

Families for Children Trust

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

Report and Financial Statements

For the Year Ended 31 December 2016

Charity Number: 1093131
Company Number: 4460558

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Trustees' Annual Report

The Trustees are pleased to present their report, together with the financial statements of the Charity for the year ending 31 December 2016.

Reference and Administrative Details

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

The Trust / Taxation Status

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

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

Directors, Trustees and Patrons

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

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

Presidents: The Bishop of Exeter (Anglican)

Chairman: Elected by the body of Trustees

Trustees appointed by the Bishop of Exeter

Mrs A Barwood BEM (until 29 July 2016)

Mr D Howell Chairman

Mr Roger Lake Vice Chairman

Mrs Susan Lucas (from 29 January 2016)

Trustees appointed by the Bishop of Plymouth

Mrs R Cook

Ms T Cook

Mr T Connor

Trustees appointed by the Trustees

Mrs C O'Kelly

Rev B Duncan MBE (from 11 November 2016)

Mr Hamish Adam Honorary Treasurer

Mr N Allan

Patrons

Michael Caines MBE

Lord Julian and Lady Emma Fellowes

Vice Patrons

Judi Spiers

David Lawrence Jones (until 26th May 2017)

Board Members Interests in Shares and Dividends

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

Senior Management Team (non-trustees)

Mrs C Davis OBE Chief Executive

Mrs J Parsons Deputy Chief Executive

Mr N Backhouse Business Manager

Caroline Davis is Chief Executive with overall strategic charge of the Agency. Jakki Parsons deputises for Caroline Davis and is the registered manager of the service for the purposes of adoption legislation. Nigel Backhouse, as Business Manager, manages the Finance and HR team and acts as Company Secretary for the Agency. The senior management team share full responsibility for all fundraising, publicity and adopter recruitment matters.

Tracy Ebbrell (Fundraising and Engagement Specialist) leads the Charity's fundraising activities and team of fundraising specialists and volunteers.

The Agency has 4 teams of specialist social workers that cover the South West of England.

Our Devon team is led by Jackie Saunders (Family Finding Practice Manager) based in our office at Buckfast. The team is responsible for the recruitment, assessment and preparation of prospective adoptive parents, as well as linking and placing children and post placement support.

Jackie Saunders left the Charity in May 2017. A new post holder has been recruited to start in September 2017, and in the meantime the team is led and supervised by the DCEO.

Venessa Collins (Social Work Practice Manager) is based in our office in Dorset. The team provides family finding services, adoption support services and an Independent Birth Family Support service which is commissioned by two Local Authorities (Bournemouth and Poole).

Jim Fitton (Family Finding Practice Manager) is based in our office in North Devon. Jim leads our family finding team that covers North Devon, Cornwall and Somerset. The team is responsible for the recruitment, assessment and preparation of prospective adoptive parents, as well as linking and placing children and post placement support.

Janet Smith (Adoption Support Manager) is based in Buckfast and leads the Adoption Support team that covers the whole of the South West of England. The support is provided to adoptive families, adopted adults and birth parents.

Structure, Governance and Management

Governing Document

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

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

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

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

Until 2015 both Bishops were Presidents of our Trust until a review in 2014 by the Bishop of Plymouth appraised the role of the Diocese of Plymouth with the Trust. As a result the Bishop of Plymouth decided to step down as President. The Bishop of Exeter continues to be the President of the Trust, and this change was reflected in 2015 when the Memorandum and Article of Association was updated.

Appointment of Trustees

The Charity can have between four and fourteen Trustees (directors), five Trustees are nominated by the Bishop of Exeter and nine are appointed following election by majority of the nominated Trustees.

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

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

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

Trustees Inductions and Training

New Trustees will have a meeting with the Chief Executive and the Chairman to get an overview of the Charity, its culture, ethos and values. New Trustees will then be invited by the Chief Executive to attend an 'introduction to Families for Children' day. The day includes meeting the management team and visiting the head office to familiarise themselves with the range of services which are provided across the Charity.

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

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

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

Organisational Structure

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

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

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

Related Parties

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

Objectives and Activities

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

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

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

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

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

The assessment policy for the Agency is as follows:

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

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

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

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

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

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

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

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

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

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

Public Benefit

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

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

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

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

The beneficiaries of the Charity are principally those children which the Agency places for Adoption. In addition, the Charity provides an assessment service for prospective adopters, 'forever' post adoption care (subject to resources) for its adoptive families, an adult adoptee counselling service and, under a service level agreement, an Independent Birth Relative Service (IBRS) for the Local Authorities of Poole and Bournemouth. The Agency also has three service level agreements with Plymouth Children's Services to provide step parent assessments, adult counselling and life story books, and another service level agreement with Devon County Council to provide step parent assessments.

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

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

Child Protection

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

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

The Agency will ensure that all work with children and families is carried out in accordance with the principles established by the Children Act 1989 and within the framework for the care and protection of children reflected in Department for Education "Working Together to Safeguard Children" updated March 2013.

Achievements and Performance

Chief Executive's Report of the Year

2016 began with an immediate challenge. The previous expansion of the Agency, following receipt of a Government Expansion Grant, had to be scaled down. This was due to a Court ruling by Sir James Munby (Re BS). Following the ruling there was a period of national concern about the drop in the number of children coming through for adoption, along with the subsequent impact on placement numbers. This had a significant impact upon all adoption agencies across the country.

Staff handled the down turn and impact on Families for Children in supportive and creative ways. Many offered to reduce their working hours and only one staff member requested voluntary redundancy. Our new offices in Cornwall and Somerset had to be closed but staff were happy to continue working for Families for Children, from their home base. These and other changes across the agency enabled Families for Children to slowly grow again. The support and understanding of the complexities of adoption, by Trustees, was crucial at this time. Despite the difficulties, by the end of 2016, we had found new and loving adoptive families for 40 children (2015: 50) and recruited 41 adoptive families (2015: 47). This was an immense achievement considering the challenging start to the year.

Families for Children adoption panels are attended by volunteer members who are child focused. They look for strong families with good understanding of the needs of adoptive children. An awareness of safeguarding issues is a priority. Annual safeguarding and child protection training is held for adoption panel members along with trustees and staff. Sadly we had to deal with the disruption of two placements in 2016. This is always traumatic, not only for the children concerned but also for their prospective adopters and all staff. The agency held internal disruption meetings in addition to those held by local authorities. We need to learn lessons from the negative as well as the positive stories in which we are involved. Our preparation courses and evaluation processes were also reviewed. The focus of our work is always upon achieving the best possible outcomes for children.

Families for Children were successful in obtaining a Government Practice and Improvement Grant to enable the creation of a Centre of Excellence for Adoption Support, for our adopted children and their families. Trustees supported the application with additional funding from Families for Children. Janet Smith, Practice Manager Adoption Support, worked extremely hard in the preparation of the application and the subsequent setting up of the project. In 2016, Families for Children received an additional 52 adoption support referrals (2015: 62, 2014: 66). New research provided evidence regarding the long term damage caused by early trauma. Families for Children provided training for staff on courses such as PACE, a way of thinking, feeling, communicating and behaving that aims to make the child feel safe and DDP (Dyadic Developmental Psychotherapy) a way of helping children who have been hurt and/or neglected within their families in their early years.

Adult adoption counselling cases for Families for Children continued to be an important part of our work with 73 cases (2015: 52, 2014: 94) requiring support. This is an area of our work that is unfunded. In addition we had a contract to provide the same service for Plymouth, 12 cases (2015: 16). An additional contract for Plymouth for Life Story books was 43 referrals. Step parent adoption for Devon saw the granting of 11 adoption orders for six families. The IBRS service for Poole and Bournemouth continued with 63 new referrals in 2016.

The support of David Howell, Chair, Roger Lake, Vice-Chair, and Hamish Adam, Honorary Treasurer along with all Trustees has been invaluable through a year of ups and downs. Their steady commitment to Families for Children has been impressive. New Trustees joining the Board were Sue Lucas, an experienced teacher and adoptive parent and the welcome return of Canon Bruce Duncan who was a previous Chair of Trustees. Ann Barwood stepped down from her role as Trustee having reached the end of her term, she kindly took on the responsibility of representing Families for Children at the Regional Adoption Agency (RAA) – Adopt South West Governance Committee.

The Agency has lost a number of staff through retirement and as a Charity tradition we celebrate their work and the families that they created and supported, either directly or indirectly, through an office shared lunch. Venessa Collins, Practice Manager, Dorset continued her close involvement with the Aspire RAA and supported her team and office through considerable change. We were all so sad about the death of our dear colleague, Christine Bown who not only ran the administrative work at Dorset but was also a great fundraiser and advocate for our children and families. Jackie Saunders moved from her role as Practice Manager, Adoption Panel, (where she provided great support to the Panel) to supervising the family finding team at Buckfast. Lesley Andreassen continued her work with Katey McDonald, developing our Database. Ruth Lerew took on the new role of Administration Manager and set about ensuring clear processes for work across the offices. Andrea Brown, administrator North Devon was excellent in covering for sickness of staff and shortages of hours, particularly in Dorset.

Following the early difficulties in 2016, Jakki Parsons took up the post of Deputy Chief Executive, alongside her role as Practice Manager in North Devon. She embraced her new role with energy and enthusiasm. Along with Business Manager Nigel Backhouse, who had to deal with an array of finance and HR challenges, they were, and continue to be, a very supportive Senior Management Team, especially during a difficult year. Graham Pellew left the post of DCEO to take up the part-time role of Development Manager, representing Families for Children, on the Aspire RAA, (Poole, Bournemouth, Dorset and FFC). Graham enabled the Aspire to move forward as one of the early innovative RAAs.

Katey McDonald continued her great work on recruitment and marketing, which resulted in 547 initial enquiries. We welcomed Tracy Ebbrell as Fundraising and Engagement Specialist. Tracy has brought considerable fundraising skills and experience and immediately developed the Agency Fundraising Strategy.

To reach the end of 2016 with a budget around break even, and good figures for assessment of adopters and children placed was an incredible achievement. As always, I am incredibly impressed and grateful to the Board of Trustees and all staff (too many to be mentioned individually). Each and every person has played a vital part in the success of the Agency and in helping to create and support so many wonderful families across the South West.

Fundraising Review of the Year

Families for Children is a member of the following professional fundraising organisations – The Institute of Fundraising (IOF) and until November 2016 the Fundraising Standards Board (FRSB) - this institution has changed to become the Fundraising Regulator, of which the Charity is now a member and continues to follow the Good Fundraising Code. Membership of these bodies ensures the Charity is adhering to good practice.

In January 2016, Tracy Ebbrell started with the Charity and very quickly implemented a five year fundraising strategy and rolling Grants and Trusts programme to secure funding to help lift the Charity out of a deficit budget. To support the strategy, Amanda Bate was employed on a sessional basis to aid in the creation of bids to major funders. Amanda brings a wealth of experience in bid writing and helped secure a successful bid to Children in Need. There is always a need for the input of Senior Managers to grant making applications and for budget information from the Business Manager. Letters of support from Trustees, where appropriate, are vital to the success of many of these applications. These various inputs underlines the fact that successful grant applications is a team effort across the Charity.

Within 2016 it was identified that additional resources to develop a Fundraising Team would need to be allocated for 2017 if the fundraising targets within the fundraising strategy were to be met. Local group teams of fundraising volunteers would also need to be recruited.

Excluding legacies, the Agency's fundraising income and voluntary donations was £268,143 (2015: £191,520).

The Agency's expenditure on fundraising in 2016 was £36,103 (2015: £28,240). The Agency has continued its strategy of placing greater emphasis on providing support to others holding events on its behalf, rather than directly arranging events.

The Charity's fundraising cost/income ratio, excluding the legacy, in 2016 was 1:7 (2015: 1:6).

Katey McDonald, from Marketing Angels, has continued to provide expert advice marketing and recruitment of new adopters. The number of enquires this year was 547 (2015: 735). The Agency continues to develop its website and social media using various forms to promote the Charity.

Grant Making Trusts:

| | | | | |
|--------|----------|----------|----------|------------------|
| Target | £200,000 | Achieved | £197,225 | (2015: £126,461) |
|--------|----------|----------|----------|------------------|

The fundraising team worked hard to secure funding from existing supporting trusts and sought support from other trusts who have not supported Families for Children in the past.

The grant making trusts from whom we were delighted to receive assistance are as follows:

| | £ |
|---|--------|
| Bryan Foster Charitable Trust | 1,000 |
| The Buckfast Abbey Trust | 4,000 |
| The Dulverton Trust (2 nd year of 3 years) | 30,000 |
| Foxglove Trust | 3,500 |
| Anon | 250 |
| John Casson Foundation | 3,500 |
| Marsh Christian Trust | 450 |
| Porticus (1 st year of 2 years) | 84,000 |
| Anon | 25,000 |

| | |
|---|--------|
| St James's Place Wealth Management | 2,500 |
| S and R Charitable Trust | 25 |
| Shanly Foundation | 5,000 |
| Sir John and Lady Heathcoat Amory's Charitable Trust | 1,000 |
| The Sobell Foundation (1 st year of 3 years) | 10,000 |
| The Syder Foundation | 500 |
| The Tanner Trust | 3,500 |
| Valentine Trust | 5,000 |

In February 2016 Families for Children secured £120,000 of funding from Porticus to be spread over two years. The Charity was able to “draw” down from Porticus £84,000 in 2016 and £36,000 in 2017, with the second year of funding dependent on a satisfactory first year report. The report demonstrated how the funding was spent and the outcomes achieved in line with the funding criteria. This grant was used to cover the salary and expenses costs of a full time social worker of the Adoption Support Team, with £29,000 of the £84,000 carried forward to 2017.

In October 2016 Families for Children secured 3 year funding from The Sobell Foundation of £10,000 per year to part fund a rapid response helpline service.

After a satisfactory first year report, in which the Charity demonstrated how the funding was spent in line with the funding criteria, the second year of funding from The Dulverton Trust was secured in November 2016 to cover some of the costs of the Adoption Support team.

The Charity also received in 2016 a grant from the John Casson Foundation (£3,500) to cover the cost of a sailing project for a few of our adopted children organised by the Trinity Sailing Project.

In 2015 the Charity received a total of £18,000 from four grant making trusts to fund training places for adopters on Therapeutic Parenting courses run by the Agency (see table below). The Agency did not fund any places during 2015 and the funds were deferred to 2016, however during this time the Government made available funding via the Adoption Support Fund to fund support such as these parenting courses.

Knowing that this funding was likely to remain unspent the Charity wrote to all four grant making trusts notifying them of the situation and asked if they would consider allowing the Charity to move this funding to cover the general costs of the Adoption Support team. The Charity was very grateful to all of these trusts as they agreed to reallocate the funds to the Adoption Support team.

| | |
|---|-------|
| | £ |
| The Alice Ellen Cooper Dean Charitable Foundation | 5,000 |
| Gibbons Family Trust | 5,000 |
| Norman Family Trust | 500 |
| The Persula Foundation | 7,500 |

Events and Organisational Donations:

| | | | | |
|--------|---------|----------|---------|-----------------|
| Target | £51,000 | Achieved | £45,468 | (2015: £41,420) |
|--------|---------|----------|---------|-----------------|

As in other years numerous events have been held in 2016 on behalf of the Agency. As always the Charity extends its grateful thanks to all who arrange and/or participate in them. The Charity benefits two-fold from these events, 1) by the raising of much needed funds to support the objectives the Charity and 2) by raising the Charity's profile both locally and nationally, with the further potential of recruiting new adopters.

Where possible the Charity makes full use of gift aid to increase its income.

The Charity again benefited from the congregations of local Churches who have again been so generous in 2016, as previous years. The Charity received donations totalling £3,325 (2015: £1,016).

Families for Children has developed links with several local businesses in which the Charity has commercial agreements in place to help provide regular donations. In 2016 our Patron Michael Caines MBE finished his working relationship with the Abode in Exeter, but the Charity still received donations totalling £2,672 (2015: £9,325). The Charity is very grateful to Michael Caines for these donations.

Nick Allan, one of the Charity's Trustees, organised in September a "Late, Late Summer Party" at Deer Park in Devon, with the proceeds going to Families for Children. The Charity wishes to express its thanks to Nick as the event raised £29,135 through ticket purchases and an auction of "money can't buy" items.

It is through our fundraising events that the value of our Patrons, along with our Trustees, is particularly prominent. They provide publicity and valuable contacts for the Agency and we thank them all for their continuing commitment.

Individual Donations (including legacies):

| | | | | |
|--------|---------|----------|---------|-----------------|
| Target | £12,000 | Achieved | £25,450 | (2015: £23,639) |
| | | Legacies | £0 | (2015: £7,083) |

The Charity achieved a total of £25,450 (2015: £23,639) in donations from individuals who have donated either by a one off payment or by means of a standing order.

Families for Children launched a Christmas appeal focussing on a real life case under a fictitious name, Chloe. The Appeal raised a total of £2,506 of which £1,846 was donated in 2016 and £659 was donated in 2017.

The Charity was able to claim gift aid on many of these individual donations. The Agency continues to concentrate its efforts on increasing the number of regular donations and to increase its income from gift aid.

The Charity did not receive any legacies during 2016. Understanding the difficulties in budgeting for income from legacies the Trustees have decided that any legacy gain should, where practicable, be designated to projects as deemed fit by the Trustees to advance the objectives of the Charity and not necessarily be allocated to the general fund.

Financial Review

The Trustees continue to carry out detailed reviews of the Charity's activities at each Board meeting and receive management accounts (prepared monthly) that compares budget with actual figures. The Trustees review the level of reserves following the Treasurer's report at each board meeting, and regularly review the major risks of the Charity.

There has been considerable pro-active fundraising and grant application activity during the year, both for specific projects and for the day-to-day operation of the Agency. Fundraising, publicity and recruitment are inseparable and not necessarily fully reflected in the financial figures. Publicity and the recruitment of adopters are the lifeblood of the Charity. It is key to the objectives of the Agency in placing children into loving homes.

The Trustees remain committed to the 'forever' policy of support for its families at any time that it is needed and recognise that much of its fundraising effort is focused on fulfilling this pledge. The value of this work was recognised in the 'outstanding' status for all areas of work awarded to the Agency by Ofsted in May 2011 and again in January 2015.

The Ofsted report in 2015 recognised the great contribution our grant makers make to the services provided by the Agency. Ofsted reported that the Agency's fundraising

"... ensures that this lifeline of support is available to all who were adopted through the agency, throughout their lives."

Income from grant making trusts is a key ingredient in supporting the Agency's activities especially in the field of adoption support work, which is non-funded. Grant income increased to £197,225 (2015: £126,461) with 17 successful grant applications. Overall the fundraising activities produced an income of £268,143 (2015: £191,520), which represented 16% (2015: 11%) of total income for the Agency in 2016.

Compared to 2015 total income for the year decreased by 7% to £1,662,970 (2015: £1,785,285), with placement fee income decreasing by 6% to £1,093,952 (2015: £1,162,785).

Placement fee income was predicted to be down in 2016 as the Agency was still feeling the effects of the case law judgement in 2014. That judgement affected all Agencies, not only Families for Children. Fortunately the number of children receiving placement orders started to increase and the Agency was able to find loving families for some of these children. The Agency placed 40 children (2015: 50) in 35 loving families.

The Agency received its final payment of £40,000 from the Department of Education (DfE) as it surpassed its target of increasing the number of approved adopters by the end of March 2016. Although this was a great achievement for the Agency, this increase in approved adopters occurred when the number of children receiving placement orders started to decrease.

In April 2016 the DfE made available a "Practice and Improvement Fund" for adoption services which was open to accept bids from Voluntary Adoption Agencies (VAAs) and Voluntary Sector Organisations (VSOs) only. Families for Children submitted a match funding bid under the heading of "Support for adoptive families" to broaden its current adoption support service by using clinicians from health, education and social care and providing access to a wide variety of therapists within its services. The Agency was notified in September 2016 that it was successful with its funding bid of £489,221 for the period ending March 2018. To sustain this service the Agency will still need to continue to fundraise through its active trust grant making programme alongside an increase in LA contracts and Adoption Support Fund applications.

Placement numbers were predicted to be reduced in 2016. The Agency was able to quickly adapt to the changing circumstances. Towards the end of 2015 the Agency cut costs by closing two of its offices, Cornwall and Somerset. This was not a reduction of staff but of office overheads. Following a period of consultation the Agency removed the Essential User Allowance for all staff and standardised the mileage rate across the agency. Staff were creative in their working patterns to help lessen costs and there was a temporary freeze on recruitment. Whilst not seeking any staff redundancy the Agency accepted one request for voluntary redundancy. The Trustees' prudent reserves policy enabled the Charity to maintain its cash-flow by subsidising its income during this difficult time.

Compared to 2015 the Agency reduced its expenditure by 16.5% to £1,653,731 (2015: £1,938,769) with much of this reduction, £268,172, coming from a reduction in staff costs £1,233,825 (2015: £1,474,032) and expenses £80,881 (2015: £120,591).

JM Finn and Co. Ltd, who have delegated powers of investment, manage funds that the Agency holds as reserves according to the Trustees' reserves policy. At the end of 2016 the investment was valued at £448,382 (2015: £406,199). Allowing for net cash released from investments the gain on investment was £37,564.

The Agency ended 2016 with a surplus of £46,803 (2015: -£157,549) which was made up of a deficit on activities of £27,261, a gain of investment of £37,564 and £36,500 of restricted grant income carried forward. This surplus increased the Total Charity Funds on the balance sheet to £893,510 (2015: £846,707).

General reserves at 31 December 2016 were £17,559 (2015: £66,812), with a revaluation reserve of £45,294 (2015: £9,679). Designated reserves amount to £794,157 (2015: £770,216).

Trade creditors at the year-end are £41,247 (2015: £57,549).

Strategic Report

Plans for Future Periods

Following an interim review in 2012 of the 2009-2014 strategic plan the Trustees decided to extend the plan to 2015. Subsequently the Trustees have delayed a new strategic plan in light of the Government announcement in 2015 of their wish for all local authorities and voluntary adoption agencies to be part of RAAs.

The Trustees will be publishing a new strategic plan for 2017-2022 but in the meantime they continually monitor the Agency's progress against the existing strategic plan.

The key objectives of the Strategic Plan (2009-2015) are:-

- **Economic Growth** – to increase income over expenditure so that there are, within five years, sufficient reserves to cover six months operating costs.
- **Adoptions** – to make sufficient resources available to increase adoptions on a year-by-year basis to a target of 40 per year by 2015.
- **Profile** – to increase and expand PR activities throughout the region that will lead to greater awareness of the Agency in the South West. This includes the aim to be known in every Anglican and Catholic parish and every school in Devon, Dorset and Cornwall.
- **Fundraising** – to grow and develop a dedicated fundraising resource that from year two of the Plan onwards will deliver targeted income at a level that will significantly contribute to the building of the reserve funds.
- **Bigger and stronger** – to consolidate its position as the largest Voluntary Adoption Agency in the South West and grow its importance outside of the region through merger or organic growth.
- **Centre of Excellence** – to ensure that by action and example Families for Children will be widely recognised as an adoption agency Centre of Excellence through Ofsted recognition and by benchmarking against comparable agencies.

Bank Accounts

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

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

Investment Powers and Policies

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

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

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

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

Investment Accounts

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

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

Reserves Policy (including Liquidity)

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

Liquidity

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

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

Operation Reserve (£665,000)

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

Redundancy Reserve (£129,157)

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

Revaluation Reserve (£45,294)

Each year the market value of the Trust's investment portfolio is added to the balance sheet. Any increase or decrease in the market value as compared to the cost value of the portfolio is held within the Revaluation Reserve. This enables the market value not to have an effect on the Trust's net income/(expenditure).

General Reserve (£17,559)

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

Pay Policy for Senior Staff

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

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

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

Risk Management

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

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

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

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

The operational responsibility of these risks rests with the management team.

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

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

Health and Safety at Work

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

Statement of Trustees' Responsibilities

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the Trustees are aware:

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

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

Status of Report

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

By order of the board of Trustees

D Howell

Chairman

H Adam

Honorary Treasurer and member of the Board

Date: 28 July 2017

Independent Auditors' Report

We have audited the financial statements of Families for Children Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 opinion we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the affairs of the charitable company as at 31 December 2016 and of the incoming resources and application of resources, including its income and expenditure, for the year ended; and
- 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Mr Christopher Hicks BA FCA DchA (Senior Statutory Auditor)
PKF Francis Clark
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

9 August 2017

CHRIS HICKS
Registered Auditor

Statement of Financial Activities

| | Notes | Restricted Funds £ | Unrestricted Funds £ | Total Funds 2016 £ | Restricted Funds £ | Unrestricted Funds £ | Total Funds 2015 £ |
|---|-------|-----------------------|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| Income from: | | | | | | | |
| Donations and legacies | 3 | 105,500 | 162,643 | 268,143 | 95,661 | 102,942 | 198,603 |
| Charitable activities | 4 | 83,004 | 1,290,868 | 1,373,872 | 267,773 | 1,297,430 | 1,565,203 |
| Investments | 3 | - | 9,241 | 9,241 | - | 11,768 | 11,768 |
| Other | | - | 11,714 | 11,714 | - | 9,711 | 9,711 |
| Total Income | | 188,504 | 1,474,466 | 1,662,970 | 363,434 | 1,421,851 | 1,785,285 |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | - | 36,103 | 36,103 | - | 28,240 | 28,240 |
| Charitable activities | 5 | 152,004 | 1,465,624 | 1,617,628 | 358,487 | 1,552,042 | 1,910,529 |
| Total Expenditure | | 152,004 | 1,501,727 | 1,653,731 | 358,487 | 1,580,282 | 1,938,769 |
| Net income/expenditure before gains/(losses) on investments | | 36,500 | (27,261) | 9,239 | 4,947 | (158,431) | (153,484) |
| Net gains/(losses) on investments | | - | 37,564 | 37,564 | - | (4,065) | (4,065) |
| Net income/(expenditure) | | 36,500 | 10,303 | 46,803 | 4,947 | (162,496) | (157,549) |
| Transfer between funds | | - | - | - | (10,650) | 10,650 | - |
| Net movement in funds | | 36,500 | 10,303 | 46,803 | (5,703) | (151,846) | (157,549) |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | - | 846,707 | 846,707 | 5,703 | 998,553 | 1,004,256 |
| Total funds carried forward | | 36,500 | 857,010 | 893,510 | - | 846,707 | 846,707 |

There were no other gains or losses for the year.

All income and expenditure derived from continuing activities.

The notes on pages 22 to 33 form part of these financial statements.

Balance Sheet

| | Notes | 2016 £ | 2015 £ |
|--|-------|------------------|------------------|
| Fixed Assets | | | |
| Tangible Assets | 10 | 9,277 | 24,301 |
| Investments | 11 | <u>448,382</u> | <u>406,199</u> |
| | | <u>457,659</u> | <u>430,500</u> |
| Current Assets | | | |
| Debtors | 12 | 131,538 | 199,234 |
| Short Term deposits | 13 | 88,626 | 88,103 |
| Cash at bank and in hand | | <u>358,156</u> | <u>320,293</u> |
| | | <u>578,320</u> | <u>607,630</u> |
| Creditors – amount falling due within one year | 14 | <u>(123,391)</u> | <u>(164,472)</u> |
| Net current assets | | <u>454,929</u> | <u>443,158</u> |
| Creditors – amount falling due after more than one year | 14 | <u>(19,078)</u> | <u>(26,951)</u> |
| Net assets | | <u>893,510</u> | <u>846,707</u> |
| The funds of the Charity | | | |
| Restricted funds | 17 | 36,500 | - |
| Unrestricted funds | | | |
| General | 17 | 17,559 | 66,812 |
| Revaluation | 17 | 45,294 | 9,679 |
| Designated | 17 | 794,157 | 770,216 |
| Total Charity Funds | | <u>893,510</u> | <u>846,707</u> |

The notes on pages 23 to 33 form part of these financial statements.

Approved by the Board of Trustees on 28 July 2017 and signed on its behalf by

D Howell
Chairman

H Adam
Honorary Treasurer

Cash Flow Statement

| | | 2016 | 2015 |
|---|-----------|-----------------------|-------------------------|
| | | £ | £ |
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | 20 | <u>36,879</u> | <u>(497,243)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | 3b | 8,260 | 9,601 |
| Purchase of property, plant and equipment | 10 | (2,134) | (22,332) |
| Purchase of investments | 11 | (4,619) | (67,786) |
| Net cash provided by (used in) investing activities | | <u>1,507</u> | <u>(80,517)</u> |
| Change in cash and cash equivalents in the reporting period | | 38,386 | (577,760) |
| Cash and cash equivalents at the beginning of the reporting period | | <u>408,396</u> | <u>986,156</u> |
| Cash and cash equivalents at the end of the reporting period | 21 | <u>446,782</u> | <u>408,396</u> |

d. Income**i. Donations, legacies and other voluntary income**

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

ii. Fees

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

Fees for the adoption of children are recognised when invoiced between the dates of the placement and adoption.

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

iii. Grants

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

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

e. Expenditure and irrecoverable VAT

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

Cost of raising funds primarily comprise the fundraising staff costs.

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

f. Operating leases

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

g. Pension costs

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

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

h. Investments

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

i. **Fund accounting**

Funds held by the charity are either:

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

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

j. **Critical accounting judgements and key sources of estimation uncertainty**

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

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

3. **Income**

| | Restricted Funds | Unrestricted Funds | 2016 | 2015 |
|---------------------------------------|-----------------------------|-------------------------------|-----------------------|----------------|
| | £ | £ | £ | £ |
| a) Donations and legacies | | | | |
| Donations | - | 25,450 | 25,450 | 23,639 |
| Legacies | - | - | - | 7,083 |
| Events (held for the charity) | - | 45,468 | 45,468 | 41,420 |
| Grants from grant making trusts | 105,500 | 91,725 | 197,225 | 126,461 |
| | <u>105,500</u> | <u>162,643</u> | <u>268,143</u> | <u>198,603</u> |
| b) Investments | | | | |
| Bank Interest | - | 981 | 981 | 2,167 |
| Dividends and interest on investments | - | 8,260 | 8,260 | 9,601 |
| | <u>-</u> | <u>9,241</u> | <u>9,241</u> | <u>11,768</u> |

4. Charitable activities

| | Restricted Funds | Unrestricted Funds | 2016 | 2015 |
|---|------------------|--------------------|-------------------------|------------------|
| | £ | £ | £ | £ |
| Adoption | | | | |
| Placement fees | - | 1,093,952 | 1,093,952 | 1,162,785 |
| Birth Relative Services (Poole and Bournemouth) | - | 15,000 | 15,000 | 19,560 |
| Step Parent assessments (Plymouth) | - | 18,986 | 18,986 | 28,407 |
| Practice and Improvement Fund | 23,804 | - | 23,804 | - |
| Expansion | 40,000 | - | 40,000 | 250,273 |
| Therapeutic Parenting Course | 19,200 | 6,250 | 25,450 | 30,000 |
| Home for Good | - | 16,818 | 16,818 | 20,567 |
| Life Story (Plymouth) | - | 32,188 | 32,188 | 19,633 |
| Family Finding | - | 17,300 | 17,300 | 14,328 |
| Adult Counselling (Plymouth) | - | 7,634 | 7,634 | 4,282 |
| Adopt Wessex and Adopt South West | - | 64,746 | 64,746 | 15,368 |
| Adoption Support | - | 17,994 | 17,994 | - |
| | <u>83,004</u> | <u>1,290,868</u> | <u>1,373,872</u> | <u>1,565,203</u> |

5. Expenditure

| | [Restricted] | [-- Unrestricted --] | | 2016 | 2015 |
|--|----------------|------------------------|-------------------------|------------------|-----------|
| | Adoption | Adoption | Fundraising & Publicity | Total | Total |
| | £ | £ | £ | £ | £ |
| Costs directly allocated to activities | | | | | |
| Salaries & on costs | 100,425 | 963,019 | 24,624 | 1,088,068 | 1,315,520 |
| Staff travel & other expenses | 5,067 | 71,308 | 1,332 | 77,707 | 117,180 |
| Sessional staff costs | - | 21,736 | 7,503 | 29,239 | 13,119 |
| Adoption expenses | 29,674 | 18,430 | - | 48,104 | 76,278 |
| Fundraising event costs and website | - | - | 1,836 | 1,836 | 1,859 |
| Marketing and Recruitment of adopters' costs | 7 | 36,533 | - | 36,540 | 66,792 |
| Training | 3,384 | 6,607 | - | 9,991 | 9,002 |
| Office expenses | - | 9,404 | 88 | 9,492 | 19,652 |
| Premises costs | 153 | 10,186 | - | 10,339 | 15,550 |
| Rent | - | 44,315 | - | 44,315 | 47,165 |
| Equipment & computer support | 1,518 | 34,949 | - | 36,467 | 41,529 |
| Depreciation | - | 17,157 | - | 17,157 | 17,457 |
| Accounting, legal & professional | - | 8,791 | - | 8,791 | 9,204 |
| Affiliation & subscriptions | - | 9,112 | 573 | 9,685 | 6,463 |
| Recruitment expenses | 3,771 | 1,106 | 147 | 5,024 | 12,360 |
| Doubtful debt provision | - | 36,000 | - | 36,000 | (30,646) |

Support costs have been allocated in full to Adoption as follows:

| | | | | | |
|---|----------------|------------------|---------------|-------------------------|------------------|
| Salaries & on costs | 8,000 | 137,757 | - | 145,757 | 158,512 |
| Staff travel & other expenses | - | 3,174 | - | 3,174 | 3,411 |
| Agreed additional pension contributions | - | - | - | - | - |
| Insurances | - | 13,529 | - | 13,529 | 14,367 |
| Accounting, Audit, legal & professional | - | 13,717 | - | 13,717 | 16,820 |
| Recruitment expenses | - | 1,554 | - | 1,554 | - |
| Committee & sundry expenses | 5 | 6,608 | - | 6,613 | 5,856 |
| Trustees' expenses | - | 632 | - | 632 | 1,320 |
| | <u>152,004</u> | <u>1,465,624</u> | <u>36,103</u> | <u>1,653,731</u> | <u>1,938,769</u> |

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

| | 2016 | 2015 |
|-----------------|-------------------------|-------------------------|
| | £ | £ |
| Salaries | 1,099,669 | 1,288,914 |
| Social Security | 86,445 | 122,978 |
| Pension costs | 47,712 | 58,720 |
| | <u>1,233,825</u> | <u>1,470,612</u> |

One employee earned between £60,000 and £70,000, (the employer also contributed £6,155 to their pension scheme)

Average number of full time equivalent employees analysed by function

| | 2016 | 2015 |
|-------------------------|------------------|------------------|
| Adoption | 36 | 39 |
| Fundraising & Publicity | 1 | 1 |
| Administration | 11 | 13 |
| | <u>48</u> | <u>53</u> |

The total employee benefits of the key management personnel of the Agency were £172,495 (2015: £173,693)

7. Trustees' Remuneration

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

Two Trustees were reimbursed for travel expenses amounting to £275 and other out of pocket expenses including overnight stay amounting to £122. Other expenses relating to the trustees were meeting room costs of £45 and £142 for hospitality.

During the year two Trustees made donations to the charity, being £450 received from Ms T Cook and £135 received from Mrs C O'Kelly. In addition, apart from the small amount of travel expenses claimed, many of the Trustees during the year waived numerous expenses, such as mileage.

8. Resources Expended

Resources expended include the following:

| | 2016 | 2015 |
|--|---------------|-------------|
| | £ | £ |
| Audit | 9,927 | 12,557 |
| Accountancy & financial advice – fees paid to current auditors | 3,790 | 4,263 |
| Other professional fees | 8,791 | 9,204 |
| Depreciation of fixed assets | 17,158 | 17,462 |

9. Taxation

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

10. Tangible Fixed Assets

| | Equipment £ | Computer Equipment £ | Furniture & Fixtures £ | Total £ |
|---|----------------|----------------------------|------------------------------|----------------|
| Cost | | | | |
| At 1 January 2016 | 19,990 | 84,168 | 12,231 | 116,389 |
| Additions | 1,710 | 424 | - | 2,134 |
| At 31 December 2016 | 21,700 | 84,592 | 12,231 | 118,523 |
| Depreciation | | | | |
| At 1 January 2016 | 16,637 | 69,345 | 6,106 | 92,088 |
| Charge for year | 2,504 | 10,613 | 4,041 | 17,158 |
| At 31 December 2016 | 19,141 | 79,958 | 10,147 | 109,246 |
| Net book value at 31 December 2016 | 2,559 | 4,634 | 2,084 | 9,277 |
| At 31 December 2015 | 3,353 | 14,823 | 6,125 | 24,301 |

11. Fixed Assets Investments

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Quoted investments | | |
| Brought forward at 1 January 2016 | 340,655 | 188,949 |
| Net investment additions/(disposals) | 4,619 | 67,786 |
| Transfer from / (to) cash | (12,096) | 87,982 |
| Realised/Unrealised gains on investments | 37,564 | (4,062) |
| At 31 December 2016 | 370,742 | 340,655 |
| Cash held as part of portfolio | | |
| Brought forward at 1 Jan 2016 | 65,544 | 153,526 |
| Transfer (to)/from quoted investments as at 31 December 2016 | 12,096 | (87,982) |
| At 31 December 2016 | 77,640 | 65,544 |
| Total Investments | 448,382 | 406,199 |

Net cash released from investments in the year was £4,619 (2015: £67,786).

Included in the total investments of £448,382, is £179,606 (40.06%) which are held overseas and £268,776 (59.94%) which are held in the United Kingdom.

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

12. Debtors: Due within one year

| | 2016 £ | 2015 £ |
|-------------------------------|----------------|----------------|
| Debtors | 115,895 | 181,130 |
| Prepayment and accrued income | 15,643 | 18,104 |
| | <u>131,538</u> | <u>199,234</u> |

13. Current Asset Investments

| | | |
|------------------------|---------------|---------------|
| UK Short term deposits | <u>88,626</u> | <u>88,103</u> |
|------------------------|---------------|---------------|

14. Creditors

i. Due within one year (unsecured)

| | | |
|---|----------------|----------------|
| Trade creditors | 41,247 | 57,549 |
| Deferred income and accruals | 75,644 | 100,423 |
| Agreed additional pension contributions | 6,500 | 6,500 |
| | <u>123,391</u> | <u>164,472</u> |

ii. Due after one year (unsecured)

| | | |
|---|---------------|---------------|
| Agreed additional pension contributions | <u>19,078</u> | <u>26,951</u> |
|---|---------------|---------------|

15. Deferred Income

Deferred income comprises grants or income received under contracts that have been received by the charity but that have not been recognised as income because of conditions attaching to them that result in the charity not having entitlement to the funds at 31 December 2016.

| | |
|--|---------------|
| Balance at 1 January 2016 | 78,214 |
| Amounts released to income earned from charitable activities | (77,414) |
| Amount deferred in the year | 57,641 |
| Amounts repaid to funder | (800) |
| Balance at 31 December 2016 | <u>57,641</u> |

16. Operating Leases

The total minimum lease payments due over the term of the lease are as follows:

| | | |
|------------------------------|---------------|---------------|
| Land and buildings expiring: | | |
| Less than one year | <u>40,900</u> | <u>32,500</u> |
| Equipment expiring: | | |
| Less than one year | <u>902</u> | <u>902</u> |
| | <u>902</u> | <u>902</u> |

17. Funds

| Current year | Balance 01.01.16 £ | Income £ | Gain on Investments £ | Spent £ | Transfers £ | Balance 31.12.16 £ |
|--------------------------------|--------------------------|-------------|-----------------------------|-------------|----------------|--------------------------|
| Restricted Funds | | | | | | |
| Post adoption salary grants | - | 84,000 | - | (55,000) | - | 29,000 |
| Expansion Grant | - | 40,000 | - | (40,000) | - | - |
| Trinity Sailing Project | - | 3,500 | - | (3,500) | - | - |
| Therapeutic Parenting Course | - | 19,200 | - | (19,200) | - | - |
| Birth Tracing | - | 4,500 | - | (4,500) | - | - |
| Activity days | - | 3,500 | - | (3,500) | - | - |
| Adoptive Families in Crisis | - | 10,000 | - | (2,500) | - | 7,500 |
| Practice and Improvement grant | - | 23,804 | - | (23,804) | - | - |
| | - | 188,504 | - | (152,004) | - | 36,500 |
| Unrestricted Funds | | | | | | |
| General reserve | 66,812 | 1,474,466 | - | (1,501,727) | (21,992) | 17,559 |
| Operation Reserve | 665,000 | - | - | - | - | 665,000 |
| Revaluation Reserve | 9,679 | - | 37,564 | - | (1,949) | 45,294 |
| Designated Redundancy Reserve | 105,216 | - | - | - | 23,941 | 129,157 |
| | 846,707 | 1,662,970 | 37,564 | (1,653,731) | - | 893,510 |

a. Restricted Funds

The restricted funds include one grant of £84,000 for post adoption social worker salaries and expenses. Only £55,000 of this grant was spent in the year, leaving £29,000 carried forward to 2017. There was another grant from the Sobell Foundation of £10,000 for salaries of a rapid response service. Only £2,500 was spent in the year, leaving £7,500 carried forward to 2017.

In 2014 the Agency was successful in being awarded a grant through the Government's Expansion Grant of £400,000. An element of this, £40,000, was to be awarded to the Agency on meeting agreed targets on recruiting a set number of approved adopters. The Agency surpassed these targets and received the final payment of £40,000 in 2016 which was spent on social worker salaries and expenses. The other £360,000 was received and spent in 2014 and 2015 as previously reported.

The final monies given to the Agency from Plymouth City Council that funded 32 places on a Therapeutic Parenting Course was spent in 2016. The 2015 accounts showed £20,000 was deferred to 2016, £19,200 was spent in 2016 with the remaining unspent £800 returned to Plymouth City Council.

£3,500 was received from the John Casson Foundation to fund a project enabling some of our young people to go sailing. A total of £4,500 was received from the Bryan Foster Charitable Trust (£1,000) and the Foxglove Trust (£3,500) to help fund the work and expenses of Birth Tracing. The Tanner Trust funded £3,500 to enable young people to attend a week's holiday designed for children and young people who face disadvantage in their day-to-day lives. All of these grants were spent in full in 2016.

The Agency was successful in being awarded a grant through a Practice and Improvement fund created by the Department of Education (DfE). The grant is £489,221 until March 2018, and the Agency is able to claim funds from the DfE on a quarterly basis based on actual expenditure. The Agency claimed £23,804 in 2016 and this money was spent in full.

b. **Unrestricted Funds**

The unrestricted funds currently consist of four reserves.

The redundancy reserve was set up to maintain a redundancy provision in the event of a serious and sustained downturn in activity. At the end of 2016 the redundancy provision was re-assessed as requiring a fund of £129,157.

The revaluation reserve which represents the amount by which the market value of investments at 31st December 2016 exceeds their original cost was £45,294.

After taking into effect the redistribution of funds within the various reserves, the general reserve shows a surplus of £17,559.

| Previous year | Balance 01.01.15 | Income | Loss on Investments | Spent | Transfers | Balance 31.12.15 |
|-------------------------------|-----------------------------|------------------|--------------------------------|--------------------|------------------|-----------------------------|
| | £ | £ | £ | £ | £ | £ |
| Restricted Funds | | | | | | |
| Post adoption salary grants | - | 90,200 | - | (90,200) | - | - |
| Expansion Grant | 5,703 | 250,273 | - | (245,326) | (10,650) | - |
| Trinity Sailing Project | - | 3,750 | - | (3,750) | - | - |
| Therapeutic Parenting Course | - | 17,500 | - | (17,500) | - | - |
| University Assistance | - | 1,500 | - | (1,500) | - | - |
| Family Finding Salary Grant | - | 211 | - | (211) | - | - |
| Unrestricted Funds | | | | | | |
| General reserve | 549,941 | 1,421,322 | - | (1,251,644) | 12,193 | 731,812 |
| Revaluation Reserve | 3,909 | - | (4,065) | - | 9,835 | 9,679 |
| Designated Redundancy Reserve | 94,703 | 529 | - | - | 9,984 | 105,216 |
| Designated Expansion Reserve | 350,000 | - | - | (328,638) | (21,362) | - |
| | <u>1,004,256</u> | <u>1,785,285</u> | <u>(4,065)</u> | <u>(1,938,769)</u> | <u>-</u> | <u>846,707</u> |

18. **Analysis of Net Assets between Funds**

| Current year | Tangible Fixed | | Net Current | Creditors | Total |
|-------------------------------|-----------------------|--------------------|--------------------|--------------------|----------------|
| | Assets | Investments | Assets | > 1 year | |
| | £ | £ | £ | £ | £ |
| Restricted Funds | - | - | 36,500 | - | 36,500 |
| Unrestricted Funds | | | | | |
| General Reserve | 9,277 | - | 27,360 | (19,078) | 17,559 |
| Revaluation Reserve | - | 45,294 | - | - | 45,294 |
| Designated Operation Reserve | - | 403,088 | 261,912 | - | 665,000 |
| Designated Redundancy Reserve | - | - | 129,157 | - | 129,157 |
| | <u>9,277</u> | <u>448,382</u> | <u>454,929</u> | <u>(19,078)</u> | <u>893,510</u> |

| Previous year | Tangible Fixed | | Net Current | Creditors | Total |
|-------------------------------|-----------------------|--------------------|--------------------|--------------------|----------------|
| | Assets | Investments | Assets | > 1 year | |
| | £ | £ | £ | £ | £ |
| Unrestricted Funds | | | | | |
| General reserve | 24,301 | - | 69,462 | (26,931) | 66,812 |
| Revaluation Reserve | - | - | 9,679 | - | 9,679 |
| Designated Operation Reserve | - | 406,199 | 258,801 | - | 665,000 |
| Designated Redundancy Reserve | - | - | 105,216 | - | 105,216 |
| | <u>24,301</u> | <u>406,199</u> | <u>443,158</u> | <u>(26,951)</u> | <u>846,707</u> |

19. Pensions

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

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

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

Defined Benefits Scheme

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

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £2,200 per year. In addition deficit payments of £7,871 per year have been agreed for 5 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the financial statements.

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

The next valuation of the scheme is being carried out as at December 2016.

b. Church of England Pension Builder Scheme

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

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

Pension Builder Scheme

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

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

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

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

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

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

Families for Children contributes between 5% and 10% of basic salary and employees are required to contribute a minimum contribution of 5%. Families for Children contributions for the year totalled £47,712 (2015:£58,720), and there were no contributions outstanding at the year end.

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2016 | 2015 |
|---|-----------------|-----------|
| | £ | £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 46,803 | (157,549) |
| Depreciation charges | 17,158 | 17,457 |
| (Gains)/losses on investments | (37,564) | 4,065 |
| Dividends, interest and rents from investments | (8,260) | (9,601) |
| (Increase)/decrease in debtors | 67,696 | (26,356) |
| Increase/(decrease) in creditors | (48,952) | (325,259) |
| Net cash provided by (used in) operating activities | 36,879 | (497,243) |

21. Analysis of cash and cash equivalents

| | 2016 | 2015 |
|--|----------------|---------|
| | £ | £ |
| Cash in hand | 358,156 | 320,293 |
| Notice deposits (less than 3 months) | 88,626 | 88,103 |
| Total cash and cash equivalents | 446,782 | 408,396 |

Management Information

The following pages do not form part of the statutory financial statements which are subject of the independent auditor's report on pages 16 and 17.

Analysis of Activities – General Funds

| | Notes | Adoption £ | Fundraising & Publicity £ | 2016 Total £ | 2015 Total £ |
|---|-------|------------------|---------------------------------|--------------------|--------------------|
| Income | | | | | |
| Investments | 3 | 9,241 | - | 9,241 | 11,768 |
| Donations and legacies | | | | | |
| Individual Donations | 3 | - | 25,450 | 25,450 | 23,639 |
| Legacies | 3 | - | - | - | 7,083 |
| Fundraising events and grants | 3 | - | 45,468 | 45,468 | 41,420 |
| Grants from grant making trusts | | - | 197,225 | 197,225 | 126,461 |
| Charitable activities: | | | | | |
| Fees Received | 4 | 1,373,872 | - | 1,373,872 | 1,565,203 |
| Other | | 11,714 | - | 11,714 | 9,711 |
| Total Income | | 1,394,827 | 268,143 | 1,662,970 | 1,785,285 |
| Expenditure on: | | | | | |
| Cost of generating funds | 5 | - | 36,103 | 36,103 | 28,240 |
| Charitable expenditure | 5 | 1,617,628 | - | 1,617,628 | 1,910,529 |
| Total expenditure | | 1,617,628 | 36,103 | 1,653,731 | 1,938,769 |
| (Deficit)/Surplus on activities (before investment gains/losses) | | (222,801) | 232,040 | 9,239 | (153,484) |