parties such as social workers remained low and all necessary contact was delivered through video or telephone calls.

Our central office continued to operate remotely and having gone fully paperless we were able to work with our auditors for them to complete the 2021 audit remotely with no audit issues identified.

We completed a further Information Systems development programme with additional back up and business continuity arrangements to add resilience to our infrastructure.

### **Our response to Covid-19 (continued)**

Commercially the organisation is well placed to deliver its residential care. There is little counterparty risk of bad debt as all customers are local authorities. Our long term strategy on contract costing means we have been able to absorb additional costs where necessary and build reserves. This financial strategy is expected to continue.

## **Risk and Uncertainties**

Trustees have assessed the major risks to which the charity is exposed and believe that systems are in place to mitigate our exposure.

Major risks and the actions which are taken to mitigate these risks include:

### **Statutory Regulation**

All of our children's residential homes and Independent Special School are regulated by Ofsted. The charity employs a Director of Safeguarding and Compliance who works alongside the Responsible Individual and Registered Managers and Head Teacher of each of the services to ensure full compliance with the appropriate regulatory frameworks. Each of the residential homes have a monthly independent inspection to ensure compliance and where any requirements or recommendations are identified by the regulator, Ofsted at inspection a comprehensive action plan is formulated to ensure that all policies, systems and practices are improved immediately. This together with bi-annual 'quality of care' reports and an active working relationship with the regulator and each inspector ensure that the risk to our services is minimalised and managed to an acceptable level for the services that the charity provides.

Four of our five homes and our school were all rated Good or Outstanding during the year and one was rated as 'Requiring Improvement to be Good'. Following this, several improvements were identified and an interim rating of 'Improved Effectiveness' was received in Jan 2022 before returning to a rating of 'Good' in May 2022, following a full Ofsted inspection.

### **Safeguarding**

A safeguarding risk exists wherever children are looked after. We have in place a system to detect and prevent safeguarding issues. This includes specific reports around restraints and regular reporting to trustees. We operate a Safeguarding Committee which reviews all incidents. We ensure all appropriate matters are reported to the Local Authority Designated Officer. Additionally, we use iST to encourage discussion of any concerns. We have an operational whistleblowing policy. We also meet the statutory requirements of Safer Recruitment that apply to children's homes.

### **Recruitment and retention of appropriate skilled staff**

We provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We employ clinical specialists in roles which do not require shift-work, for experienced and qualified staff therapeutic staff.

### **Shortfall in voluntary income**

A fundraising strategy has been put in place to ensure the voluntary income is sufficient to meet the needs of the charity.

### **Residential properties continue to meet the needs of the children and young people**

Refurbishment and regular maintenance programmes are in place. All our properties are fit for purpose, as therapeutic children's homes, schools or administrative offices.

## **Structure, Governance and Management**

### **Governing document**

The Institute of Integrated Systemic Therapy is a private charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008.

## **Structure, Governance and Management (continued)**

To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

### **Recruitment and appointment of Trustees**

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. Nominations are discussed by the Board and, if agreed, the nominees are formally invited to join the Board by the Chair. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

### **Trustees' induction and training**

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

### **Organisational structure**

The Articles provide for between five and fifteen Trustees; there are currently twelve. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience.

### **Committee Membership**

#### **Finance**

George Viney, Sanjay Shah, Sebastian Lyon#

#### **Safeguarding**

Sarah Scarratt, John Harrison, Georgia Chataway\*, Vinod Diwakar\*\*, Simon Villette\*\*\*

#### **School Governance**

Sarah Scarratt, Georgia Chataway\*, Simon Villette\*\*\*

#### **Development Board**

Robert Shipton, John Harrison, Scott Murdoch, Jeremy Brier

#external member

\*appointed 28 Sept 2021

\*\*appointed 8 July 2021

\*\*\*resigned 8 March 2022

In addition, we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

As mentioned in the Chair's introduction, John Harrison was replaced as Chair of the Board of Trustees by Henrietta Hughes in September 2021.

## **Structure, Governance and Management (continued)**

### **Management and core activities**

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Leadership Team led by the Chief Executive.

Our core activities are centred on the work of five residential therapeutic communities.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who have experienced severe emotional trauma.

The communities are:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 – 17. Education is provided at Greenfields School or onsite.

The work includes The Placement and Family Support service which provides therapeutic support for vulnerable children with emotional and behavioural difficulties, together with their families and carers.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work. For these, voluntary and grant funding is required.

### **Remuneration Policy**

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees and the remuneration of the Chief Executive is set by the Chair.

## **Our Approach to Fundraising**

The basic operational expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover all the growth and development of the therapeutic work, the facilities required, and research and training, which are key to the quality and effectiveness of the therapeutic work.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. As noted earlier, we are developing the capacity to fundraise for capital projects, as well as to increase the proportion of funding raised from trust and voluntary sources. These initiatives will strengthen the sustainability of our mission and increase the number of children and families we can support. Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable, are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound to adopt any regulatory scheme. However, the charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities; nor do we consider it necessary to design specific procedures to monitor this.

## Public Benefit

We review our aims and objectives regularly, looking both at the planned activities for the coming year and the progress against plans for the previous year. We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At each of our communities, places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

Due to the intensive and specialised nature of the work, the comparatively long treatment period for children who have experienced trauma and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small.

Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. Adolescents who are referred to our services must also personally ask to come and participate in the treatment programme.

As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on four decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions more widely on behalf of children and young people who have experienced trauma. This is a further way we believe the charity provides a public benefit.

## Statement of Responsibilities of the Trustees

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

Company law requires the Trustees (who are the directors for the purposes of company law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the group and charity financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the profit or loss of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- a) There remains a high demand for our residential service and we operate at above 80% of our current capacity.
- b) Our fees are structured so that they deliver a surplus.
- c) We do not face a counterparty debt risk as all customers are Local Authority.
- d) We do not rely on fundraising income to cover our operational costs.
- e) We have a successful track record of recruiting and training staff to deliver our service.
- f) We retain adequate reserves to meet our reserves requirement.
- g) The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- h) It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- i) There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainty beyond that provided for in the reserves and hence the Charity and the Group are able to continue to operate as a going concern for the foreseeable future.

## Disclosure of Information to Auditors

All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board of Trustees



**Chair**

13 December 2022

# Independent Auditor's Report

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources 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.

We have audited the financial statements of the Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the (consolidated) statement of financial activities, the (consolidated) balance sheet, the (consolidated) cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the Group and Parent Charitable Company 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.

## Conclusions related 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 Group and the Parent Charitable Company'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 and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 themselves. 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.

## Other Companies Act 2006 reporting

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 and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Statement of the Responsibilities of Trustees', 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Parent Charitable Company and its subsidiaries. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018 and Bribery Act 2010.
- We understood how the Parent Charitable Company and its subsidiaries are complying with those legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Group and Parent Charitable Company's financial statements to material misstatement, including how fraud might

occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

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

DocuSigned by:

*Fiona Condron*

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Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date: **19 December 2022**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities

for the Year Ended 31 March 2022

	Notes	2022			2021	
		Unrestricted £	Restricted £	Endowment £	Total £	Total £
<b>Income and endowments from</b>						
Donations and legacies		104,161	74,633	-	178,794	188,863
Charitable activities		9,371,362	-	-	9,371,362	9,381,008
Investments		31,959	-	-	31,959	24,681
Other		8,256	-	-	7,650	12,833
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>9,515,738</b>	<b>74,633</b>	<b>-</b>	<b>9,589,764</b>	<b>9,607,385</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>						
Raising funds		143,200	-	-	143,200	145,516
Charitable activities						
Therapeutic residential care		8,244,467	44,103	-	8,288,570	7,838,154
Fostering		190,180	-	-	194,695	284,158
Placement and family support		-	-	-	-	83,601
Training		408,587	-	-	409,248	327,783
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>8,986,434</b>	<b>44,103</b>	<b>-</b>	<b>9,030,537</b>	<b>8,679,212</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains		523,552	30,530	-	554,082	928,173
Gains on Investments		192,154	-	-	192,154	365,987
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income</b>		<b>715,706</b>	<b>30,530</b>	<b>-</b>	<b>746,236</b>	<b>1,294,160</b>
Transfers between funds		471,200	(471,200)	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(230,000)	-	-	(230,000)	187,000
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>956,876</b>	<b>(440,670)</b>	<b>-</b>	<b>516,206</b>	<b>1,481,160</b>
Total funds brought forward		<b>9,475,501</b>	<b>486,964</b>	<b>483,947</b>	<b>10,446,412</b>	<b>8,965,252</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>10,432,377</b>	<b>46,294</b>	<b>483,947</b>	<b>10,962,618</b>	<b>10,446,412</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2020 comparatives are shown in Note 19a.

The notes 1 - 19 form part of these financial statements.

**Consolidated and Company Balance Sheet**

as at 31 March 2022

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Fixed assets</b>					
Tangible assets	7	5,107,383	5,251,931	4,136,338	4,206,507
Investments	8	4,024,193	3,315,711	4,024,193	3,315,711
		<u>9,131,577</u>	<u>8,567,645</u>	<u>8,160,532</u>	<u>7,522,220</u>
<b>Current assets</b>					
Debtors	10	570,960	506,321	118,936	141,053
Cash at bank		2,511,520	2,496,742	2,442,174	2,380,350
		<u>3,082,479</u>	<u>3,003,063</u>	<u>2,561,110</u>	<u>2,521,403</u>
<b>Creditors:</b>					
Amounts falling due within one year	11	(600,537)	(763,296)	(4,045,556)	(3,439,052)
Net current assets/(liabilities)		<u>2,482,043</u>	<u>2,239,767</u>	<u>(1,484,446)</u>	<u>(917,649)</u>
<b>Total assets less current liabilities</b>		<u>11,613,619</u>	<u>10,807,412</u>	<u>6,676,086</u>	<u>6,604,571</u>
<b>Creditors:</b>					
Amounts falling due after one year	12	-	-	-	-
<b>Pension liability</b>					
	13	(483,000)	(361,000)	(483,000)	(363,000)
<b>Net assets</b>		<u>11,130,619</u>	<u>10,446,412</u>	<u>6,193,086</u>	<u>6,241,571</u>
<b>The funds of the charity</b>					
<b>Income funds</b>					
Unrestricted funds					
- General reserves		10,281,184	9,034,308	4,873,400	5,068,989
- Pension reserves		(483,000)	(361,000)	-	-
- Designated funds	15	802,193	802,193	802,193	685,618
Total unrestricted funds		<u>10,600,377</u>	<u>9,475,501</u>	<u>5,675,592</u>	<u>5,754,607</u>
Restricted funds	14	46,294	486,964	517,494	486,964
<b>Capital funds</b>					
Endowment funds	16	483,947	483,947	-	-
<b>Total charity funds</b>		<u>11,130,619</u>	<u>10,446,412</u>	<u>6,193,086</u>	<u>6,241,571</u>

The financial statements were approved and authorised for issue by the Trustees on 13 December 2022 and were signed on its behalf by



Henrietta Hughes  
Chair

The notes 1 -19 form part of these financial statements.

**Consolidated Cash Flow Statement**

For the year ended 31 March 2022

	Notes	2022 £	2021 £
<b>Cash flow from operating activities</b>			
Net income for the reporting period		501,575	1,481,160
Depreciation		162,343	174,243
(Gains) on investments	8	(208,481)	(365,987)
Interest (receivable)		-	(12,403)
Increase / (decrease) in debtors	10	(64,637)	211,950
Decrease / (increase) in creditors	11	(162,759)	120,836
Actuarial (loss) / gain on defined benefit scheme	13	290,000	(218,000)
		<u>518,041</u>	<u>1,391,799</u>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
(Purchase) of property, plant equipment	7	(17,795)	(45,583)
Dividends and interest from investments		14,632	-
Purchase of investments	8	(500,000)	-
		<u>(503,163)</u>	<u>(45,583)</u>
<b>Net cash (used in) financing activities</b>			
		<u>(503,163)</u>	<u>(45,583)</u>
<b>Change in cash in reporting period</b>		<b>14,878</b>	<b>1,346,216</b>
<b>Cash at beginning of year</b>		<b>2,496,742</b>	<b>1,150,526</b>
		<u>2,511,620</u>	<u>2,496,742</u>
<b>Cash at end of year</b>		<b>2,511,620</b>	<b>2,496,742</b>

**Analysis of changes in net debt**

2022

	Cash Deposits £	Cash £	Total £
Balance at 1 April 2021	-	2,496,742	2,496,742
Cash flows	30,910	14,878	45,787
	<u>30,910</u>	<u>2,511,620</u>	<u>2,542,529</u>
<b>Balance at 31 March 2022</b>	<b>30,910</b>	<b>2,511,620</b>	<b>2,542,529</b>

The notes 1 -19 form part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

#### a) Basis of preparation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the Trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

#### Basis for consolidation

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy and of its subsidiary undertakings, Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. The consolidated accounts also include the results and net assets of Princess Mary's Trust, of which Institute of Integrated Systemic Therapy is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Institute of Integrated Systemic Therapy's registered office.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated statement of financial activities and income and expenditure account from the date of acquisition. In the parent charity's financial statements, investments in subsidiary undertakings are stated at cost.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,727k (2021: £1,529k). The result for the parent charitable company, including unrealised surpluses on investments and an actuarial deficit on the defined benefit pension scheme for the year was a £216k deficit (2021: £568k surplus).

#### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use, then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Short leasehold buildings	over the remaining terms of the lease
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

#### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

#### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as to the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

#### e) Allocation of expenses:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- 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; and
- support costs are allocated on the basis of staff numbers.

**1 Accounting policies (continued)**

- f) Investments  
Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.
- g) Funds:
- Unrestricted funds  
These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.
  - Restricted income funds  
These represent income received which can only be expended for the purpose specified by the donor.
  - Permanent Endowment fund  
This represents assets donated which must be held as capital and cannot be converted to income.
- h) Pension costs
- a number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;
  - a number of employees belong to the Surrey County Council Pension Scheme or the Norfolk County Council Pension Fund, which are defined benefit pension schemes. These are treated in accordance with FRS 102;
  - the difference between the fair value of the assets held in the charitable company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charitable company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charitable company is able to recover the surplus either through reduced contributions in the future or through funds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance;
  - charges in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the charitable company are charged to the Statement of Financial Activities in accordance with FRS 102 'Retirement benefits'; and
  - employees who are not eligible to belong to the above schemes may belong to a group personal pension plan. The assets of this plan are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period.
- i) Financial instruments  
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- j) Cash and cash equivalents  
Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.
- k) Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate at above 80% of our current capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authorities.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- We retain adequate reserves to meet our reserves requirement.
- The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainty beyond that provided for in the reserves and hence the Charity and the Group are able to continue to operate as a going concern for the foreseeable future.

## 2 Analysis of total resources expended

Basis of allocation		Raising funds	Therapeutics Residential	Fostering	Training	2022 Total	2021 Total
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	48,675	5,613,623	33,918	296,918	5,993,134	5,881,222
FRS 102 pension adjustment	Direct	-	93,000	-	-	93,000	122,000
Consultancy	Direct	-	8,111	-	-	8,111	58,383
Travel	Direct	934	145,774	1,151	7,937	155,796	109,030
Office costs	Direct	-	175,850	114	10,702	186,666	243,405
Marketing	Direct	26,457	-	-	-	26,457	(1,435)
Premises	Direct	-	442,634	23,598	-	466,232	353,260
Household	Direct	-	129,973	-	-	129,973	119,510
Provisions	Direct	-	155,474	-	-	155,474	147,825
Education	Direct	-	325,593	-	-	325,593	310,266
Personal care	Direct	-	72,292	-	-	72,292	70,020
Social activities	Direct	-	177,225	-	-	177,225	128,032
Other	Direct	-	40,458	5,556	16,774	62,788	86,050
Depreciation	Direct	-	162,343	-	-	162,343	174,243
Finance charges	Direct	-	952	-	-	952	653
Insurance, legal, professional	Direct	5,142	165,128	11,189	-	181,459	155,175
Audit and accountancy	Direct	-	35,400	-	-	35,400	23,871
<b>Total</b>		<b>81,208</b>	<b>7,743,830</b>	<b>75,526</b>	<b>332,331</b>	<b>8,232,896</b>	<b>7,981,510</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	28,528	42,792	14,264	42,792	128,376	88,634
Finance and HR staff	Staff time	26,398	395,971	79,194	26,398	527,961	490,283
Other	Staff time	7,065	105,975	21,195	7,065	141,300	118,785
<b>Total</b>		<b>61,991</b>	<b>544,738</b>	<b>114,653</b>	<b>76,255</b>	<b>797,641</b>	<b>697,702</b>
<b>Total resources expended</b>		<b>143,199</b>	<b>8,288,570</b>	<b>190,181</b>	<b>408,587</b>	<b>9,030,537</b>	<b>8,679,212</b>

Further details on comparatives are shown in note 19b.

### 3 Net income

	2022 £	2021 £
Net income for the year is stated after charging:		
Auditor's remuneration: Group	35,400	23,871
Depreciation of tangible fixed assets	162,343	174,044
Profit on sale of fixed assets	-	-
Rentals payable under operating leases:		
Land and buildings	112,800	96,800
Other	38,014	37,565
Trustees professional indemnity insurance	2,240	2,025
	<u>                    </u>	<u>                    </u>

### 4 Staff numbers and costs

The average number of persons employed by the group during the year was 174 (2021: 174). The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	5,375,406	5,345,719
Social security costs	454,742	481,495
Other pension costs	281,941	269,608
FRS 102 pension adjustment (see note 6)	93,000	122,000
	<u>                    </u>	<u>                    </u>
	<u>6,205,089</u>	<u>6,218,822</u>

Key management personnel comprise the six individuals identified as part of the Senior Leadership Team (2021: seven members of SMT). The total employment costs (including employer's National insurance contributions and pension) of the Senior Leadership Team for the year was £531,746 (2021: £561,805).

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2022	2021
£60,001 - £70,000	3	-
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1

Pension payments for the above members of staff amounted to £53,766 (2021: £70,355). The combined remuneration of these staff was £531,747 (2021: £445,485). No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £601 (2021: £631).

### 5 Related party transactions

The Institute of Integrated Systemic Therapy (registered charity number 286909) is the sole member of Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It is also the sole Trustee of Princess Mary's Trust.

During the year, the following transactions took place between the parent company and its subsidiaries.

	Princess Mary's Trust £	Childhood First (Midlands) £	Childhood First (South) £	Childhood First (East Anglia) £	Total £
<b>Charge to subsidiary</b>					
Management charge	-	-	480,358	335,298	815,656
Institute training	-	-	201,300	99,000	300,300
Rental	-	-	244,600	100,000	344,600
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total</b>	-	-	926,258	534,298	1,460,556
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Donations to subsidiary</b>	-	-	14,932	50,329	65,261
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Intercompany balances</b>					
<b>As at 31 March 2021</b>					
Owed to parent	21,073	-	-	-	21,073
Owed by parent	-	-	866,792	3,016,916	3,883,708
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## 5 Related party transactions (continued)

At the balance sheet date Princess Mary's Trust owed £21,073 to the parent charity (2021: £21,073 owed to parent).

Entity information	Princess Mary's Trust	Childhood First (Midlands)	Childhood First (South)	Childhood First (East Anglia)
Company number	N/A	03187004	03547839	03706394
Charity number	229136	286909	286909	286909

## 6 Pensions

### (a) Surrey Pension Scheme

A number of the group's employees are members of the Surrey County Council Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

The actuarial deficit attributable to the company at 31 March 2022 was estimated to be £483,000 (2021: £363,000). There are two employees who are members of this scheme. In addition, there are 15 deferred pensioners and 24 pensioners.

The contributions of the charitable group during the year were 32.6% of pensionable salary plus a £66,000 lump sum (prior year: 31.4% plus £30,000) and amounted to £124,756 (2021 - £124,756). There were outstanding contributions of £6,484 due at the end of the financial year (2021 - £6,484). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

The major assumptions at 31 March 2022 as used by the actuary were:

Financial	2022	2021
Pension increases	3.30%	2.85%
Salary increases	4.20%	3.75%
Discount rate	2.70%	1.95%

### Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
<b>Current Year</b>		
Current pensioners	22.1 years	24.5 years
Future pensioners	23.1 years	26.2 years
<b>Prior year</b>		
Current pensioners	22.3 years	24.7 years
Future pensioners	23.4 years	26.4 years

### Commutation

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free for post-April 2008 service.

### Assets

The market value of the scheme's assets and their current allocation are:	2022 £	2021 £
Equities	3,682,600	4,687,000
Bonds	1,496,040	1,000,000
Property	460,320	437,000
Cash	115,080	125,000
Totals	5,754,040	6,249,000

Total investment returns for the year to 31 March 2022 was minus 5% (2021: 28.5%).

**6 Pensions** (continued)**(a) Surrey pension Scheme (continued)**

	2022 £	2021 £
<b>Net pension assets and liabilities</b>		
Estimated employer assets	5,754,000	6,249,000
Present value of scheme liabilities	(6,237,000)	(6,612,000)
Present value of unfunded liabilities		
	<hr/>	<hr/>
Net pension liability	(483,000)	(363,000)
	<hr/>	<hr/>

**Changes in the fair value of plan assets, defined benefit obligation and net liability**

	2022 £	2021 £
<b>Reconciliation of Funded liabilities</b>		
Opening position	6,612,000	5,857,000
Current service cost	41,000	63,000
Interest cost	126,000	132,000
Contributions by members	9,000	19,000
Benefits paid	(300,000)	(291,000)
	<hr/>	<hr/>
Expected closing position	6,488,000	5,780,000
	<hr/>	<hr/>
Re-measurements		
Changes to financial assumptions	(251,000)	832,000
	<hr/>	<hr/>
Total re-measurements	(251,000)	832,000
	<hr/>	<hr/>
Closing position	6,237,000	6,612,000
	<hr/>	<hr/>

**Reconciliation of fair value of employer assets**

	2022 £	2021 £
Opening position	6,249,000	4,994,000
Interest income	120,000	113,000
Employer contributions	95,000	125,000
Contributions by members	9,000	19,000
Benefits paid	(300,000)	(291,000)
	<hr/>	<hr/>
Expected closing position	6,173,000	4,960,000
	<hr/>	<hr/>
Re-measurements		
Return on assets	(419,000)	1,289,000
	<hr/>	<hr/>
Total re-measurements	(419,000)	1,289,000
	<hr/>	<hr/>
Closing position	5,754,000	6,249,000
	<hr/>	<hr/>

**Analysis of amounts credited/(charged) to the statement of financial activities**

	2022 £	2021 £
Current service costs	(41,000)	(63,000)
Interest cost	(126,000)	(19,000)
Interest income	-	-
	<hr/>	<hr/>
Net (charge) to statement of financial activities:	(167,000)	(82,000)
	<hr/>	<hr/>
Actual Return on assets	(419,000)	1,289,000
Actuarial (losses)/gains arising on scheme liabilities	251,000	(832,000)
	<hr/>	<hr/>
Actuarial gains/(losses) charged to the statement of Financial Activities	(168,000)	457,000
	<hr/>	<hr/>

**6 Pensions (continued)****(b) Norfolk County Council Pension Fund**

One of the charity's employees is a member of the Norfolk County Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. There are two deferred members and one pensioner.

In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

There are two active members in the scheme there is one deferred member and one pensioner. The contributions of the charitable company during the year were 22.6% of pensionable salary and amounted to £nil (2021 - nil). There were no outstanding contributions at the end of the financial year (2021 - nil). At the year-end there were no employees in the scheme which is now closed and the charity exited the scheme after the year end. The employer contribution for the year beginning 1 April 2022 is nil (2021 - nil). There is no deficit contribution.

The major assumptions at 31 March 2022 as used by the actuary were:

<b>Financial</b>	<b>2022</b>	<b>2021</b>
Pension increases	3.20%	2.85%
Salary increases	3.90%	3.55%
Discount rate	2.70%	2.00%

**Mortality**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

<b>Current year</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.7 years	24.1 years
Future pensioners	22.9 years	26.0 years
<b>Prior year</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.9 years	24.3 years
Future pensioners	23.2 years	26.2 years

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free for post-April 2008 service.

**Assets - solely Childhood First (East Anglia) Limited**

The market value of the scheme's assets and their current allocation are:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Equities	-	-
Bonds	1,455,360	1,410,000
Property	45,480	44,000
Cash	15,160	15,000
	<hr/>	<hr/>
Totals	<b>1,516,000</b>	<b>1,469,000</b>
	<hr/>	<hr/>

Total investment returns for the year to 31 March 2021 was 3.5%.

**6 Pensions (continued)****(b) Norfolk County Council Pension Fund (continued)**

	<b>2022</b> £	<b>2021</b> £
<b>Net pension assets and liabilities</b>		
Estimated employer assets	1,516,000	1,469,000
Present value of scheme liabilities	(1,435,000)	(1,467,000)
Total value of asset	81,000	2,000
Net pension asset	81,000	2,000
<b>Changes in the fair value of plan assets, defined benefit obligation and net liability</b>		
<b>Reconciliation of Funded liabilities</b>		
Opening position	1,467,000	1,167,000
Current service cost	47,000	46,000
Past service	-	-
Interest cost	30,000	27,000
Contributions by members	10,000	13,000
Benefits paid	(36,000)	(34,000)
Expected closing position	1,518,000	1,219,000
Re-measurements	(81,000)	248,000
Changes to financial assumptions	(6,000)	-
Other experience	4,000	-
Total re-measurements	(83,000)	248,000
Closing position	1,435,000	1,467,000
<b>Reconciliation of fair value of employer assets</b>		
Opening position	1,469,000	1,451,000
Interest income	47,000	33,000
Employer contributions	21,000	28,000
Contributions by members	10,000	13,000
Benefits paid	(36,000)	(34,000)
Expected closing position	1,511,000	1,491,000
Re-measurements		
Return on assets	23,000	(22,000)
Total re-measurements	23,000	(22,000)
Closing position	1,516,000	1,469,000
<b>Analysis of amounts (charged)/credited to the statement of financial activities</b>		
	<b>2022</b> £	<b>2021</b> £
Current service costs	(47,000)	(46,000)
Interest cost	(30,000)	(27,000)
Past service	-	-
Interest income	29,000	33,000
Net (charge) to statement of financial activities:	(48,000)	(40,000)
Actual Return on assets	-	-
Actuarial gain / (loss) arising on scheme liabilities	106,000	(270,000)
Actuarial gain / (loss) charged to the statement of Financial Activities	106,000	(270,000)

**6 Pensions (continued)****McCloud Ruling**

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2022 (as per the 2021 accounting approach).

**(c) Combined summary information for Surrey and Norfolk County Council Pension Funds**

The table below provides details of the movement in the deficit during the year for both defined benefit pension schemes on a combined basis:

	2022 £	2021 £
Current service costs	(88,000)	(109,000)
Past service	-	-
Interest cost	(156,000)	(46,000)
Interest income	29,000	33,000
	<hr/>	<hr/>
Net (charge) to statement of financial activities (note 2)	<b>(215,000)</b>	<b>(122,000)</b>
	<hr/>	<hr/>
Remeasurements		
Return on assets	(396,000)	1,289,000
Actuarial liabilities	(357,000)	(1,102,000)
	<hr/>	<hr/>
Actuarial loss) / gain charged to statement of financial activities	<b>(753,000)</b>	<b>187,000</b>
	<hr/>	<hr/>
<b>Decrease in liability in the year</b>	<b>176,000</b>	<b>218,000</b>
<b>(Deficit) in schemes at beginning of the year</b>	<b>(361,000)</b>	<b>(579,000)</b>
	<hr/>	<hr/>
<b>(Deficit) in schemes at end of year</b>	<b>(185,000)</b>	<b>(361,000)</b>
	<hr/>	<hr/>

**(d) Teacher's Pension Scheme**

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

The last valuation of the TPS was as at 31 March 2012. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176 billion and the scheme had aggregate liabilities of £191 billion, leaving a deficit of £15 billion. The valuation determined the contribution rates on the basis of a fifteen year recovery timeframe for this deficit.

From 2015 the total scheme contribution was determined to be 26% with employee contributions of 9.6% and employer contributions of 16.4%. Of the employer contributions, 10.8% were normal contributions and 5.8% was identified to cover past service deficits.

Total pension costs during the year were £43,901 (2021 - £36,939). There were outstanding contributions of £5,713 due at the end of the financial year (2021 - £4,171).

**(e) Group Personal Pension Plan**

A Group Personal Pension Plan exists for employees who are not eligible to be part of the above schemes. This is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £253,931 (2021 - £272,884). There were outstanding contributions of £38,698 due at the end of the financial year (2021 - £36,215).

**7 Tangible fixed assets**

<b>Group</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Motor vehicles</b> £	<b>Total</b> £
<b>Cost</b>				
At 1 April 2021	5,534,579	377,613	192,735	6,105,127
Additions	-	-	17,795	17,795
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	5,534,579	377,812	210,530	6,122,921
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 April 2021	444,957	237,953	170,285	853,195
Charge for year	101,510	44,960	15,872	162,342
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	546,467	282,912	186,158	1,015,538
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 March 2022</b>	<b>4,988,112</b>	<b>94,900</b>	<b>24,372</b>	<b>5,107,384</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	5,089,822	139,660	22,440	5,251,932
	<hr/>	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 April 2021	4,507,287	92,910	4,600,197
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2022	4,507,287	92,910	4,600,197
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2021	323,611	70,080	393,690
Charge for year	55,581	14,588	70,169
	<hr/>	<hr/>	<hr/>
At 31 March 2022	379,191	84,668	463,859
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2022</b>	<b>4,128,096</b>	<b>8,242</b>	<b>4,136,338</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	4,183,676	22,830	4,206,507
	<hr/>	<hr/>	<hr/>

**8 Fixed asset investments****a) Group and Company**

	2022			2021
	Cash deposits	Investment funds	Total	Total
	£	£	£	£
Balance at 1 April	452,823	2,862,889	3,315,712	2,937,321
Additions	16,237	500,000	516,237	12,403
Disposals	-	-	-	-
Gain on revaluation	-	192,154	192,154	365,987
<b>Market value at 31 March</b>	<b>469,060</b>	<b>3,555,043</b>	<b>4,024,193</b>	<b>3,315,711</b>

The cash deposits are managed by Cazenove Capital Management Limited and the investment funds are invested in CF Ruffer Total Return Fund, McInroy Balanced Fund and CG Portfolio Funds.

**b) Subsidiary undertakings**

The principal undertakings which have been included in the consolidated financial statements are as follows:

<i>Subsidiary Undertaking</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of business</i>
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (Midlands) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

**Subsidiary summary results:**

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	4,587,274	-	4,801,509	-
Expenditure	5,084,716	-	3,564,070	(6,700)
Surplus/(loss) for the year	(497,442)	-	1,237,439	(6,700)
Reserves brought forward	1,402,056	606	2,228,457	573,723
Reserves carried forward	904,614	-	3,465,896	567,023
Net Assets	904,614	-	3,465,896	567,023

**9 Unapplied total return**

At both 1<sup>st</sup> April 2021 and 31<sup>st</sup> March 2022 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

**10 Debtors – due within one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	407,789	396,810	19,491	19,491
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	78,371	87,034	78,371	83,811
Other debtors	84,800	22,477	-	16,677
	<u>570,960</u>	<u>506,321</u>	<u>118,936</u>	<u>141,053</u>

**11 Creditors: amounts falling due within one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts owed to group undertakings	-	-	3,883,709	3,250,925
Trade creditors	217,818	331,947	33,181	62,834
Other creditors	122,531	133,486	43,294	44,907
Taxation and social security	129,728	123,270	33,130	27,766
Accruals and deferred income	130,460	174,593	52,241	51,620
	<u>600,537</u>	<u>763,296</u>	<u>4,045,556</u>	<u>3,438,052</u>

**12 Creditors: amounts falling due after more than one year**

	Group 2022 £	Group 2021	Company 2022 £	Company 2021
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**13 Pension liability**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Pension costs</b>				
Balance brought forward	361,000	579,000	363,000	863,000
Transferred from subsidiary	-	-	-	-
Increase / (decrease) in FRS102 pension liability during the year - see note 6(c)	122,000	(218,000)	120,000	(500,000)
<b>Balance carried forward</b>	<u>483,000</u>	<u>361,000</u>	<u>483,000</u>	<u>363,000</u>

**14 Restricted income funds**

The Group's restricted income funds consist of the following material funds:

	Balance at 1 April 2021 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2022 £
Other projects	486,964	74,633	(44,103)	471,200	46,294
<b>Total</b>	<b>486,964</b>	<b>74,633</b>	<b>(44,103)</b>	<b>471,200</b>	<b>46,294</b>

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 19c.

**15 Designated funds**

Designated funds, within restricted funds, represent fixed property assets which are not part of the permanent endowment fund, specifically Earthsea House, Greenfields School and part of Greenfields House.

	Group £	Company £
Balance at 1 April 2021	802,193	685,618
<b>Balance at 31 March 2022</b>	<b>802,193</b>	<b>685,618</b>

**16 Endowment Funds**

	Group £
Balance at 1 April 2021	483,947
<b>Balance at 31 March 2022</b>	<b>483,947</b>

IIST, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by property held for the use of the charity. In 2006 the Charity Commissioners for England and Wales granted an order under section 26 of the Charities Act 1993 enabling IIST to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

The endowment balance relates to Greenfields House. As the property currently held within the permanent endowment by the Princess Mary's Trust is held as functional property there is no income being generated by permanent endowment. There is therefore no unapplied total return to be allocated between capital and income.

**17 Commitments**

Total commitments under non-cancellable operating leases at 31 March 2022 were as follows:

	2022 £	2021 £
Equipment leases	38,014	37,565
Property leases	260,399	197,280
<b>Total</b>	<b>298,414</b>	<b>234,845</b>

Property leases relate to rental leases on London office (break April 2024), Merrywood House (expires September 2025) and Sittingbourne office (expires May 2023). Total payments recognised as an expense £260,399 (2021: £197,280). Of the liability of £260,399, £147,600 is due in 2 to 5 years and £ nil is due in more than 5 years.

**18 Analysis of net assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2022				
are represented by:				
Tangible fixed assets	4,623,436	-	483,948	5,107,384
Investments	4,024,193	-	-	4,024,193
Current assets	3,036,286	46,294	-	3,082,580
Current liabilities	(600,537)	-	-	(600,537)
Pension liability	(651,000)	-	-	(651,000)
<b>Total net assets</b>	<b>10,433,377</b>	<b>46,294</b>	<b>483,948</b>	<b>10,962,619</b>

The permanent endowment fund represents some of the assets of Princess Mary's Trust. See note 19d for comparatives.

**19 Comparative information relating to 2021**
**a) Consolidated statement of Financial activities**

		2021			
Notes	Unrestricted £	Restricted £	Endowment £	Total £	
<b>Income and endowments from</b>					
Donations and legacies	76,566	112,297	-	188,863	
Charitable activities	9,381,008	-	-	9,381,008	
Investments	24,681	-	-	24,681	
Other	12,833	-	-	12,833	
<b>Total income</b>	<b>9,495,088</b>	<b>112,297</b>	<b>-</b>	<b>9,607,385</b>	
<b>Expenditure on</b>					
Raising funds	145,516	-	-	145,516	
Charitable activities					
Therapeutic residential care	7,828,111	10,043	-	7,838,154	
Fostering	284,158	-	-	284,158	
Placement and family support	83,601	-	-	83,601	
Training	327,783	-	-	327,783	
<b>Total expenditure</b>	<b>8,669,169</b>	<b>10,043</b>	<b>-</b>	<b>8,679,212</b>	
Net income before investment gains	825,919	102,254	-	928,173	
Gains on Investments	365,987	-	-	365,987	
<b>Net income</b>	<b>1,191,906</b>	<b>102,254</b>	<b>-</b>	<b>1,294,160</b>	
Actuarial gains on defined benefit schemes	187,000	-	-	187,000	
<b>Net movement in funds</b>	<b>1,378,906</b>	<b>102,254</b>	<b>-</b>	<b>1,481,160</b>	
Total funds brought forward	8,096,595	384,710	483,947	8,965,252	
<b>Total funds carried forward</b>	<b>9,475,501</b>	<b>486,964</b>	<b>483,947</b>	<b>10,446,412</b>	

**19 Comparative information relating to 2021** (continued)**b) Analysis of total resources expended**

Basis of allocation		Raising funds	Therapeutics Residential care	Fostering	Training	Placement and family support	2021 Total
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	98,996	5,374,968	90,973	232,684	83,601	5,881,222
FRS 102 pension adjustment	Direct	-	122,000	-	-	-	122,000
Consultancy	Direct	-	16,113	42,270	-	-	58,383
Travel	Direct	-	104,180	1,275	3,575	-	109,030
Office costs	Direct	5,223	229,983	6,818	1,381	-	243,405
Marketing	Direct	(8,928)	6,701	792	-	-	(1,435)
Premises	Direct	-	337,092	16,168	-	-	353,260
Household	Direct	-	119,510	-	-	-	119,510
Provisions	Direct	-	147,825	-	-	-	147,825
Education	Direct	-	310,266	-	-	-	310,266
Personal care	Direct	-	70,020	-	-	-	70,020
Social activities	Direct	75	127,957	-	-	-	128,032
Other	Direct	-	45,215	10,690	30,145	-	86,050
Depreciation	Direct	-	174,243	-	-	-	174,243
Finance charges	Direct	-	653	-	-	-	653
Insurance, legal, professional	Direct	-	141,211	13,964	-	-	155,175
Audit and accountancy	Direct	-	23,871	-	-	-	23,871
<b>Total</b>		<b>95,366</b>	<b>7,351,808</b>	<b>182,950</b>	<b>267,785</b>	<b>83,601</b>	<b>7,981,510</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	19,696	29,545	9,848	29,545	-	88,634
Finance and HR staff	Staff time	24,515	367,712	73,542	24,514	-	490,283
Other	Staff time	5,939	89,089	17,818	5,939	-	118,785
<b>Total</b>		<b>50,150</b>	<b>486,346</b>	<b>101,208</b>	<b>59,998</b>	<b>-</b>	<b>697,702</b>
<b>Total resources expended</b>		<b>145,516</b>	<b>7,838,154</b>	<b>284,158</b>	<b>327,783</b>	<b>83,601</b>	<b>8,679,212</b>

**19 Comparative information relating to 2021** (continued)c) **Restricted income funds**

	Balance at 1 April 2020 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2021 £
Other projects	384,710	112,297	(10,043)	-	486,964
<b>Total</b>	<b>384,710</b>	<b>112,297</b>	<b>(10,043)</b>	<b>-</b>	<b>486,964</b>

d) **Analysis of assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	4,767,985	-	483,948	5,251,933
Investments	3,315,712	-	-	3,315,712
Current assets	2,482,047	487,629	-	2,969,676
Current liabilities	(729,909)	-	-	(729,909)
Pension liability	(361,000)	-	-	(361,000)
<b>Total net assets</b>	<b>9,474,835</b>	<b>487,629</b>	<b>483,948</b>	<b>10,446,412</b>

## Reference and Administrative Detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	210 Borough High Street, London SE1 1JX

### Board of Trustees:

The Trustees (directors of the company) during the year (and since the year-end) were:

Dr Henrietta Hughes OBE (Chair)  
Mr Jeremy Brier  
Ms Georgia Chataway - appointed 28 Sept 2021  
Dr Vinod Diwakar - appointed 8 July 2021  
Mr Matthew Fletcher  
Mr John Harrison  
Mr Scott Murdoch  
Mrs Patricia Phillips  
Mrs Sarah Scarratt  
Mr Sanjay Shah  
Mr Robert Shipton  
Mr Simon Villette - resigned 8 March 2022  
Mr George Viney

### Chief Executive

Gary Yexley

### Company Secretary

Greg Whelan - resigned 26 April 2022  
Michael Joseph - appointed 26 April 2022

### Senior Leadership Team

Gary Yexley (Chief Executive) – appointed 1 April 2021  
Michael Joseph (Finance & Corporate Services Director) - appointed 1 March 2022  
Lace Jackson (Clinical Director)  
Dan Lansley (Business Development Director) - appointed 1 May 2021  
Laura Park (Safeguarding and Compliance Director) - appointed 7 February 2022  
Robyn Bartram (Residential Services Director)

The senior leadership team were all in post at 13 December 2022

### Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS.

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2022.

**INSTITUTE OF INTEGRATED SYSTEMIC THERAPY**

England & Wales - Charity number 286909

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# Accounts

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# Annual Report and Accounts

for the year ending 31 March 2021

Institute of Integrated Systemic Therapy

Company number: 01708301

Registered charity no: 286909



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\*The Trustees Report incorporates the vision, mission and values on p2 and the Strategic Report (see pages 5 – 10)



# Our Vision, Mission and Aims

## Our Vision

To create therapeutic environments for the recovery and rehabilitation of children and young people who have suffered abuse, neglect and other trauma.

## Our Mission

We are a charity with the mission to transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others, fulfil their potential and enjoy life.

We do this through the provision of:

- therapeutic residential care, treatment and education;
- therapeutic foster care and family support; and
- professional psychotherapeutic training, clinical supervision and consultation.



Our newest home in Kent, Oakwood, is opened in August 2021.

## Our Aims

Our aim is to continue to evolve and grow our mission, and to further develop our therapeutic approach, to better meet the needs of our beneficiaries and to maintain long-term sustainability.

The majority of the children and families who face the problems that we have been set up to address do not receive the help that they need. The outcomes for these children are frequently tragic, resulting in short lives dependent on mental health and justice systems, with the pattern repeated in their own children. The cost to society of such serious untreated early life trauma is immense.

We have systematically developed our clinical capabilities and positioning to meet the needs of the most disturbed children and young people, whose needs can be met by very few providers. In recent years, we have begun to have a significant impact on the UK's political and regulatory understanding of the needs of seriously traumatised children.

We have also demonstrated a unique capacity to create and sustain a group of therapeutic communities for traumatised children and young people. We therefore recognise an obligation to grow our provision and extend its scope to deal with unmet needs.

We plan to play our part in better meeting the needs of seriously traumatised children and young people by:

- a) Increasing the capacity and number of residential placements and special school places that we provide;
- b) Further developing therapeutic services, including our therapeutic foster care provision;
- c) Developing cost effective tapered packages of care;
- d) Influencing relevant national policies on behalf of children and young people who suffer serious emotional and psychological disturbance as a result of their life experiences;
- e) Expanding our psychotherapeutic training programmes and extending our capacity and reputation for clinical excellence; and
- f) Raising development funding by undertaking targeted appeals for capital developments.

# The Charity and Integrated Systemic Therapy

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned. Since then, several therapeutic communities and schools have been created and outreach work of various kinds has been undertaken to meet the needs of the day.

## Integrated Systemic Therapy



This unique psychotherapeutic approach was developed over 40 years. It can heal serious emotional and behavioural disturbance, transforming young lives.

iST is rooted in therapeutic tradition and accredited by the UKCP (United Kingdom Council for Psychotherapy). All our staff are fully trained, assuring all children receive 24/7 therapeutic care.

iST provides unconditional presence to behaviours caused by extreme distress, within a safe family environment. Children learn to safely process emotion and relate to others. The aim is a return to mainstream or foster family life.

## The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

## Chairman's Introduction



Welcome to our 2020/21 annual report. Like many annual reports the impact of the pandemic, which is woven into all our lives, provides an inevitable context for what an organisation has achieved. In our case, we have had a very successful year. Our homes have been largely full. The operational impact of the pandemic has been manageable and the isolation that lockdowns created has not stopped us deliver the therapy to the children we look after. We are all tested in times of difficulty; and the staff and children at Childhood First are no different. I have been immensely impressed at the resourcefulness and professionalism that have led to a set of outcomes beyond all our expectations.

As reported last year, in order to safeguard our services, children and families during the pandemic, and to release clinical management resources to support contingencies, we took the decision to suspend our fostering service. In its place, we decided to advance our preparations to open Oakwood. This did not open within the financial year but did so in August 2021.

Our other four homes have continued to operate successfully and, because of the high demand, achieved the highest occupancy we have seen for some time. We took the opportunity to further our strategy to become paperless and all key areas now operate in this way. We showed great adaptability in rapidly embracing the "Zoom" culture. Most significantly was how we applied it to our training and research in iST, so that our staff were able to continue to develop throughout the lockdowns and apply their learning to the treatment of the children.

We held a slightly delayed third graduation ceremony at Southwark Cathedral to recognise the qualification of 32 of our staff in Child Psychotherapy. We congratulate them for their hard work and achievement.

At the end of the year Stephen Blunden, who has been our Chief Executive for the past seventeen years, stood down and Gary Yexley became our new CEO from April 2021. Stephen has overseen an incredible transformation of the organisation. He has establish IST as the bedrock that allows us to work therapeutically. He has created the institute which is recognised for its training in child Psychotherapy. He has steered the charity through a business transformation with four (soon to be five) high quality children's homes delivering services which are in great demand. The trustees and I are immensely grateful to Stephen for all he has done for the charity.

I am delighted that Gary is our new Chief executive. Gary has been with the organisation for twenty years working in our Kent homes and was, until this promotion, our Residential Care Director. I am confident that Gary will build on the work that Stephen has delivered and create a legacy of his own.

I have been chairman for the past ten years and now feel this is the time for me, too, to stand down. I am pleased to announce that Henrietta Hughes will become our new chair; I know she will do an excellent job. I will remain on the trustee board for time being.

I believe all these changes will provide a springboard for the charity to deliver better outcomes for the children we care for and extend our influence to help those children who are elsewhere.

**John Harrison**  
Chairman

# Trustee' Report

(Vision, Mission and values - see page 2)

## Our Achievements and Performance

We are here to help severely traumatised children. We provide specialist 24/7 treatment for complex psychological, emotional and behavioural issues.

We do this in the following ways:

- Delivering therapeutic effectiveness
- Sustaining service growth
- Applying our external profile and influence

These are reported below. We will be reporting our achievements for 2020/21 against these.

### Delivering therapeutic effectiveness

There is an unprecedented demand for our therapeutic services. Our communities need to grow so we can help more children. Our iST approach and carers deliver expert help to each child. We look to expand our reach and improve access to our services to those who need them.

#### Our aims for 2020/21 were to:

Treat troubled children safely and effectively in iST-based residential, foster care and related services.

#### What we achieved in 2020/21

For the fourth year in a row all four of our homes had an Ofsted rating of Outstanding. However, Ofsted did not undertake any inspections in the period because of the pandemic. We continue to deliver a high quality service because of the effectiveness of the iST methodology coupled with the professionalism of our staff and management.

The capacity of our homes allows us to accommodate 37 children. We set a target to average 30 placements (81%) of capacity. In fact averaged 33.7 placements (91%). Two of our homes remained full all year.

We had already planned to pause our fostering service because of the pandemic which made expansion difficult. The aim in the year was a controlled wind down. This was achieved; the last child left in November 2020 and the remaining staff were redeployed within the charity. The decision to recommence remains an option. We have retained our business centre in Sittingbourne in that expectation.

## Sustaining service growth

#### Our aims for 2020/21 were to:

- Develop new placement capacity - sustainable therapeutic residential and foster care placements.
- Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
- Grow voluntary and trust-funded development income.
- Recruit, train and develop iST and iTF therapeutic staff and carers.
- Develop the next generation of service and Institute leaders.

#### What we achieved in 2020/21

During the year, we prepared Oakwood for opening. We recruited additional staff and have successfully created the necessary culture to accommodate children in the future. The property received all necessary developments to convert it into a home. We spent time ensuring the correct management structure was in place and all regulatory matters were in place. Ofsted gave clearance for it to open in August 2021.

Our internal training continues to thrive. We have 100 students currently training from the Foundation course to Masters.

We held our third graduation ceremony was held in July 2021 having been deferred from November due to the pandemic.



As usual it was held at Southwark Cathedral. As with the first such event, it was a celebration and of the dedication of the many staff who had worked so hard to progress in their therapeutic knowledge and skills. In total, 32 students graduated from the training. One student completed a full masters in iST. Three of these qualified at Masters level as iST Child Psychotherapists.

Fundraising in the current environment continued to be challenging. Consequently, when our Fundraising Director left in November 2020 they were not replaced. We have continued with a single fundraiser and we have managed to obtain donations from a variety of sources. This is mainly from trusts (81%) since it was not possible to hold any fundraising events. There was no London Marathon in 2020 (except for elite runners) and it is hoped that one will happen in October 2021. In the end we received £189,000 in donations from all sources which is a great achievement given the situation.

It is unclear how much easier the fundraising environment will get in 2021/22. We are therefore particularly grateful to those acknowledged below for their contributions:

- 29th May 1961 Charitable Trust
- Barratt Family Charitable Trust
- Charles Littlewood Hill Trust
- D'Oyly Carte Charitable Trust
- Eastern Counties Educational Trust
- Kent Community Foundation
- Ladham Charitable Trust
- Latham & Watkins LLP
- Marc Harris
- Pamela Champion Foundation
- Peter Harrison Foundation
- Philip Rackham
- R C Snelling Charitable Trust
- Robert Shipton
- Silver Family Charitable Trust
- Sir James Roll Charitable Trust
- Tanya Scott-Adie
- The Beatrice Laing Foundation
- The Clover Trust
- The Elizabeth and Prince Zaiger Charitable Trust
- The Geoffrey Watling Charity
- The HASH Foundation
- The Inverforth Charitable Trust
- The John Black Foundation
- The Joseph & Lena Randall Charitable Trust
- The Martin Laing Foundation
- The Red Hill Charitable Trust
- The Tompkins Foundation
- Whitegates Children's Trust
- Whitehead Monckton Charitable Trust

## Applying our external profile and influence

### Our aims for 2020/21 were to:

- a) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.

- b) Develop clinical influence through research, conference attendance and clinical papers.

### What we achieved in 2020/21

During the year, we continued to work closely with the UK Council for Psychotherapists and with Children England, influencing national mental health and voluntary sector policy and practice on behalf of children and young people.

We successfully completed our UKCP reaccreditation process and received very positive feedback. This feedback included a suggestion for the Institute to develop an external practice conversion course, which we are now doing.

We have accredited four new staff members as Child Psychotherapeutic Counsellors, and our very first Institute trained Child Psychotherapist.

As part of our work on Middlesex University Reaccreditation we enhanced our academic program and assessment structure to improve the quality of our clinical practice and expertise.

We have commenced development of a corporate foundation course for staff who are not directly involved with clinical work and also for those specialising in education. This will give all staff an insight into our iST model and our therapeutic method.

One staff member completed their Masters in iST, producing an insightful dissertation on the management and definitions of self-harm in Children's Residential care and graduated with Distinction. We also have two staff members working to complete their Masters.

We have published the paper 'Left behind Reflections of residential care home managers when children leave' in The Scottish Journal of Residential Child Care. We have another paper, 'The complexities and benefits of placement and family support work in children's residential care', pending publication.

Our research programme continues to grow and includes the following:

#### Completed projects (all Masters Levels)

- 1) Left behind Reflections of residential care home managers when children leave
- 2) The complexities and benefits of placement and family support work in children's residential care
- 3) Is there a way to make outcomes data more accessible?
- 4) What motivates staff to work within therapeutic communities and what motivates them to leave?
- 5) An Investigation into the factors that impact on a child's progress in a therapeutic community
- 6) An Investigation into the Use of Restrictive

Physical Intervention with Children Living in a Therapeutic Community.

- 7) An investigation into exploring the understanding and management of self-harm in children in a therapeutic community in order to inform the development of practice.
- 8) To explore the role of effective succession planning in contributing to the future sustainability of a value-based organisation

Ongoing projects:

Completed projects (all Masters Levels)

- 1) Perspectives of Life Story Work with Traumatized Children
- 2) An exploration into the impact of Covid-19 on Group Culture in a Therapeutic Community
- 3) Referrals of Children into Therapeutic Residential Children's Homes
- 4) The Voice of Fathers of Children in Care

PhD Level

- 1) The Capacity for change and growth in a therapeutic community – for an individual, a group and the organisation as a whole
- 2) How do Therapeutic Care Workers (TCWs) make sense of their informal interactions with the child within a therapeutic community?
- 3) Exploring the different views of care leavers, birth families, and professional on how to create positive contacts between LAC and families

These research projects have many uses, both inside and outside the charity (see p16).

Proposed Projects:

We have five new Masters Research students starting this September with exciting and interesting projects involving, life story work, food and eating disorders, and transitions/leaving care.

We are holding our first Research Colloquium in April 2022 which will be a platform for our researchers to present their projects to an external audience. This is an important part of our programme to widen our influence in child psychotherapy outside the organisation as well as improve our own business practice.

## Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the three subsidiaries: Childhood First (South) which contains Greenfields House and Gables House in Kent, Childhood First (East Anglia) which contains Earthsea House and Merrywood House, and Childhood First (Midlands) which contained Thornby Hall but has now ceased trading. The accounts also include a dormant company, Princess Mary's Trust.

### Fee income summary

	2020/21	2019/20	Change
	£000	£000	£000
East Anglia	4,392	3,863	529
Kent	4,893	3,853	1,040
<b>Residential</b>	<b>9,285</b>	<b>7,716</b>	<b>1,569</b>
Fostering	96	124	(28)
<b>Total</b>	<b>9,381</b>	<b>7,840</b>	<b>1,541</b>

Residential fee income is up £1,569,000 on 2019/20. Average placements increased from 30.0 to 33.7 as the additional places were taken up following last year's expansion. We therefore achieved 91% occupancy (2019/20 81%).

During the year we decided to wind down our activity in fostering and all activity ceased in January 2021.

### Net surplus

	2020/21	2019/20	Change
	£000	£000	£000
East Anglia	691	223	468
Kent	479	89	390
<b>Residential</b>	<b>1,170</b>	<b>312</b>	<b>858</b>
Fostering	(188)	(366)	178
Head Office	312	1	311
<b>Total</b>	<b>1,294</b>	<b>(53)</b>	<b>1,347</b>

The large rise in the surplus has arisen from the better occupancy levels. Overall Residential care achieved a surplus of £1,170,000 up £858,000 from the previous year.

Fostering recorded a net deficit as the activity was brought to a close. We continued made reductions in costs in this area as this activity ceased.

Head office surpluses are a combination of the fundraising results and investment returns. Investments have performed well this year recording a surplus of £366,000 (2019/20 £7,000) as the markets recovered.

Fundraising income was £189,000, significantly down on the down on last year (£337,000). This follows the sector experience where income from this area were significantly lower because of the pandemic. We made significant cost reductions in this area in response. Overall fundraising provided a surplus £33,000 compared to £65,000 in the previous year.

The charity has recorded an impressive surplus largely because of the high placement level achieved and the stability of the placements.

### Total costs

Overall costs have grown by £366,000 (4%) during the year. Staff costs have risen by £658,000 and non-staff costs have fallen by £292,000. Staff numbers have increased by 7% which explains the majority of this increase. The falls in non-staff cost reflect the reduced fostering activity, lower travel and office costs. The scaling back of fundraising also reduced the marketing spend during the year. These changes reflect the impact of lockdown during the year.

### Fixed assets

There were minor investments in the Merrywood property.

### Debtors and Creditors

Debtors are down 34% on last year despite the increase in turnover. This reflects better collections.

Trade creditors remain consistent at £300,000 and represent around six weeks of purchases.

### Cash position

The cash position has increased significantly reflecting the large surplus achieved and the reduction in debtors. There has been little capital investment during the year.

### Provision for liabilities and charges

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though these schemes were replaced with defined contribution schemes some years ago for all new employees. The poor performance of these Local Authority Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £361,000. Full details of these schemes are included in the notes to the accounts.

### Investments

The charity investment policy is to maintain an investment portfolio which combines the best long term total financial return with a relatively low risk. In order to achieve this objective the investment portfolio should be invested in managed investment funds with the following guidelines:

- The investments should be divided between at least two different managed funds.
- The managed funds will have an aim of making total returns rather than income generation.

The prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested.

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £3,315,712; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £366,000.

### Financial reserves

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of reserves to support its activities, taking into account the risks to which it is exposed. The charity holds reserves in the form of designated funds that are earmarked by the trustees to represent fixed and other assets which cannot be readily converted into cash. In addition, the charity holds unrestricted funds for the following reasons:

1. to provide working capital to manage fluctuations in its cashflow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;

4. to provide capital growth for imminent developments; and
5. to provide development of our service quality

On the basis of the above needs we calculated that we should retain £2,748,000 of free reserves. This requirement is less than last year because the main capital developments have now taken place.

Based on the accounts, total reserves are £10,446,000. Excluding fixed assets (£5,251,000) and restricted funds (£487,000) the unrestricted reserves amount to £4,708,000. However this total has been arrived at after recognising the £361,000 pension deficit which is a long term liability. Short term unrestricted reserves are therefore £5,069,000. The charity aims to apply excess reserves in further expansion of its residential care provision and other projects.

## Our Future Plans

During the year, trustees and managers conducted a strategic review, which confirmed the following development objectives for our therapeutic and training services.

### Therapeutic Effectiveness

Treat troubled children safely and effectively in iST-based residential, foster care and related services.

### Sustainable Service Growth

- a) Develop new placement capacity - sustainable therapeutic residential and foster care placements.
- b) Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
- c) Grow voluntary and trust-funded development income.
- d) Recruit, train and develop iST and iTF therapeutic staff and carers.
- e) Develop the next generation of service and Institute leaders.

### External Profile and Influence

- a) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.
- b) Develop clinical influence through research, conference attendance and clinical papers.

## Our response to Covid 19

Covid 19 and its impact began in the latter part of the previous financial year (February 2020). In last year's report which covered the period to September 2020, we gave an extensive explanation of the measures we had undertaken.

The key points were:

- Our homes continued to operate normally but applied all government restrictions as required.
- All head office staff moved to home working. We had sufficient systems and infrastructure in place to continue to deliver our business services.
- Our professional training moved on-line and all students continued to receive training.
- Our fundraising activity was curtailed in line with much of the charity sector.
- We maintained the quality of our work, although Ofsted ceased home inspections during this time.
- Our customers are exclusively local authorities and we experienced no fall in demand for our services or payment for them.

For the latter part of the year we continued to operate at close to full. We were able to maintain sufficient staffing to allow this to happen.

In the latter half of the year we experienced a Covid outbreak in one of our Kent homes. However, we had built up staff numbers sufficiently to have adequate cover whilst they self-isolated.

We continued to monitor the staff absence rates during this period. We found that there was relatively little issue with Covid except as noted above.

The level of visits from outsiders (Ofsted, social workers) remained low and all necessary contact was delivered through conference or telephone calls.

Greenfields School which did not close in the early stages of the pandemic, remained open throughout the year.

We completed the shutdown of the fostering service and the remaining staff were redeployed; there were no redundancies.

Our head office continued to operate remotely but we established a series of on-line meetings as part of the communication and team building strategy. Having gone fully paperless we were able to work with our auditors for them to

complete the 2020 audit of our accounts. This went smoothly and no audit issues were identified.

We completed a further Information Systems development programme with additional back up and business continuity arrangements to add resilience to our infra structure.

Our professional training (previously delivered face to face) moved on-line and all students were able to access an uninterrupted delivery of iST. The group analysts still delivered their therapy in group meetings. In the latter part of the year we used some PPE in these meetings and some were delivered remotely when national infection levels were high.

As the vaccines became available, our staff were able to receive these early due to their work status. We have experienced a very high take up rate which has allowed us to dispense with the use of facemasks sooner than otherwise. This has helped with our clinical delivery to the children.

During the year we prepared Oakwood, the home we acquired in 2019, for opening. Staff numbers were built up and the property conversion process completed. We have now opened the home in August 2021 and have taken the first children into the community.

Commercially the organisation is well placed to deliver its residential care. There is little counterparty risk of bad debt as all customers are local authorities. Our long term strategy on contract costing is proving its worth. Because we have been engaging in properly costed contracts and exited loss making ones we have been able to absorb additional costs where necessary and build reserves. This financial strategy is expected to continue.

Fundraising has been scaled back and staffing reduced to reflect the scope available to the charity.

Looking forward, it is likely that some practices which were established during the pandemic would remain. We are planning to return to head office but with a mixture of home and office working. We will continue to operate paperlessly and use Zoom for some meetings to contain travel costs. At the same time the organisation has been clear of the critical value of face to face meetings – especially in an organisation which is rooted in therapeutic working.

## Risk and Uncertainties

The report has dealt with the organisations approach to Covid 19 as a separate item above.

In addition, the Trustees have assessed the other major risks to which the charity is exposed, in particular those related to the operations and finances, and believe that systems are in place to mitigate our exposure to the major risks.

Major risks and the actions which are taken to mitigate these risks include:

### OFSTED rating system

There is considerable risk of OFSTED rating a home below Good. This may or may not be in respect of genuine non-compliance with regulations. Evidence suggests that the rating system continues to be inconsistently applied, and that the approach to inspection is not wholly valid for specialist therapeutic environments. Policies and resources are in place that ensures our compliance with the Children's Homes regulations, with monthly inspections. Systems are in place to ensure that recommendations from OFSTED reports are acted on in a timely way. Three of our four homes are all rated 'Outstanding', and our school is rated as 'Good'.

### Safeguarding

A safeguarding risk exists wherever children are looked after. We have in place a system to detect and prevent safeguarding issues. This includes specific reports around restraints and regular reporting to trustees. We operate a safeguarding committee which reviews all incidents. We ensure all appropriate matters are reported to the Local Authority Designated Officer. Additionally we use iST to encourage discussion of any concerns. We have an operational whistleblowing policy. We also meet the statutory requirements of Safer Recruitment that apply to children's homes.

### Recruitment and retention of appropriate skilled staff

Terms and conditions have been reviewed and amended, and a system of appraisals and training is in place. We now provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We have replaced the clinical consultation model with employed clinical specialist roles. This provides progressive clinical employment opportunities, which do not require shift-work, for experienced and qualified staff.

### Shortfall in fee income

The fees are reviewed annually and are designed to deliver a sufficient return to sustain the ongoing business even at average occupancy levels. There has been investment in marketing activity to ensure a steady stream of referrals and adequate numbers of children at any time.

### Shortfall in voluntary income

A fundraising strategy has been put in place to ensure the voluntary income is sufficient to meet the needs of the charity.

### Residential properties continue to meet the needs of the children and young people

Refurbishment and regular maintenance programmes are in place. All our properties are fit for purpose, as therapeutic children's homes, schools or administrative offices.

## Structure, Governance and Management

### Governing document

The Institute of Integrated Systemic Therapy is a charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008. To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

### Recruitment and appointment of Trustees

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. Nominations are discussed

by the Board and, if agreed, the nominees are formally invited to join the Board by the Chairman. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

### Trustees' induction and training

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

### Organisational structure



Dr Henrietta Hughes OBE our new Chair of Trustees

The Articles provide for between five and fifteen Trustees; there are currently thirteen. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience.

## Committee Membership

### Finance

George Viney, Sebastian Lyon\*, Sanjay Shah

### Safeguarding

Simon Villette, Samantha Deacon\*\*, Sarah Scarratt, Henrietta Hughes

### School Governance

Simon Villette, Jacqui Ward\*

### Development Board

Robert Shipton, John Harrison, Scott Murdoch, Sarah Scarratt, Trish Phillips, Lynne Ross\*

\* external member; \*\*until December 2020.

In addition we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

As mentioned in the chairman's introduction, John Harrison who has been the chair of trustees for the past ten years, is standing down in September 2021 and Henrietta Hughes will take up the role.

## Management and core activities

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Management Team led by the Chief Executive.

As mentioned in the chairman's introduction Stephen Blunden retired on 31 March 2021 and Gary Yexley became the new CEO. During the year a number of the management team moved on and were replaced (see p38). These changes had been carefully planned for and we are pleased at the seamless way the incoming directors have taken up their roles. The new team will now build on the successes of the previous one.

Our core activities are centred on the work of five residential therapeutic communities and two non-residential programmes: Placement and Family Support and iST Fostering.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who are suffering the consequences of neglect and emotional, physical and sexual abuse.

The communities are:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 – 17. Education is provided at Greenfields School or onsite.

The Placement and Family Support service provides therapeutic support for vulnerable children with emotional and behavioural difficulties, together with their families and carers.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities. However such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work. For these, voluntary and grant funding is required.

## Remuneration Policy

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees. The remuneration of the Chief Executive is set by the Chairman.

## Our Approach to Fundraising

The basic operational expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. As noted earlier, we are developing the capacity to fundraise for capital projects, as well as to increase the proportion of funding raised from trust and voluntary sources. These initiatives will strengthen the sustainability of our mission and increase the number of children and families we can support. Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound to adopt any regulatory scheme. However the charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities; nor do we consider it necessary to design specific procedures to monitor this.

## Public Benefit

We review our aims and objectives regularly, looking both at the planned activities for the coming year and the progress against plans for the previous year. We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At each of our communities, places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

Due to the intensive and specialised nature of the work, the comparatively long treatment period for severely traumatised children and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small. Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. Adolescents who are referred to our services must also personally ask to come and participate in the treatment programme.

As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's, inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on four decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions more widely on behalf of traumatised children and young people. This is a further way we believe the charity provides a public benefit.

## Statement of Responsibilities of the Trustees

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

Company law requires the Trustees (who are the directors for the purposes of company law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the group and charity financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the profit or loss of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Going concern

The trustees have considered the matter of going concern with particular reference to additional risk posed by Covid-19 both directly and indirectly.

They believe the charity remains a going concern in the current environment for the following reasons:

- a) There remains a high demand for our residential service and we operate at above 80% of our current capacity.
- b) Our fees are structured so that they deliver a surplus.
- c) We do not face a counterparty debt risk as all customers are local authority.
- d) We do not rely on fundraising income to cover our operational costs.
- e) We have a successful track record of recruiting and training staff to deliver our service.
- f) We retain adequate reserves to meet our reserves requirement.
- g) The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- h) It has experienced management and, because of its overall size, can adjust quickly to changing conditions.
- i) We have curtailed loss making areas and concentrated on the main business.

We have reviewed our expectations for the year ahead and considered contingencies that may reduce expected income. We believe we will record a surplus in the next financial year. As a result, the Trustees are satisfied that a material uncertainty in relation to going concern does not exist and hence the Charity and the Group are able to continue to operate for the foreseeable future

## Disclosure of Information to Auditors

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All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board of Trustees



**John Harrison**  
Chairman

14 September 2021



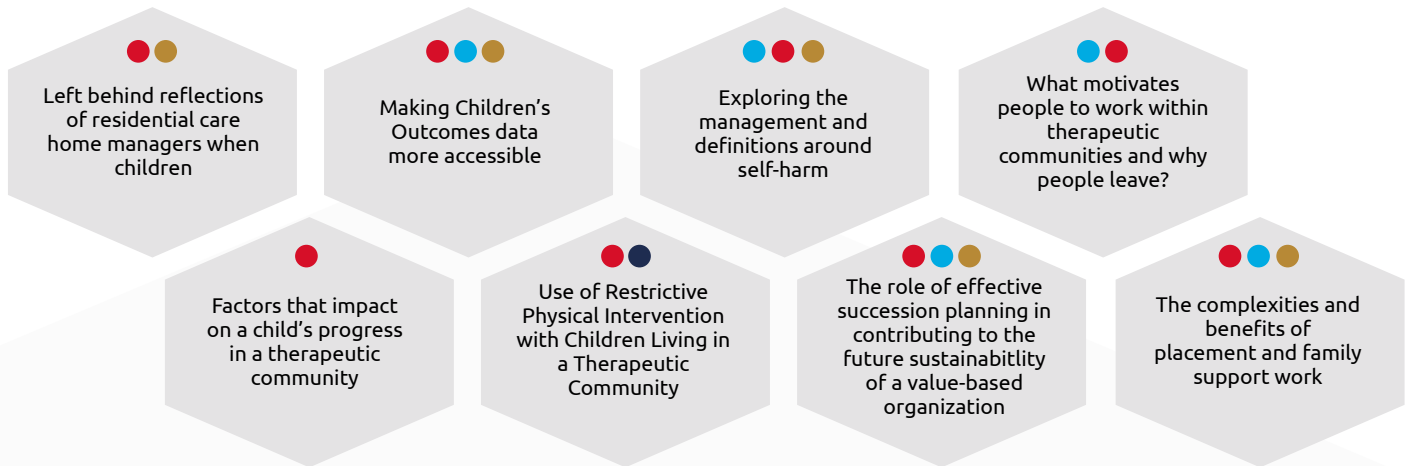
Katie Ervine, winner of the Stephen Blunden Award for outstanding achievement.

## Our research projects have many uses.

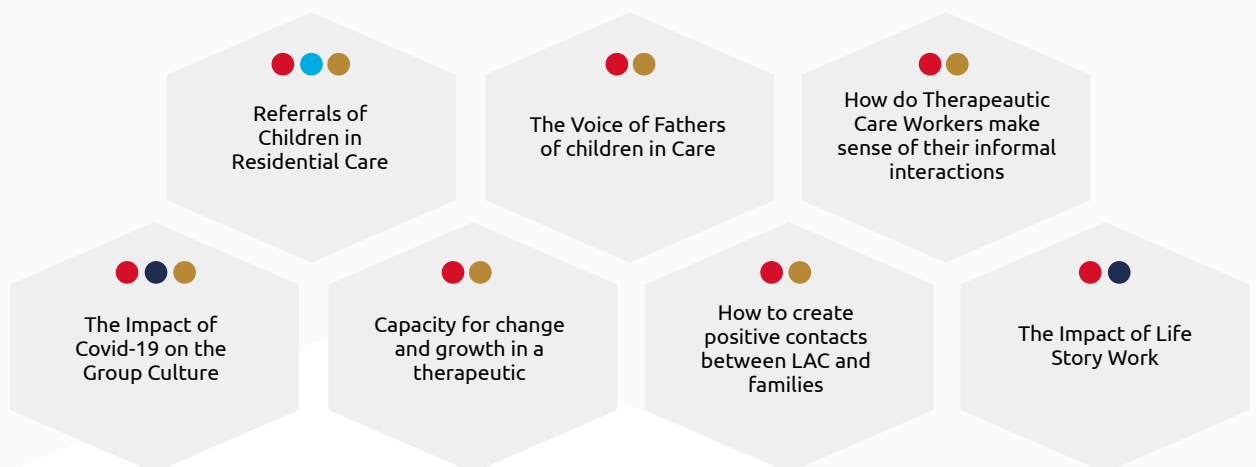
- They can provide academic insight, that is, they build on existing psychotherapy analysis presented by other authors.
- They can lead to organisational improvements via service developments, practice enhancement and improving children's outcomes.
- They can have a wider social impact through the based research and recommendations for improving clinical practice.

A research project can often deliver in more than one of these categories (see below)

### completed projects



### ongoing projects



### key - research aims

- Academic insight
- Local service improvement
- Organisational improvement
- External/wider social impact

# Independent Auditor's Report to members of the Institute of Integrated Systemic Therapy

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources 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.

We have audited the financial statements of the Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the (consolidated) statement of financial activities, the (consolidated) balance sheet, the (consolidated) cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the Group and Parent Charitable Company 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.

## Conclusions related 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

Group and the Parent Charitable Company'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 and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 themselves. 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.

## Other Companies Act 2006 reporting

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 and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Statement of the Responsibilities of Trustees', 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the

Parent Charitable Company and its subsidiaries. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018 and Bribery Act 2010.

- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- We understood how the Parent Charitable Company and its subsidiaries are complying with those legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Group and Parent Charitable Company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

## Use of our report

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

DocuSigned by:

**BDO LLP**

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Richard Willis (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor London, UK

Date: 7 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated Statement of Financial Activities

for the Year Ended 31 March 2021

Notes	2021			2020	
	Unrestricted £	Restricted £	Endowment £	Total £	Total £
<b>Income and endowments from</b>					
Donations and legacies	76,566	112,297	-	188,863	337,454
Charitable activities	9,381,008	-	-	9,381,008	7,840,464
Investments	24,681	-	-	24,681	70,469
Other	12,833	-	-	12,833	5,111
<b>Total income</b>	<b>9,495,088</b>	<b>112,297</b>	<b>-</b>	<b>9,607,385</b>	<b>8,253,498</b>
<b>Expenditure on</b>					
Raising funds	145,516	-	-	145,516	273,237
Charitable activities					
Therapeutic residential care	7,828,111	10,043	-	7,838,154	7,200,289
Fostering	284,158	-	-	284,158	490,998
Placement and family support	83,601	-	-	83,601	283,008
Training	327,783	-	-	327,783	66,469
<b>Total expenditure</b>	<b>8,669,169</b>	<b>10,043</b>	<b>-</b>	<b>8,679,212</b>	<b>8,314,001</b>
Net income/(expenditure) before investment gains	825,919	102,254	-	928,173	(60,503)
Gains on Investments	365,987	-	-	365,987	7,464
<b>Net income/(expenditure)</b>	<b>1,191,906</b>	<b>102,254</b>	<b>-</b>	<b>1,294,160</b>	<b>(53,039)</b>
Transfers between funds	-	-	-	-	-
Actuarial gains/(losses) on defined benefit schemes	187,000	-	-	187,000	(140,000)
<b>Net movement in funds</b>	<b>1,378,906</b>	<b>102,254</b>	<b>-</b>	<b>1,481,160</b>	<b>(193,039)</b>
Total funds brought forward	8,096,595	384,710	483,947	8,965,252	9,158,291
<b>Total funds carried forward</b>	<b>9,475,501</b>	<b>486,964</b>	<b>483,947</b>	<b>10,446,412</b>	<b>8,965,252</b>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2020 comparatives are shown in Note 19a.

The notes 1 - 19 form part of these financial statements.

# Consolidated and Company Balance Sheet

as at 31 March 2021

Company number: 1708301

	Notes	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Fixed assets</b>					
Tangible assets	7	5,251,933	5,380,593	4,206,508	4,279,475
Investments	8	3,315,712	2,937,322	3,315,712	2,937,322
		8,567,645	8,317,915	7,522,220	7,216,797
<b>Current assets</b>					
Debtors	10	506,321	718,271	141,053	134,639
Cash at bank		2,496,742	1,150,526	2,380,350	1,073,541
		3,003,063	1,868,797	2,521,403	1,208,180
<b>Creditors:</b>					
Amounts falling due within one year	11	(763,296)	(642,460)	(3,439,052)	(1,885,222)
Net current assets/(liabilities)		2,239,767	1,226,337	(917,649)	(677,042)
<b>Total assets less current liabilities</b>		10,807,412	9,544,252	6,604,571	6,539,755
<b>Creditors:</b>					
Amounts falling due after one year	12	-	-	-	-
<b>Pension liability</b>					
	13	(361,000)	(579,000)	(363,000)	(863,000)
<b>Net assets</b>		10,446,412	8,965,252	6,241,571	5,676,755
<b>The funds of the charity</b>					
<b>Income funds</b>					
Unrestricted funds					
- General reserves		9,034,308	7,873,402	5,068,989	4,606,427
- Pension reserves		(361,000)	(579,000)	-	-
- Designated funds	15	802,193	802,193	685,618	685,618
Total unrestricted funds		9,475,501	8,096,595	5,754,607	5,292,045
Restricted funds	14	486,964	384,710	486,964	384,710
<b>Capital funds</b>					
Endowment funds	16	483,947	483,947	-	-
<b>Total charity funds</b>		10,446,412	8,965,252	6,241,571	5,676,755

The financial statements were approved and authorised for issue by the Trustees on 14 September 2021 and were signed on its behalf by



**John Harrison**  
Chairman

The notes 1-19 form part of these financial statements.

# Consolidated cash flow statement

For the year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Cash flow from operating activities</b>			
Net income/(expenditure) for the reporting period		1,481,160	(193,039)
Depreciation		174,243	181,847
(Gains) on investments	8	(365,987)	(26,361)
Interest (receivable)		(12,403)	(15,706)
Decrease/(increase) in debtors	10	211,950	(94,270)
Increase in creditors	11	120,836	86,350
Actuarial (gain)/loss on defined benefit scheme	13	(218,000)	165,000
		<b>1,391,799</b>	<b>103,821</b>
<b>Cash flows from investing activities</b>			
(Purchase) of property, plant equipment	7	(45,583)	(1,118,032)
Proceeds from sale of investments	8	-	933,064
		<b>(45,583)</b>	<b>(184,968)</b>
<b>Change in cash in reporting period</b>			
		<b>1,346,216</b>	<b>(81,147)</b>
<b>Cash at beginning of year</b>			
		<b>1,150,526</b>	<b>1,231,6737</b>
<b>Cash at end of year</b>			
		<b>2,496,742</b>	<b>1,150,526</b>

## Analysis of changes in net debt

	Cash deposits £	Cash £	Total £
Balance at 1 April 2020	440,420	1,150,526	1,150,966
Cash flows	12,403	1,346,216	1,358,619
Balance at 31 March 2021	452,823	2,496,742	2,949,565

The notes 1-19 form part of these financial statements.

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

### a) Basis for consolidation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

### Basis for consolidation

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy and of its subsidiary undertakings, Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. The consolidated accounts also include the results and net assets of Princess Mary's Trust, of which Institute of Integrated Systemic Therapy is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Institute of Integrated Systemic Therapy's registered office.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated statement of financial activities and income and expenditure account from the date of acquisition. In the parent charity's financial statements, investments in subsidiary undertakings are stated at cost.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,528,509 (2020 - £1,680,861) and the result for the parent charitable company, including unrealised surpluses on investments, for the year was a £567,774 surplus (2020 - £860,195 deficit).

### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Short leasehold buildings	over the remaining terms of the lease
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as to the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

### e) Allocation of expenses

- Costs of generating funds comprise the costs associated with attracting voluntary income; and
- 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 Accounting policies (continued)****f) Investments**

Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.

**g) Funds:**

- Unrestricted funds

These represent funds which can be expended as the trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which are unrestricted and represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.

- Restricted income funds

These represent income received which can only be expended for the purpose specified by the donor.

- Permanent Endowment fund

This represents assets donated which must be held as capital and cannot be converted to income.

**h) Pension costs**

- A number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;

- A number of employees belong to the Surrey County Council Pension Scheme or the Norfolk County Council Pension Fund, which are defined benefit pension schemes. These are treated in accordance with FRS 102;

- The difference between the fair value of the assets held in the charitable company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charitable company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charitable company is able to recover the surplus either through reduced contributions in the future or through funds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance;

- Charges in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the charitable company are charged to the Statement of Financial Activities in accordance with FRS 102 'Retirement benefits'; and

- Employees who are not eligible to belong to the above schemes may belong to a group personal pension plan. The assets of this plan are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period.

**i) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**j) Cash and cash equivalents**

Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.

**k) Going concern**

The impact of the pandemic resulted in new ways of working, but did not result in a reduction in the demand for our key residential services. The 2020/21 results show this very clearly and these results are the best ever recorded by the charity. The organisation has recorded a surplus of £1.5m in 2020/21 and we forecast a surplus in 2021/22 of between £1.6m and £0.6m. The variation relates to capacity of the homes and the timing of Oakwood opening. We have stress tested our assumptions and believe that these results represent a realistic picture.

The majority of the negative effects (caused by the pandemic) are reflected in our current results and our forecast. Fundraising income which was never a significant income stream has been set at an extremely prudent level. We have also cut costs in this area. Likewise, our fostering service has been wound down and this loss-making area has now ceased. The organisation has restructured and is able to work remotely or non-remotely as the conditions dictate. Our staff arrangements and technical infrastructure is now adaptable to either situation. All key investment to improve resilience has been completed. The majority of our staff are fully vaccinated and so the likelihood of a Covid-19 infection level of sufficient scale for a home to suspend operations remains low.

Our fees are structured so that they deliver a surplus. We do not face a counterparty debt risk as all customers are local authority. At an operational level we have a successful track record of recruiting and training staff to deliver our service. Our investment strategy is conservative and aims to preserve the real value of the charity's assets. There was only a modest impact from the decline in the equity markets at March 2020. The results for March 2021 show a clear bounce-back.

The charity's balance sheet, already strong, has continued to strengthen and we carry excess reserves which are available if needed. There is a strong regular cash flow generated from the residential care service and the overall liquidity level is high; net current assets plus investments represent 53% (2020:46%) of net assets. The group has £2.5m (2020: £1.2m) in cash as well as £3.3m (2020: £2.9m) of investments; this represents sufficient funds to cover six months of expenditure.

Although uncertainties exist, the trustees believe there are no material uncertainties which would cast doubt on the charity's ability to continue as a going concern. The trustees therefore believe it appropriate for the accounts to be prepared on a going concern basis.

## 2 Analysis of total expenditure

	Basis of allocation	Raising funds	Therapeutic Residential care	Fostering	Training	Placement and family support	2021 Total	2020 Total
		£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>								
Staff costs	Direct	98,996	5,374,968	90,973	232,684	83,601	5,881,222	5,263,473
FRS 102 pension adjustment	Direct	-	122,000	-	-	-	122,000	138,000
Consultancy	Direct	-	16,113	42,270	-	-	58,383	84,898
Travel	Direct	-	104,180	1,275	3,575	-	109,030	193,807
Office costs	Direct	5,223	229,983	6,818	1,381	-	243,405	325,034
Marketing	Direct	(8,928)	6,701	792	-	-	(1,435)	69,052
Premises	Direct	-	337,092	16,168	-	-	353,260	362,192
Household	Direct	-	119,510	-	-	-	119,510	111,636
Provisions	Direct	-	147,825	-	-	-	147,825	131,004
Education	Direct	-	310,266	-	-	-	310,266	370,252
Personal care	Direct	-	70,020	-	-	-	70,020	46,027
Social activities	Direct	75	127,957	-	-	-	128,032	163,822
Other	Direct	-	45,215	10,690	30,145	-	86,050	68,022
Depreciation	Direct	-	174,243	-	-	-	174,243	181,847
Finance charges	Direct	-	653	-	-	-	653	1,267
Insurance, legal, professional	Direct	-	141,211	13,964	-	-	155,175	186,738
Audit and accountancy	Direct	-	23,871	-	-	-	23,871	20,443
<b>Total</b>		<b>95,366</b>	<b>7,351,808</b>	<b>182,950</b>	<b>267,785</b>	<b>83,601</b>	<b>7,981,510</b>	<b>7,717,710</b>
<b>Support costs allocated to activities</b>								
Premises and office costs	Staff time	19,696	29,545	9,848	29,545	-	88,634	68,688
Finance and HR staff	Staff time	24,515	367,712	73,542	24,514	-	490,283	436,974
Other	Staff time	5,939	89,089	17,818	5,939	-	118,785	91,229
<b>Total</b>		<b>50,150</b>	<b>486,346</b>	<b>101,208</b>	<b>59,998</b>	<b>-</b>	<b>697,702</b>	<b>596,891</b>
<b>Total expenditure</b>		<b>145,516</b>	<b>7,838,154</b>	<b>284,158</b>	<b>327,783</b>	<b>83,601</b>	<b>8,679,212</b>	<b>8,314,001</b>

Further details on comparatives are shown in note 19b.

Marketing costs include a £14k refund of a deposit with Claridges for a fundraising event. This event was cancelled because of the pandemic.

**3 Net (expenditure)/income**

Net income/(expenditure) for the year is stated after charging:

	2021 £	2020 £
Auditor's remuneration: Group	23,871	20,040
Depreciation of tangible fixed assets	174,044	181,847
Profit on sale of fixed assets	-	-
Rentals payable under operating leases:		
Land and buildings	96,800	92,000
Other	37,565	37,246
Trustees professional indemnity insurance	2,025	2,025

**4 Staff numbers and costs**

The average number of persons employed by the group during the year was 174 (2020 - 163).

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	5,345,719	4,709,500
Social security costs	481,495	392,704
Other pension costs	269,608	248,283
FRS 102 pension adjustment (see note 6)	122,000	138,000
	6,218,822	4,889,844

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2021	2020
£60,001 - £70,000	-	-
£70,001 - £80,000	1	3
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,000 - £150,000	1	-

Pension payments for the above members of staff amounted to £70,355 (2020 - £77,081). The combined remuneration of these staff was £445,485 (2020: £558,951).

No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £631 (2020 - £960).

**5 Related party transactions**

The Institute of Integrated Systemic Therapy (registered charity number 286909) is the sole member of Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It is also the sole Trustee of Princess Mary's Trust.

During the year, the following transactions took place between the parent company and its subsidiaries.

	Princess Mary's Trust £	Childhood First (Midlands) £	Childhood First (South) £	Childhood First (East Anglia) £	Total £
<b>Charge to subsidiary</b>					
Management charge	-	-	375,090	353,253	728,343
Institute training	-	-	105,600	115,200	220,800
Rental	-	-	169,600	100,000	269,600
Total	-	-	650,290	568,453	1,218,743
<b>Donations to subsidiary</b>	-	-	3,759	3,841	7,600
<b>Donations from subsidiary</b>	-	-	-	-	-
<b>Intercompany balances</b>					
<b>As at 31 March 2021</b>					
Owed to parent	21,073	-	-	-	21,073
Owed by parent	-	55,059	1,385,076	1,810,788	3,250,923

## 5 Related party transactions (continued)

At the balance sheet date the Trust owed £21,073 to the parent charity (2020: £21,073 owed to parent).

Entity information	Princess Mary's Trust	Childhood First (Midlands)	Childhood First (South)	Childhood First (East Anglia)
Company number	N/A	03187004	03547839	03706394
Charity number	229136	286909	286909	286909

## 6 Pensions

### (a) Surrey Pension Scheme

A number of the company's employees are members of the Surrey County Council Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

The actuarial deficit attributable to the company at 31 March 2021 was estimated to be £363,000 (2020: £863,000). There are two employees who are members of this scheme. In addition there are 15 deferred pensioners and 24 pensioners.

The contributions of the charitable company during the year were 32.6% of pensionable salary plus a £66,000 lump sum (prior year: 31.4% plus £30,000) and amounted to £124,756 (2020 - £94,744). There were outstanding contributions of £6,484 due at the end of the financial year (2020 - £9,389). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

The major assumptions at 31 March 2021 as used by the actuary were:

Financial	2021	2020
Pension increases	2.85%	2.0%
Salary increases	3.75%	2.9%
Discount rate	1.95%	2.3%

### Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

2020	Males	Females
Current pensioners	22.1 years	24.3 years
Future pensioners	22.9 years	25.7 years
2021	Males	Females
Current pensioners	22.3 years	24.7 years
Future pensioners	23.4 years	26.4 years

### Commutation

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free for post-April 2008 service.

### Assets

The market value of the scheme's assets and their current allocation are:

	2021 £	2020 £
Equities	4,687,000	3,695,000
Bonds	1,000,000	849,000
Property	437,000	350,000
Cash	125,000	100,000
Totals	6,249,000	4,994,000

Total investment returns for the year to 31 March 2021 was 28.5% (2020: -10.7%).

## 6 Pensions (continued)

## (a) Surrey pension Scheme (continued)

**Net pension assets and liabilities**

	2021 £	2020 £
Estimated employer assets	6,249,000	4,994,000
Present value of scheme liabilities	(6,612,000)	(5,857,000)
Present value of unfunded liabilities	-	-
Net pension liability	(363,000)	(863,000)

**Changes in the fair value of plan assets, defined benefit obligation and net liability****Reconciliation of Funded liabilities**

	2021 £	2020 £
Opening position	5,857,000	6,095,000
Current service cost	63,000	87,000
Interest cost	132,000	144,000
Contributions by members	19,000	20,000
Benefits paid	(291,000)	(309,000)
Expected closing position	5,780,000	6,037,000
Remeasurements		
Changes to financial assumptions	832,000	(180,000)
Total remeasurements	832,000	(180,000)
Closing position	6,612,000	5,857,000

**Reconciliation of fair value of employer assets**

	2021 £	2020 £
Opening position	4,994,000	5,709,000
Interest income	113,000	135,000
Employer contributions	125,000	91,000
Contributions by members	19,000	20,000
Benefits paid	(291,000)	(309,000)
Expected closing position	4,960,000	5,646,000
Remeasurements		
Return on assets	1,289,000	(652,000)
Total remeasurements	1,289,000	(652,000)
Closing position	6,249,000	4,994,000

**Analysis of amounts credited/(charged) to the statement of financial activities**

	2021 £	2020 £
Current service costs	(63,000)	(87,000)
Interest cost	(19,000)	(9,000)
Interest income	-	-
Net (charge) to statement of financial activities:	(82,000)	(96,000)
Actual Return on assets	1,289,000	(652,000)
Actuarial (losses)/gains arising on scheme liabilities	(832,000)	180,000
Actuarial gains/(losses) charged to the statement of Financial Activities	457,000	(472,000)

**6 Pensions (continued)****(b) Norfolk County Council Pension Fund**

One of the charity's employees is a member of the Norfolk County Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. There are two deferred member and one pensioner.

In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

There was one members in the company and two pensioners. The contributions of the charitable company during the year were 22.6% of pensionable salary and amounted to £nil (2020 - nil). There were no outstanding contributions at the end of the financial year (2020 - nil). The charity intends to exit the Norfolk pension scheme during 2020 and at the year end there were no employees in the scheme which is now closed. The employer contribution for the year beginning 1 April 2020 has therefore not been established (2020 – 22.6%). There is no deficit contribution.

The major assumptions at 31 March 2021 as used by the actuary were:

<b>Financial</b>	<b>2021</b>	<b>2020</b>
Pension increases	2.85%	1.9%
Salary increases	3.55%	2.6%
Discount rate	2.0%	2.3%

**Mortality**

Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

<b>2020</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.7 years	23.9 years
Future pensioners	22.8 years	25.5 years
<b>2021</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.9 years	24.3 years
Future pensioners	23.2 years	26.2 years

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free for post-April 2008 service.

**Assets - solely Childhood First (East Anglia) Limited**

The market value of the scheme's assets and their current allocation are:

	<b>2020</b>	<b>2019</b>
	£	£
Equities	-	-
Bonds	1,410,000	1,378,000
Property	44,000	44,000
Cash	15,000	29,000
<b>Totals</b>	<b>1,469,000</b>	<b>1,451,000</b>

Total investment returns for the year to 31 March 2021 was 0.8%.

6 Pensions (continued)	2021	2020
(b) Norfolk County Council Pension Fund (continued)	£	£
<b>Net pension assets and liabilities</b>		
Estimated employer assets	1,469,000	1,451,000
Present value of scheme liabilities	(1,467,000)	(1,167,000)
Total value of (liability)/asset	2,000	284,000
Net pension asset	2,000	284,000
<b>Changes in the fair value of plan assets, defined benefit obligation and net liability</b>		
	2021	2020
	£	£
<b>Reconciliation of Funded liabilities</b>		
Opening position	1,167,000	1,408,000
Current service cost	46,000	41,000
Past service	-	-
Interest cost	27,000	34,000
Contributions by members	13,000	9,000
Benefits paid	(34,000)	(33,000)
Expected closing position	1,219,000	1,459,000
Remeasurements		
Changes to financial assumptions	248,000	(292,000)
Total remeasurements	248,000	(292,000)
Closing position	1,467,000	1,167,000
<b>Reconciliation of fair value of employer assets</b>		
	2021	2020
	£	£
Opening position	1,451,000	1,380,000
Interest income	33,000	33,000
Employer contributions	28,000	22,000
Contributions by members	13,000	9,000
Benefits paid	(34,000)	(33,000)
Expected closing position	1,491,000	1,411,000
Remeasurements		
Return on assets	(22,000)	40,000
Total remeasurements	(22,000)	40,000
Closing position	1,469,000	1,451,000
<b>Analysis of amounts (charged)/credited to the statement of financial activities</b>		
	2021	2020
	£	£
Current service costs	(46,000)	(41,000)
Interest cost	(27,000)	(34,000)
Past service	-	-
Interest income	33,000	33,000
Net (charge) to statement of financial activities:	(40,000)	(42,000)
Actual Return on assets	-	40,000
Actuarial (loss)/gain arising on scheme liabilities	(270,000)	292,000
Actuarial (loss)/gain charged to the statement of Financial Activities	(270,000)	332,000

**6 Pensions (continued)****McCloud Ruling**

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2021 (as per the 2020 accounting approach).

**(c) Combined summary information for Surrey and Norfolk County Council Pension Funds**

The table below provides details of the movement in the deficit during the year for both defined benefit pension schemes on a combined basis:

	2021 £	2020 £
Current service cost	(109,000)	(128,000)
Past service	-	-
Interest cost	(46,000)	(43,000)
Interest income	33,000	33,000
Net (charge) to statement of financial activities (note 2)	<b>(122,000)</b>	<b>(138,000)</b>
Remeasurements		
Return on assets	1,289,000	(612,000)
Actuarial liabilities	(1,102,000)	472,000
Actuarial gain/(loss) charged to statement of financial activities	<b>187,000</b>	<b>(140,000)</b>
<b>Decrease/(increase) in liability in the year</b>	<b>218,000</b>	<b>(165,000)</b>
<b>(Deficit) in schemes at beginning of the year</b>	<b>(579,000)</b>	<b>(414,000)</b>
<b>(Deficit) in schemes at end of year</b>	<b>(361,000)</b>	<b>(579,000)</b>

**(d) Teacher's Pension Scheme**

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

The last valuation of the TPS was as at 31 March 2012. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176 billion and the scheme had aggregate liabilities of £191 billion, leaving a deficit of £15 billion. The valuation determined the contribution rates on the basis of a fifteen year recovery timeframe for this deficit.

From 2015 the total scheme contribution was determined to be 26% with employee contributions of 9.6% and employer contributions of 16.4%. Of the employer contributions, 10.8% were normal contributions and 5.8% was identified to cover past service deficits.

Total pension costs during the year were £36,939 (2020 - £37,761). There were outstanding contributions of £4,171 due at the end of the financial year (2020 - £4,869).

**(e) Group Personal Pension Plan**

A Group Personal Pension Plan exists for employees who are not eligible to be part of the above schemes. This is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £272,884 (2020 - £203,035). There were outstanding contributions of £36,215 due at the end of the financial year (2020 - £2,558).

## 7 Tangible fixed assets

Group	Freehold properties £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2020	5,499,092	377,613	244,617	6,121,322
Additions	35,687	-	9,896	45,583
Disposals	-	-	(61,778)	(61,778)
At 31 March 2021	5,534,779	377,613	192,735	6,105,127
<b>Depreciation</b>				
At 1 April 2020	331,549	195,215	213,966	740,730
Charge for year	113,408	42,738	18,097	174,243
Disposals	-	-	(61,778)	(61,778)
At 31 March 2021	444,957	237,953	170,285	853,195
<b>Net book value</b>				
<b>At 31 March 2021</b>	<b>5,089,822</b>	<b>139,660</b>	<b>22,440</b>	<b>5,251,932</b>
At 31 March 2020	5,167,543	182,398	30,651	5,380,592

Company	Freehold properties £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 April 2020	4,497,550	92,711	4,590,261
Additions	9,938	-	9,938
At 31 March 2021	4,507,488	92,711	4,600,199
<b>Depreciation</b>			
At 1 April 2020	256,132	54,654	4,600,199
Charge for year	67,478	15,426	82,904
At 31 March 2021	323,610	70,080	393,690
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>4,183,878</b>	<b>22,631</b>	<b>4,206,509</b>
At 31 March 2020	4,241,418	38,057	4,279,475

**8 Fixed asset investments****(a) Group and Company**

	2021			2020
	Cash deposits £	Investment funds £	Total £	Total £
Balance at 1 April	440,420	2,496,901	2,937,321	3,828,318
Additions	12,403	-	12,403	15,706
Disposals	-	-	-	(933,064)
Loss/Gain on revaluation	-	365,987	365,987	26,361
<b>Market value at 31 March</b>	<b>452,823</b>	<b>2,862,888</b>	<b>3,315,711</b>	<b>2,937,321</b>

The cash deposits are managed by Cazenove Capital Management and the investment funds are invested in CF Ruffer Total Return Fund, McInroy Balanced Fund and CG Portfolio Funds.

**(b) Subsidiary undertakings**

The principal undertakings which have been included in the consolidated financial statements are as follows:

Subsidiary Undertaking	Country of Incorporation	Proportion of voting rights	Share capital held	Nature of business
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (Midlands) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

**Subsidiary summary results**

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	4,896,218	-	4,409,000	-
Expenditure	4,413,452	-	3,971,680	(6,700)
Surplus/(loss) for the year	482,766	-	437,320	(6,700)
Reserves brought forward	919,290	606	1,791,137	580,423
Reserves carried forward	1,402,056	606	2,228,457	573,723

**9 Unapplied total return**

At both 1st April 2020 and 31st March 2021 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

**10 Debtors – due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	396,810	636,778	19,491	39,536
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	87,034	69,240	83,811	67,576
Other debtors	22,477	12,253	16,677	6,453
	<b>506,321</b>	<b>718,271</b>	<b>141,053</b>	<b>134,639</b>

**11 Creditors: amounts falling due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed to group undertakings	-	-	3,250,925	1,766,637
Trade creditors	331,947	299,105	62,834	32,456
Other creditors	133,486	88,053	44,907	36,430
Taxation and social security	123,270	116,047	27,766	30,645
Accruals and deferred income	174,593	139,255	51,620	19,054
	<b>763,296</b>	<b>642,460</b>	<b>3,439,052</b>	<b>1,885,222</b>

**12 Creditors: amounts falling due after more than one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other	-	-	-	-
	-	-	-	-

**13 Pension liability**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Pension costs</b>				
Balance brought forward	579,000	414,000	863,000	386,000
Transferred from subsidiary	-	-	-	-
Increase/(decrease) in FRS102 pension liability during the year - see note 6(c)	(218,000)	165,000	(500,000)	477,000
<b>Balance carried forward</b>	<b>361,000</b>	<b>579,000</b>	<b>363,000</b>	<b>863,000</b>

**14 Restricted income funds**

The Group's restricted income funds consist of the following material funds:

	Balance at 1 April 2020 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2021 £
Other projects	384,710	112,297	(10,043)	-	486,964
<b>Total</b>	<b>384,710</b>	<b>112,297</b>	<b>(10,043)</b>	<b>-</b>	<b>486,964</b>

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 19c.

**15 Designated funds**

Designated funds, within restricted funds, represent fixed property assets which are not part of the permanent endowment fund, specifically Earthsea House, Greenfields School and part of Greenfields House.

	Company £	Group £
Balance at 1 April 2020	685,618	802,193
<b>Balance at 31 March 2021</b>	<b>685,618</b>	<b>802,193</b>

**16 Endowment Funds**

	Group £
Balance at 1 April 2020	483,947
<b>Balance at 31 March 2021</b>	<b>483,947</b>

IIST, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by property held for the use of the charity. In 2006 the Charity Commissioners for England and Wales granted an order under section 26 of the Charities Act 1993 enabling IIST to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

The endowment balance relates to Greenfields House. As the property currently held within the permanent endowment by the Princess Mary's Trust is held as functional property there is no income being generated by permanent endowment. There is therefore no unapplied total return to be allocated between capital and income.

**17 Commitments**

Total commitments under non-cancellable operating leases at 31 March 2021 were as follows:

	2021 £	2020 £
Equipment leases	37,565	37,246
Property leases	197,280	168,000
<b>Total</b>	<b>234,845</b>	<b>205,246</b>

Property leases relate to rental leases on head office (expires January 2022), Merrywood House (expires September 2025) and Sittingbourne (expires May 2023).

**18 Analysis of net assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	4,767,985	-	483,948	5,251,933
Investments	3,315,712	-	-	3,315,712
Current assets	2,482,047	487,629	-	2,969,676
Current liabilities	(729,909)	-	-	(729,909)
Pension liability	(361,000)	-	-	(361,000)
<b>Total net assets</b>	<b>9,474,835</b>	<b>487,629</b>	<b>483,948</b>	<b>10,446,412</b>

The permanent endowment fund represents some of the assets of Princess Mary's Trust. See note 19d for comparatives.

**19 Comparative information relating to 2020****a) Consolidated statement of Financial activities**

Notes	2020			Total £
	Unrestricted £	Restricted £	Endowment £	
Income and endowments from				
Donations and legacies	143,622	193,832	-	337,454
Charitable activities	7,840,464	-	-	7,840,464
Investments	70,469	-	-	70,469
Other	5,111	-	-	5,111
<b>Total income</b>	<b>8,059,666</b>	<b>193,832</b>	<b>-</b>	<b>8,253,498</b>
Expenditure on				
Raising funds	273,237	-	-	273,237
Charitable activities				
Therapeutic residential care	7,166,154	34,135	-	7,200,289
Fostering	480,962	10,036	-	490,998
Placement and family support	283,008	-	-	283,008
Training	64,258	2,211	-	66,469
<b>Total expenditure</b>	<b>8,267,619</b>	<b>46,382</b>	<b>-</b>	<b>8,314,001</b>
Gains on Investments	7,464	-	-	7,464
Net (expenditure)/income	(200,489)	147,450	-	(53,039)
Transfers between funds	16	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(140,000)	-	(140,000)
<b>Net movement in funds</b>	<b>(340,489)</b>	<b>147,450</b>	<b>-</b>	<b>(193,039)</b>
<b>Total funds brought forward</b>	<b>8,437,084</b>	<b>237,260</b>	<b>483,947</b>	<b>9,158,291</b>
<b>Total funds carried forward</b>	<b>8,096,595</b>	<b>384,710</b>	<b>483,947</b>	<b>8,965,252</b>

## 19 Comparative information relating to 2020 (continued)

## b) Analysis of total expenditure

	Basis of Allocation	Raising Funds	Therapeutic Residential Care	Fostering	Training	Placement and Family Support	2020 Total
	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	143,585	4,619,288	223,116	211,015	66,469	5,263,473
FRS 102 pension adjustment	Direct	-	138,000	-	-	-	138,000
Consultancy	Direct	-	16,316	68,582	-	-	84,898
Travel	Direct	473	151,634	29,621	12,079	-	193,807
Office costs	Direct	37,744	276,420	9,809	1,061	-	325,034
Marketing	Direct	47,194	10,780	11,078	-	-	69,052
Premises	Direct	-	344,624	17,568	-	-	362,192
Household	Direct	-	111,636	-	-	-	111,636
Provisions	Direct	-	131,004	-	-	-	131,004
Education	Direct	-	370,252	-	-	-	370,252
Personal care	Direct	-	46,027	-	-	-	46,027
Social activities	Direct	658	163,164	-	-	-	163,822
Other	Direct	-	41,992	10,760	15,270	-	68,022
Depreciation	Direct	-	181,847	-	-	-	181,847
Finance charges	Direct	-	1,267	-	-	-	1,267
Insurance, legal, professional	Direct	-	154,090	32,648	-	-	186,738
Audit and accountancy	Direct	-	20,042	-	-	-	20,042
<b>Total</b>		<b>229,654</b>	<b>6,778,380</b>	<b>403,182</b>	<b>239,425</b>	<b>66,469</b>	<b>7,717,110</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	17,173	25,757	8,586	17,172	-	68,688
Finance and HR staff	Staff time	21,849	327,730	65,546	21,849	-	436,974
Other	Staff time	4,561	68,422	13,684	4,562	-	91,229
<b>Total</b>		<b>43,583</b>	<b>421,919</b>	<b>87,816</b>	<b>43,583</b>	<b>-</b>	<b>596,891</b>
<b>Total resources expended</b>		<b>273,237</b>	<b>7,200,289</b>	<b>490,998</b>	<b>283,008</b>	<b>66,469</b>	<b>8,314,001</b>

## 19 Comparative information relating to 2020 (continued)

## c) Restricted income funds

	Balance at 1 April 2019 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2020 £
Other projects	237,260	193,832	(46,382)	-	384,710
<b>Total</b>	<b>237,260</b>	<b>193,832</b>	<b>(46,382)</b>	<b>-</b>	<b>384,710</b>

## d) Analysis of assets between funds

Group	Unrestricted funds £	Restricted income funds £	Permanent Endowment funds £	Total funds £
Fund balances at 31 March 2020 are represented by:				
Tangible Fixed assets	4,896,646	-	483,947	5,380,593
Investments	2,937,322	-	-	2,937,322
Current assets	1,484,087	384,710	-	1,868,797
Current liabilities	(642,460)	-	-	(642,460)
Pension liability	(579,000)	-	-	(579,000)
<b>Total</b>	<b>8,096,595</b>	<b>384,710</b>	<b>483,947</b>	<b>8,965,252</b>

# Reference and administrative detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	210 Borough High Street, London SE1 1JX

## Board of Trustees

The Trustees (directors of the company) during the year (and since the year-end) were:

Mr John Harrison (Chairman)  
 Mr Jeremy Brier  
 Dr Samantha Deacon (resigned 10 December 2020)  
 Mr Matthew Fletcher  
 Dr Henrietta Hughes OBE  
 Mr Scott Murdoch  
 Mrs Patricia Phillips, JP  
 Mrs Sarah Scarratt  
 Mr Sanjay Shah  
 Mr. Robert Shipton  
 Mr Simon Villette  
 Mr George Viney

## Chief Executive

Stephen Blunden (to 31 March 2021)  
 Gary Yexley (from 1 April 2021)

## Company Secretary

Greg Whelan FCA

## Senior Management team

Stephen Blunden (Chief Executive to 31 March 2021)  
 Greg Whelan FCA (Corporate Services Director)  
 Gary Yexley (Residential Services Director)  
 Barbara O'Reilly (Clinical Director - left 15 September 2020)  
 Lace Jackson (Clinical Director – appointed 7 July 2020)  
 Roger Stephenson (Business Development Director)  
 Jane Franklin (Fundraising Director - left 30 November 2020)

Roger Stephenson left the charity on 30 June 2021.

As at 14 September 2021 the Senior Management team were:

Gary Yexley (Chief Executive)  
 Greg Whelan FCA (Corporate Services Director)  
 Lace Jackson (Clinical Director)  
 Dan Lansley (Business Development Director)

## Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

## Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS.

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2021. The Trustees have adopted the provisions of the Financial Reporting Standard 102 and Statement of Recommended practice (FRS 102) in preparing the annual report and financial statements.





