

Childhood First
healing hurt minds

Childhood First

**Annual report and consolidated financial
statements for the year ended 31 March 2010**

Company number: 1708301

Childhood First

Report and consolidated financial statements for the year ended 31 March 2010

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Report of the Trustees

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 2010. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP 2005) in preparing the annual report and financial statements.

Reference and administrative details of the Charity, its Trustees and Advisers

Charity name: Childhood First

Charity registration number: 286909

Company registration number: 1708301

Registered office and

operational address: Station House, 150 Waterloo Road, London, SE1 8SB

Board of Trustees (members of the council)

The Trustees (directors of the company) during the year were:

Mr John Harrison (Chairman from 23rd September 2009)

Mr David Lambert, CBE

Mr Sebastian Lyon (Treasurer)

Mr Keith Miller

Mr Jan Pethick (Chairman to 23rd September 2009)

Mrs Patricia Phillips

Ms Elizabeth Szwed

Mrs Penny Treadwell

Mr Simon Vilette

Mrs Margaret Wilson

Chief Executive

Mr Stephen Blunden

Company Secretary

Mr Mark O'Kelly

Auditors

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

Bankers

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

National Westminster Bank Plc, 21 St Mary's Road, Market Harborough, Leicestershire, LE16 7DY.

National Westminster Bank Plc, 32 Market Place, East Dereham, Norfolk, NR192AR.

HSBC Bank Plc, 83 Sidcup High Street, Sidcup, Kent, DA14 6DN.

Solicitors

Stephenson Harwood, 1 St Paul's Churchyard, London, EC4M 8SH

Investment advisors

Cazenove & Co, 12 Tokenhouse Yard, London, EC2R 7AN

Report of the Trustees

Objectives and Activities

Objects

The objects of Childhood First, 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.

Our mission is to enable children and young people to recover from severe relational trauma, to enjoy life and to achieve their potential; we do this through the provision of therapeutic residential care, treatment and education, together with family and network support.

Strategy

Our three year strategy is to continue to evolve and grow our mission to better meet the needs of our beneficiaries and to secure our long term sustainability. This reflects the aims that the charity was set up to further.

We plan to achieve this by focusing on nine main areas of development:

- Care and Education Quality Assurance
- Customer Relationship Management
- Business and Service Development
- Clinical Development
- Clinical Training and Supervision
- Patronage and Fundraising
- Development and expansion of existing buildings
- Human Resources
- Financial sustainability

Activities

Our activities are centred on the work of our four residential therapeutic communities and our Placement and Family Support programme. 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:

- Thornby Hall, Northamptonshire, for up to 24 young people aged 12 to 18. There is an onsite school which provides education.
- Greenfields House, Kent, for up to 10 children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils.
- Earthsea House, Norfolk, for up to 8 children aged 5 to 14. Education is provided on an adjacent site by Norfolk Children Services; and
- Merrywood House, Norfolk, for up to 4 children aged 11 to 16.

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

Public Benefit

We review our aims and objectives annually, 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

Report of the Trustees

reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At both Thornby Hall and Greenfields places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement, whilst the communities at Earthsea and Merrywood are for children and young people from Norfolk, under a Service Level Agreement with Norfolk Children's Services.

Due to the intensive and specialised nature of the work, the comparatively long period of time over which it needs to be implemented and the size of the residential communities, the number of children and young people who directly benefit is relatively small. However, the opportunity is open to all those who are eligible, as identified by Local Authority Children's Services, and whom the communities believe can benefit from the services.

As the costs of the placements are 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, ability to meet any fees due.

Achievements and performance during the year

In the Annual Report for last year we listed a number of objectives for the year. The following report is focused on these objectives.

To continue to provide therapeutic care, education and treatment which meets the needs and aspirations of the children and young people

Childhood First is committed to providing therapeutic residential care and is working hard to ensure referrals are such as to maintain an adequate level of placements so the communities are sustainable. During the year 51 children and young people benefited directly from the residential Communities and Schools and a further 5 children and their families through the Placement and Family support services in the Midlands. During the year the Placement and Family Support work was integrated into the work of the communities.

During the year we continued to provide high quality support to the young people through our residential communities and Placement and Family support programme. Currently both Greenfields and Earthsea are currently rated as 'Outstanding' by Ofsted, while Thornby Hall and Merrywood are 'Good'. During the year Thornby Hall was downgraded by Ofsted from 'Good' to 'Inadequate' due to concerns over safeguarding issues, in particular around physical aspects of the security of the building, though these concerns had never been raised in previous inspections. These issues were immediately addressed and a subsequent Ofsted inspection in May 2010 rated Thornby Hall as 'Good'.

To articulate and develop a therapeutic education culture, and to develop supporting resources and facilities

The educational culture is intrinsically linked with the care culture and the provision of a first class education requires the care staff and teachers to work closely

Report of the Trustees

together. The teachers are becoming more involved with the therapeutic work and psychodynamic approach.

The Heads of School of Earthsea, Greenfields and Thornby Hall have started to meet on what will be a regular basis to discuss issues around best practise, future developments and how training can best support the better integration of care and education.

There is a need for capital developments at all three schools. At Thornby Hall a major appeal is planned, leading to the total refurbishment of the school building, improving the facilities and maximising the opportunities for the students. At Greenfields plans are being considered to re-locate the school to the site of the house. This will enable staff to be able to better meet the needs of the children. In Norfolk the education is under the control of the Local Education Authority, and the Head of School is considering how best the education facility can be extended to provide education to the young people from Merrywood.

To further develop therapeutic placement and family support services for children, families, carers and related professionals

During the year the Placement and Family Support work has been integrated into the individual communities, where it can both support the children and young people at the communities and develop local services more effectively and in a more joined up way.

The family worker at Greenfields, funded by Children in Need, is now well established and the work is embedded in the culture and running of the home. The previous Director of Placement and Family Support is now based full time at Thornby Hall, working directly with the families of the young people there as well as developing the work with families identified by Northamptonshire Health and Social Care Departments. Within Norfolk there are plans to develop the family work but this is subject to obtaining funding.

To develop crisis and assessment provision for children and young people unable to cope in their placements

The ultimate aim is to develop our own Assessment, Respite and Crisis Centre (ARC). This will offer both respite facilities to existing children who are experiencing difficulties that would normally lead to a breakdown of their placement and an emergency provision to new children that could ultimately lead to long term placements in one of our units.

The centre will be developed out of the current work at Thornby Hall in an incremental way.

To raise awareness with commissioners, relevant professionals and government of our brand, our offering, and the needs of children

Work has continued during the year in raising awareness of our work with Local Authorities, ensuring that we are included on as many regional and local databases

Report of the Trustees

as possible. As a result there has been an increase in the number of enquiries during the year, from 149 to 161.

We continue to raise our profile through membership of other networks and alliances, with the Partnerships Director being the co-Chair of ICHA (Independent Children's Homes Association). We have also joined the National Association of Special Schools.

We envisage that both the change in the financial climate and the government will also bring change to residential care. Most providers have seen a fall in enquiries regarding placements. Our homes are well placed to provide excellent care and outcomes for young people, and will continue to ensure we offer the same excellent service to commissioners in order to meet their requirements, and therefore placements.

To increase the voluntary fundraising capacity, including establishing a sustainable major development programme

Currently about 95% of our income is from statutory sources, with only 3% from voluntary sources. However statutory income is not sufficient to allow us to improve or develop our current range of services. In order that we can continue to grow and develop as an organisation we need to increase our capacity to raise voluntary funds.

In late 2008 we recruited a team of specialist fundraisers with the aim of embarking on a series of appeals based on large projects, within an overall development programme. This was made possible with the support of a major grant. The economic climate has meant that funds have been slower coming in than originally planned. We have accordingly reduced the size of the fundraising team to allow for sustainability of the fundraising programme over a longer period. Much of the groundwork for the appeals has been laid and we remain confident that our cause is powerful enough to attract substantial philanthropic and trust funding.

To establish and embed an effective and contemporary programme of evaluation and research

Following several meetings of both staff and external experts a plan has been drawn up to develop our Assessment, Evaluation and Research. Working groups have been set up and external funding is being sought. This work is crucial to the demonstration, for commissioners and potential donors, of the value of our unique therapeutic method.

To review and develop the Human Resources strategy

During the year various pieces of work were carried out to develop the HR Strategy, including a staff survey, focus group discussions and participation in an external benchmarking exercise. We were supported in the process by Atos Consulting on a pro bono basis. Particular issues which were highlighted were the work-life balance of staff, the need for more clarity over pay scales and career progression and the need to review the training programme to ensure that the needs of both the organisation and staff are being met through it.

Report of the Trustees

Work has started in establishing competency frameworks, linked into pay scales and training, and a review of working hours.

Training

Childhood First provides all its staff who work directly with children with relevant training in Psychosocial Care. The training programmes, accredited by Middlesex University School of Health and Social Sciences, incorporate all statutorily required training and specialist training and offer a theoretical base for the therapeutic work. All staff complete an initial module, and can then chose to undertake further training and assessment at Diploma, Advanced Diploma and Postgraduate levels. Currently we are exploring ways of accrediting the course via a nationally recognised counseling or psychotherapy body. If these efforts are successful, staff will have a more transportable qualification and our clinical judgements about the needs of the children and young people we serve will carry the weight it deserves. We have also established the importance of enabling senior staff to enroll on external post graduate courses, such as social work, management and systemic family therapy. This will ensure a broad base of expertise across the organisation and enhance Childhood First's ability to continue its class leading work.

To further strengthen the financial sustainability of Childhood First (including financial review)

Childhood First's basic operational expenditure is primarily supported by statutory funding, with the Local Authorities paying an agreed fee for the children placed at the residential communities or receiving services through the Placement and Family Support programmes. The main expenditure is in the running of the residential communities. However such funding is not sufficient to cover the development of the therapeutic work and the facilities required and supporting activities such as 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 increase the proportion of funding raised from trust and voluntary sources, to strengthen the sustainability of our mission, and to increase the number of children and families supported. Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

There are increasing difficulties with fully recovering the costs of our core operations, as Local Authorities are under increasing financial pressures and are reluctant to increase fees in line with inflation. There were lower occupancy levels during the latter half of the year, with the resultant fall in income, but there has been a post year end increase in referrals following the 'Good' Ofsted rating at Thornby Hall. The sale of Abington House provided a surplus of £151,528, contributing to net incoming resources of £465,198 before unrealised gains on investments and the actuarial loss on the defined benefit pension scheme.

The coming years will see increasing pressures on all areas of public expenditure, with the resultant effect on charities who are dependent on local and central government funds. In our case this may be balanced to some extent by the growth in the numbers of traumatised children being taken into care as a result of

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cuts in preventive spending and delayed interventions in the lives of traumatised children. In any event we must be prepared for a downturn in income and will continue to maintain a tight control on costs.

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though no new members have been admitted for some years. The particularly poor performance of these Pension Schemes over the years has resulted in Childhood First being responsible for a large deficit which currently totals £2,286,000, an increase of £919,000 over the previous year. Full details of these schemes are included in the notes to the accounts.

Financial reserves

The Trustees have reviewed the charity's requirements for reserves and have established a policy that the unrestricted funds, excluding funds designated to cover property fixed assets, should amount to four months operating expenditure. Based on current budgets the required amount is £2.02 million. The Trustees are confident that with this level of reserves the charity could continue operating in the event of a drop in funding or other serious contingency. The reason for this level is that currently about 90% of the income of Childhood First is from fees paid by local authorities for the placement of children. Due to the relatively low number of children and high individual fees a small fluctuation in the number of children can lead to a large fluctuation in the income.

Currently the unrestricted reserves amount to £914,470. Of this £802,193 is designated, leaving a balance of £112,277, which is significantly short of the target. Although there have been operating surpluses for the last four years the increases in the pension deficit has prevented these significantly adding to the reserves.

It is planned to build the reserves through:

- Fully recovering all statutory costs through fees from Local Authorities and where possible creating surpluses through higher occupancy levels;
- Increasing voluntary fundraising; and
- Using investment income.

Investments

Childhood First aims 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. In recent years funds have been kept in cash, a cautious approach which has proved beneficial, but the Trustees have now invested in two managed funds. The value of these invested funds at the end of the year was £998,359, which includes an unrealised surplus of £149,322 for the year.

Report of the Trustees

Endowment funds

Childhood First, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by properties 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. This order enables Childhood First to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it on trust for investment (capital) should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

As the properties currently held within the permanent endowment by the Princess Mary Trust are 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.

The future

In accordance with the strategic plan our development objectives over 2010/11 are:

1. Care and Education Quality Assurance:
 - to develop and embed robust quality assurance processes to ensure the highest standards of therapeutic care, education and treatment.
2. Customer Relationship Management
 - To enhance customer relationship management systems, processes and documentation.
3. Business and Service Development:
 - to establish therapeutic placement and family support services at each community
4. Clinical Development
 - to establish and embed an effective and contemporary programme of assessment, evaluation and research
5. Clinical Training and Supervision
 - to update existing training programme to encompass changing requirements and regulations
 - to review clinical supervision and integrate with staff development
6. Patronage and Fundraising
 - to further develop major donor and trusts fundraising, increasing the fundraising ratio of income to expenditure to 2.5:1.
7. Human Resources
 - to develop and implement competency frameworks for all therapeutic staff, linking this into salary scales.
 - to reduce staff turnover to less than 20% at all communities.
8. Finance
 - To produce financial surpluses at all communities and contribute to the rebuilding of the reserves in line with the Reserves Policy.

Structure, Governance and Management

Governing document

Childhood First is a charitable company limited by guarantee. 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. It is

Report of the Trustees

governed by memorandum and articles of association which were last amended on 24th November 2004.

Organisational Structure

The Articles provide for there being between five and fifteen Trustees and 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 know other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical work, education, child and family law, business, management, fundraising, marketing and campaigning. The Board of Trustees meet every two months. There are three sub-committees which also meet every two months, chaired by Trustees but with additional members with relevant experience, in the areas of:

- Care, Education and Treatment
- Finance
- Planning

Each Trustee is expected to serve on at least one sub-committee or to chair a local support group.

All Trustees give their time voluntarily and do not receive any material benefits from the charity.

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 Chief Executive, to whom other senior staff report.

Recruitment and appointment of Trustees

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. If there are Nominations are discussed by the Board and, if agreed, the nominees are formally invited to join the Board by the Chair. All Trustees are required to retire from office by rotation and are eligible for re-election.

Trustees induction and training

On joining the 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 the therapeutic communities to meet staff and children. Trustees will have been recruited for their skills, knowledge and experience. Where additional skills are needed for specific functions then training is arranged on an individual basis.

Related parties

Childhood First is the sole member of Childhood First (Midlands) Limited (registered charity number 286909), a company limited by guarantee (registered number 3187004), Childhood First (East Anglia) Limited (registered charity number 286909), a company limited by guarantee (registered number 3706394) and Childhood First (South) Limited (registered charity number 286909), a company limited by guarantee (registered number 3547839). It is also the sole Trustee of Princess Mary's Trust (registered charity number 229136).

Report of the Trustees

Risk Management

The Board has assessed the major risks to which the charity is exposed, in particular those related to the operations and finances, and the Trustees 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:

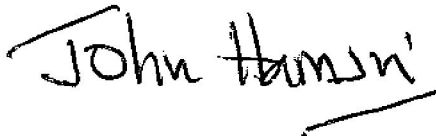
- Shortfall in statutory income. The fees have been reviewed and are based on breaking even at average occupancy levels. There has been investment in marketing, both in terms of advertising and direct contact with Local Authorities, to ensure a steady stream of referrals and adequate numbers of children at any time. Where numbers fall below a sustainable level the Trustees will take appropriate action;
- 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;
- 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;
- Non-compliance with regulations. Policies are in place which ensure compliance with the Children's Homes regulations, with monthly inspections. Systems are in place to ensure recommendations from OFSTED reports are acted on in a timely way; and
- Residential properties continue to meet the needs of the children and young people. Refurbishment programmes are in place and the suitability of the size of establishments is considered.

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

A handwritten signature in black ink that reads "John Harrison". The signature is written in a cursive style and is underlined with a single horizontal line.

John Harrison
Chairman

21st September 2010

Report of the Trustees

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;
- 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.

Independent auditor's report

To the Trustees of Childhood First

We have audited the financial statements of Childhood First for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Trustees and auditors

The Trustees (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Report of the Board of Trustees is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Board of Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

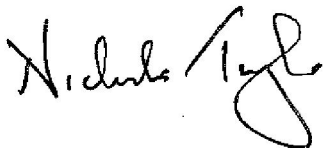
Independent auditor's report

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the group financial statements give a true and fair view of the state of the group's affairs as at 31 March 2010, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the parent charitable company financial statements give a true and fair view of the state of the parent charitable company's affairs as at 31 March 2010;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Board of Trustees is consistent with the financial statements.



Nicholas Taylor, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom
30th September 2010

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 2010

	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Permanent endowment Funds 2010 £	Total Funds 2010 £	Total Funds 2009 £
Note					
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	87,185	88,889	-	176,074	523,623
- Investment income	2,873	-	-	2,873	61,037
Incoming resources from charitable activities					
- Local authority fees	5,851,619	-	-	5,851,619	6,008,290
Other incoming resources	156,219	-	-	156,219	4,301
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Total incoming resources	6,097,896	88,889	-	6,186,785	6,597,251
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Resources expended					
Cost of generating funds					
Charitable activities	176,107	121,966	-	298,073	257,280
Therapeutic residential care	5,205,539	92,754	-	5,298,293	5,363,320
Placement and family support	29,798	53,103	-	82,901	90,286
Governance costs	42,320	-	-	42,320	38,060
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Total resources expended	5,453,764	267,823	-	5,721,587	5,748,946
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Net incoming resources	644,132	(178,934)	-	465,198	848,305
Unrealised gain/(loss) on investments	149,322	-	-	149,322	(5,513)
Actuarial losses on defined benefit schemes	6 (940,000)	-	-	(940,000)	(780,000)
Transfer between funds	14 343,762	(343,762)	-	-	-
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Net movement in funds	197,216	(522,696)	-	(325,480)	62,792
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Balance b/f at 1 April 2009	723,517	674,313	2,065,123	3,462,953	3,400,161
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Balance c/f at 31 March 2010	920,733	151,617	2,065,123	3,137,473	3,462,953
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All amounts relate to continuing activities.

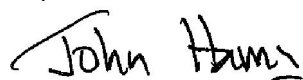
All recognised gains and losses in the current and prior year are included in the Statement of Financial Activities

The notes on pages 17 to 36 form part of these financial statements.

Consolidated and Company Balance Sheet For the year ended 31 March 2010

<i>Company number: 1708301</i>		Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
	Note				
Fixed assets					
Tangible assets	7	2,897,379	3,113,501	685,618	884,710
Investments	8	1,506,762	1,355,918	1,506,762	1,355,918
		4,404,141	4,469,419	2,192,380	2,240,628
Current assets					
Debtors	10	1,361,810	1,948,681	51,547	293,128
Cash at bank		1,341,351	639,074	1,329,634	566,646
		2,703,161	2,587,755	1,381,181	859,774
Creditors: amounts falling due within one year	11	(1,671,001)	(2,201,565)	(1,266,718)	(1,003,933)
Net current assets/(liabilities)		1,032,160	386,190	114,463	(144,159)
Total assets less current liabilities		5,436,301	4,855,609	2,306,843	2,096,469
Creditors: amounts falling due after more than one year	12	(12,828)	(25,656)	(12,828)	(25,656)
Provisions for liabilities and charges	13	(2,286,000)	(1,367,000)	-	-
Net assets		3,137,473	3,462,953	2,294,015	2,070,813
Represented by:					
Income funds					
Unrestricted funds					
- General reserves		2,404,540	2,090,517	1,472,298	1,539,551
- Pension reserves		(2,286,000)	(1,367,000)	-	-
- Designated funds	15	802,193	-	685,618	-
Total unrestricted funds		920,733	723,517	2,157,916	1,539,551
Restricted funds	14	151,617	674,313	136,099	531,262
Capital funds					
Endowment funds		2,065,123	2,065,123	-	-
	16	3,137,473	3,462,953	2,294,015	2,070,813

The financial statements were approved and authorised for issue by the Trustees on 21st September 2010 and were signed on its behalf by:



John Harrison, Chairman

The notes on pages 17 to 36 form part of these financial statements.

Consolidated cash flow statement For the year ended 31 March 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	18		663,020		546,776
Returns on investments and servicing of finance					
Interest paid		(2,550)		(18,333)	
Interest received		2,873		61,037	
		-----		-----	
			323		42,704
Capital expenditure					
Payments to acquire fixed assets		(18,725)		-	
Receipts from sales of fixed assets		370,526		-	
		-----		-----	
			351,801		-
Management of liquid resources					
Increase in investments		(1,522)		(98,962)	
		-----		-----	
			(1,522)		(98,962)
Net cash inflow before financing			1,013,622		490,518
Financing					
Repayment of bank loan			(311,345)		(25,530)
			-----		-----
Increase/ decrease in cash	19		702,277		464,988
			=====		=====

The notes on pages 17 to 36 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 financial statements have been prepared under the historic cost convention as adopted for investments and in accordance with the Charities Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, and applicable accounting standards.

Basis for consolidation

The consolidated accounts include the financial statements of the Childhood First 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 Childhood First is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Childhood First'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 £1,007,254 (2009 - £1,379,866) and the surplus for the parent charitable company, including unrealised gains on investments, for the year was £223,201 (2009 – surplus of £361,239).

b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair. Depreciation is not provided against freehold buildings as this is considered immaterial owing to the long useful economic life and high residual value of the buildings. The Board of Trustees carries out an impairment review every year. If those reviews show that the net realisable value of any building is less than its historical cost then that building will be subject to depreciation on the difference between the historic cost and the net realisable value, or value in use, whichever is the greater, at the following rates to continue throughout the economic life of that asset:

Freehold buildings - 2% straight line basis

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:

Short leasehold buildings	- over the remaining terms of the lease
Furniture, fittings, tools and equipment	- 20 - 33% per annum
Motor vehicles	- 25 - 33% per annum

Notes to the financial statements

c) Leased Assets

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 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 certainty 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.

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.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

f) Investments

Listed investments are included in the balance sheet at market value. Other investments are included at the trustees' estimate of 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.

Notes to the financial statements

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 Superannuation 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 17. 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 FRS17 'Retirement benefits'.
- 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) Cash and Liquid resources.

- Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.
- Liquid resources are investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values, or are traded in an active market. Liquid resources comprise term deposits, government securities and listed shares.

Notes to the financial statements

2 Analysis of total resources expended

Basis of allocation		Fundraising	Therapeutics Residential care	Placement and family support	Governance	2010 Total	2009 Total
		£	£	£	£	£	£
Costs directly allocated to activities							
Staff costs	Direct	182,942	3,793,206	60,821	17,023	4,053,992	3,943,012
Consultancy	Direct	2,497	259,341	3,720	-	265,558	307,133
Travel	Direct	1,973	95,521	5,403	838	103,735	107,422
Office costs	Direct	943	110,324	443	-	111,710	81,798
Public relations	Direct	42,846	8,566	-	-	51,412	58,561
Premises	Direct	-	301,250	-	-	301,250	325,141
Household	Direct	-	51,706	-	-	51,706	50,048
Provisions	Direct	-	130,455	-	-	130,455	144,968
Education	Direct	-	49,604	-	-	49,604	51,356
Personal care	Direct	-	60,604	-	-	60,604	66,217
Social activities	Direct	-	109,437	44	-	109,481	101,198
Other	Direct	1,269	21,702	-	-	22,971	24,602
Depreciation	Direct	-	16,458	-	-	16,458	25,562
Finance charges	Direct	-	2,550	-	-	2,550	2,884
Insurance, legal, professional	Direct	-	112,633	1,035	-	113,668	120,600
Audit and accountancy	Direct	-	-	-	24,459	24,459	22,056
Support costs allocated to activities							
Premises and office costs	Staff time	36,113	17,655	1,605	-	55,373	77,461
Finance and HR staff	Staff time	21,134	112,717	7,045	-	140,896	146,148
Other	Staff time	8,356	44,564	2,785	-	55,705	92,779
Total resources expended		298,073	5,298,293	82,901	42,320	5,721,587	5,748,946

Notes to the financial statements

3 Net incoming resources for the year

	2010	2009
	£	£
Net incoming resources for the year is stated after charging/(crediting):		
Auditors' remuneration:		
Group	23,500	22,056
(of which Company amounts to)	6,000	3,696
Depreciation of tangible fixed assets	16,571	26,050
(Profit) on sale of fixed assets	(152,250)	-
Rentals payable under operating leases:		
Land and buildings	55,600	55,600
Other	5,969	1,927
Trustees professional indemnity insurance	9,109	8,663
	23,300	112,392

4 Staff numbers and costs

The average number of persons employed by the group during the period was 147 (2009 - 157). The aggregate payroll costs of these persons were as follows:

	2010	2009
	£	£
Wages and salaries	3,460,214	3,371,512
Social security costs	322,263	314,710
Other pension costs	289,261	161,939
FRS 17 pension adjustment (see note 7)	(21,000)	53,000
	4,050,738	3,901,161

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

	2010	2009
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-

Pension payments for the above members of staff amounted to £80,574 (2009 - £75,306). One of these members of staff was a member of the Surrey Pension Scheme so this pension payment (at 114.4% of salary) includes an element of pension for past employee members.

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 £688 (2009 - £970) to 1 trustee (2009 -2).

Notes to the financial statements

5 Related party transactions

There were no related party transactions made during the year.

6 Pension contributions

(a) Surrey County Council 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 FRS17 "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 2007 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date. Any such impact will be reflected in the next formal triennial valuation, due as at 31 March 2010, although not yet available. An interim valuation at 31 March 2010 is reflected in the financial statements.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assessed that the investment returns would be 7.2% per annum, that salary increases would average 5.3% per annum and that present and future pensions would increase at a rate of 3.8% per annum. The most recent actual valuation showed that the market value of the scheme's assets was £1,759 million and that the actuarial value of those assets represented 79.3% of the benefits that had accrued to members. The actuarial deficit attributable to the charitable company was estimated to be £1,903,000. There are currently 3 employees who are members of the scheme, 22 deferred pensioners and 15 pensioners.

The contributions of the charitable company during the year were 114.4% (2009 – 114.4%) of pensionable salary and amounted to £129,463 (2009 - £137,840). There were outstanding contributions of £11,656 due at the end of the financial year (2009 - £11,783). The employer contribution for the year beginning 1 April 2010 has been set at 114.4% salaries (2009 – 114.4%).

The major assumptions at 31 March 2010 as used by the actuary were:

	2010 % per annum	2009 % per annum
Inflation increases	3.8	3.1
Salary increases	5.3	4.6
Pension increases	3.8	3.1
Discount rate	5.5	6.9
Post retirement mortality table	Males – PMA92 Females – PFA92	Males – PMA92 Females – PFA92
Tax free cash	25% of future retirement	25% of future retirement

Notes to the financial statements

	2010	2009
Life expectancy:		
	Prospective Pensioners	Prospective Pensioners
31 March 2010	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 March 2009	calendar year 2033	calendar year 2017
31 March 2008	calendar year 2033	calendar year 2017
31 March 2007	calendar year 2017	calendar year 2004
31 March 2006	calendar year 2004	calendar year 2004

The assets in the scheme the expected rate of return on 31 March 2010 were:

Assets - solely Childhood First (Midlands) Limited

The long term expected rates of shares and the market value of the scheme's assets were:

	2010 %	2010 £	2009 %	2009 £
Equities	7.8	2,458,000	7.0	1,721,000
Bonds	5.0	557,000	5.4	424,000
Property	5.8	197,000	4.9	141,000
Cash	5.0	66,000	4.0	71,000
	-----	-----	-----	-----
Totals	7.2	3,278,000	6.5	2,357,000
	=====	=====	=====	=====

	2010 £	2009 £	2008 £	2007 £
Net pension assets				
Estimated employer assets	3,278,000	2,357,000	3,113,000	3,278,000
Present value of scheme liabilities	(5,181,000)	(3,633,000)	(3,766,000)	(4,125,000)
Present value of unfunded liabilities	-	-	-	-
	-----	-----	-----	-----
Total value of liabilities	(5,181,000)	(3,633,000)	(3,766,000)	(4,125,000)
	-----	-----	-----	-----
Net pension liability	(1,903,000)	(1,276,000)	(653,000)	(847,000)
	=====	=====	=====	=====

Notes to the financial statements

	2010 £	2009 £	
Analysis of amount charged to net incoming resources			
Current service cost	21,000	22,000	
Past service cost	-	11,000	
	21,000	33,000	
Total charge to net incoming resources	21,000	33,000	
	21,000	33,000	
Analysis of management and administration cost			
Expected rate on pension scheme	(151,000)	(220,000)	
Interest on pension scheme liabilities	244,000	256,000	
	93,000	36,000	
Total management and administration costs	93,000	36,000	
	93,000	36,000	
History of experience gains and losses			
	2010 £	2009 £	2008 £
Experience gains/(losses) on assets	835,000	(958,000)	(338,000)
Experience gains on liabilities	-	-	(1,000)
	835,000	(958,000)	(338,000)
Reconciliation of defined benefit obligation			
Opening obligation	3,633,000	3,766,000	
Current service cost	21,000	22,000	
Interest cost	244,000	256,000	
Contributions by members	8,000	7,000	
Actuarial losses	1,490,000	(265,000)	
Past service cost	-	11,000	
Estimated benefits paid	(215,000)	(164,000)	
	5,181,000	3,633,000	
Closing obligation	5,181,000	3,633,000	
	5,181,000	3,633,000	
Reconciliation of fair value of employer assets			
Opening fair value	2,357,000	3,113,000	
Expected return on assets	151,000	220,000	
Contributions by members	8,000	7,000	
Contributions by employer	142,000	139,000	
Actuarial gains/(losses)	835,000	(958,000)	
Estimated benefits paid	(215,000)	(164,000)	
	3,278,000	2,357,000	
Closing obligation	3,278,000	2,357,000	
	3,278,000	2,357,000	

Notes to the financial statements

(b) Norfolk County Council Pension Fund

One of the charitable company'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.

In accordance with FRS17 "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 2007 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date. Any such impact will be reflected in the next formal triennial valuation, due as at 31 March 2010, although not yet available. An interim valuation at 31 March 2010 is reflected in the financial statements.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assessed that the investment returns would be 6.9% per annum, that salary increases would average 5.3% per annum and that present and future pensions would increase at a rate of 3.8% per annum. The most recent actuarial valuation showed that the market value of the scheme's assets was £1,891 million and that the actuarial value of those assets represented 93% of the benefits that had accrued to members. The actuarial deficit attributable to the charitable company was estimated to be £383,000. There is currently 1 employee who is a member of the scheme and there are 3 deferred pensioners and no pensioners who are former employees and who are members of the pension scheme.

The contributions of the charitable company during the year were 20.7% of pensionable salary and amounted to £10,981 (2009 - £9,781). There were outstanding contributions of £1,233 due at the end of the financial year (2009 - £1,126). The employer contribution for the year beginning 1 April 2010 has been set at 22.5% of salaries (2009 - 20.7%).

The major assumptions at 31 March 2010 as used by the actuary were:

	2010	2009
	% per annum	% per annum
Inflation increases	3.8	3.1
Salary increases	5.3	4.6
Pension increases	3.8	3.1
Discount rate	5.5	6.9
Post retirement mortality table	Males – PMA92 Females – PFA92	Males – PMA92 Females – PFA92
Tax free cash	50% of future retirement	50% of future retirement

Life expectancy:

	Prospective Pensioners	Prospective Pensioners
31 March 2010	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 March 2009	calendar year 2033	calendar year 2017
31 March 2008	calendar year 2033	calendar year 2017
31 March 2007	calendar year 2017	calendar year 2004
31 March 2006	calendar year 2004	calendar year 2004

Notes to the financial statements

The assets in the scheme the expected rate of return on 31 March 2010 were:

Assets – solely Childhood First

The long term expected rates of shares and the market value of the scheme's assets were:

	2010 %	2010 £	2009 %	2009 £
Equities	7.8	410,000	7.0	282,000
Bonds	5.0	104,000	5.4	96,000
Property	5.8	61,000	4.9	45,000
Cash	4.8	37,000	4.0	32,000
Totals	6.9	612,000	6.2	455,000

	2010 £	2009 £	2008 £	2007 £
Net pension assets				
Estimated employer assets	612,000	455,000	562,000	572,000
Present value of scheme liabilities	(995,000)	(546,000)	(560,000)	(661,000)
Present value of unfunded liabilities	-	-	-	-
Total value of liabilities	(995,000)	(546,000)	(560,000)	(661,000)
Net pension (liability)/surplus	(383,000)	(91,000)	2,000	(89,000)

	2010 £	2009 £
Analysis of amount charged to net incoming resources		
Current service cost	9,000	10,000
Past service cost	-	6,000
Total charge to net incoming resources	9,000	16,000

Analysis of management and administration cost

Expected rate on pension scheme	(29,000)	(39,000)
Interest on pension scheme liabilities	38,000	39,000
Total management and administration costs	9,000	-

Notes to the financial statements

History of experience gains and losses

	2010 £	2009 £	2008 £
Experience gains/(losses) on assets	114,000	(159,000)	134,000
Experience gains on liabilities	-	1,000	16,000
	_____	_____	_____

Reconciliation of defined benefit obligation

Opening obligation	546,000	554,000
Current service cost	9,000	10,000
Interest cost	38,000	39,000
Contributions by members	4,000	4,000
Actuarial losses/(gains)	399,000	(66,000)
Past service cost	-	6,000
Estimated benefits paid	(1,000)	(1,000)
	_____	_____
Closing obligation	995,000	546,000
	_____	_____

Reconciliation of fair value of employer assets

Opening fair value	455,000	556,000
Expected return on assets	29,000	39,000
Contributions by members	4,000	4,000
Contributions by employer	11,000	10,000
Actuarial gains/(losses)	114,000	(153,000)
Estimated benefits paid	(1,000)	(1,000)
	_____	_____
Closing obligation	612,000	455,000
	_____	_____

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:

	2010 £	2009 £
Deficit at beginning of the year	(1,367,000)	(651,000)
Current service cost	(30,000)	(48,000)
Past service cost	-	(17,000)
Net returns on assets	(102,000)	(36,000)
Actuarial gains and losses	(940,000)	(780,000)
Contributions paid	153,000	165,000
	_____	_____
Deficit in schemes at end of year	(2,286,000)	(1,367,000)
	_____	_____

Notes to the financial statements

(c) Teacher's Superannuation Scheme

A number of the Group's employees are members of the Teacher's Superannuation Scheme (TSS), which is an unfunded scheme. The Teacher's Superannuation Scheme (TSS) is a statutory, contributory final salary scheme administered by the Teachers' Pension Agency, an executive agency of the Department of 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 TSS was for the period 1 April 2001 to 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated costs of future benefits) amounted to £166,500 millions. The value of assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

However, as stated in note 1, it is not possible to separately identify the charitable company's share of the underlying assets and liabilities on a consistent and reasonable basis. As a result for the purposes of these financial statements this scheme is treated as a defined contribution scheme with contributions charged to the income and expenditure accounts as they are paid.

As from 1st January 2007 the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years), giving a rate of 20.5%. Employers pay contributions of 14.1% of salary and employees pay 6.4%.

Total pension costs during the year were £47,885 (2009 - £47,961). There were outstanding contributions of £6,631 due at the end of the financial year (2009 - £8,480).

(d) 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 £102,462 (2009 - £93,842). There were outstanding contributions of £16,411 due at the end of the financial year (2009 - £13,207).

Notes to the financial statements

7 Tangible fixed assets

a) Group	Freehold properties £	Furniture and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2009	3,087,368	44,855	116,375	3,248,598
Additions	-	-	18,725	18,725
Disposals	(198,978)	-	(30,287)	(229,265)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	2,888,390	44,855	104,813	3,038,058
<i>Depreciation</i>				
At 1 April 2009	-	44,741	90,356	135,097
Charge for year	-	114	16,457	16,571
Eliminated on disposal	-	-	(10,989)	(10,989)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	-	44,855	95,824	140,679
<i>Net book value</i>				
At 31 March 2010	2,888,390	-	8,989	2,897,379
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	3,087,368	114	26,019	3,113,501
	<hr/>	<hr/>	<hr/>	<hr/>

The Trustees have reviewed the value of the freehold properties at 31 March 2010 and do not consider them to be impaired.

Notes to the financial statements

b) Company

	Freehold properties £	Furniture and equipment £	Total £
<i>Cost</i>			
At 1 April 2009	884,596	2,289	886,885
Additions	-	-	-
Disposals	(198,978)	-	(198,978)
	<hr/>	<hr/>	<hr/>
At 31 March 2010	685,618	2,289	687,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At 1 April 2009	-	2,175	2,175
Charge for year	-	114	114
Eliminated on disposals	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 March 2010	-	2,289	2,289
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2010	685,618	-	685,618
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2009	884,596	114	884,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Fixed asset investments

a) Group and Company

	Cash deposits £	2010 Investment funds £	Total £	2009 Total £
Balance at 1 April	861,431	494,487	1,355,918	1,262,469
Additions	1,522	354,550	356,072	548,962
Disposals	(354,550)	-	(354,550)	(450,000)
Gain/(loss) on revaluation	-	149,322	149,322	(5,513)
	<hr/>	<hr/>	<hr/>	<hr/>
Market value at 31 st March	508,403	998,359	1,506,762	1,355,918
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The cash deposits are managed by Cazenove Capital Management and the investment funds are invested in CF Ruffer Total Return Fund and CG Portfolio Fund. Further cash deposits, held for working capital, are managed by Royal London Cash Management.

Notes to the financial statements

b) Subsidiary undertakings

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

<i>Subsidiary Undertakings</i>	<i>Country of incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of businesses</i>
Childhood First (South) Limited	England	100%	Limited by guarantee	Charity
Childhood First (Midlands) Limited	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Limited	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	1,574,926	2,915,216	1,458,239	-
Expenditure	1,392,368	2,698,880	1,465,815	-
Surplus/(deficit)	182,558	216,336	(7,576)	-
Other movements	-	(655,000)	(285,000)	-
Reserves b/f	172,235	(871,369)	(90,424)	2,181,698
Reserves c/f	354,793	(1,310,033)	(383,000)	2,181,698

9 Unapplied total return

At both 1st April 2009 and 31st March 2010 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 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	1,307,473	1,908,408	-	-
Amounts owed by group undertakings	-	-	21,073	260,902
Prepayments and accrued income	44,942	28,697	25,789	26,999
Other debtors	9,395	11,576	4,685	5,227
	1,361,810	1,948,681	51,547	293,128

Notes to the financial statements

11 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loan	-	311,345	-	-
Amounts owed to group undertakings	-	-	1,168,594	883,433
Other creditors	257,945	305,211	49,698	88,058
Taxation and social security	91,737	91,246	15,412	17,453
Accruals and deferred income	1,321,319	1,493,763	33,014	14,989
	<u>1,671,001</u>	<u>2,201,565</u>	<u>1,266,718</u>	<u>1,003,933</u>

12 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Other creditors	<u>12,828</u>	<u>25,656</u>	<u>12,828</u>	<u>25,656</u>
Other creditors are due as follows:				
	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Within one to two years	12,828	12,828	12,828	12,828
Within two to five years	-	12,828	-	12,828
	<u>12,828</u>	<u>25,656</u>	<u>12,828</u>	<u>25,656</u>

The above amounts are payable in annual instalments. There is no interest payable on these amounts.

Notes to the financial statements

13 Provisions for liabilities and charges

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Pension costs				
Balance brought forward	1,367,000	651,000	-	-
Increase in FRS17 pension liability during the year	919,000	716,000	-	-
Balance carried forward	<u>2,286,000</u>	<u>1,367,000</u>	<u>-</u>	<u>-</u>

14. Restricted income funds

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

	Balance at 1 April 2009 £	Income for the year £	Expenditure for the year £	Transfer to designated funds £	Balance at 31 March 2010 £
Residential properties	343,762	-	-	(343,762)	-
Assessment and Respite Centre	160,667	-	(152,867)	-	7,800
Other projects	169,884	88,889	(114,956)	-	143,817
Total	<u>674,313</u>	<u>88,889</u>	<u>(267,823)</u>	<u>(343,762)</u>	<u>151,617</u>

Residential properties represents the amounts donated towards the capital costs, including the purchase, refurbishment and equipping, of Earthsea House, Greenfields House and Greenfields School. These are transferred to designated funds.

Funds were donated by the Sylvia Adams Trust in 2008-9 for the development of the Assessment and Respite Centre, including the development of the capacity to raise the necessary funds. These funds have been mainly spent during the year.

Other projects include funds for Placement and Family Support, as well as smaller projects in the Communities.

Funds donated in past years for the purchase and refurbishment of Greenfields House and School (in 2002) and Earthsea House (in 1998) have been transferred from restricted funds to designated funds (within unrestricted funds). The funds were used for as per the wishes of the donors, so meeting the conditions of the donations.

Notes to the financial statements

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. Funds have been transferred from both General funds and Restricted funds.

	Designated funds
	£
Balance at 1 April 2009	-
Transfer from general funds	458,431
Transfer from restricted funds	343,762
Balance at 31 st March 2010	<u>802,193</u>

16. Analysis of net assets between funds

Group	Unrestricted funds	Restricted income funds	Permanent endowment fund	Total funds
	£	£	£	£
Fund balances at 31 March 2010 are represented by:				
Tangible fixed property assets	802,193	-	2,086,197	2,888,390
Other tangible fixed assets	1	8,988	-	8,989
Investments	1,506,762	-	-	1,506,762
Current assets	2,560,532	142,629	-	2,703,161
Current liabilities	(1,649,927)	-	(21,074)	(1,671,001)
Long term liabilities	(12,828)	-	-	(12,828)
Provisions for liabilities and charges	(2,286,000)	-	-	(2,286,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	920,733	151,617	2,065,123	3,137,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The permanent endowment fund represents some of the assets of Princess Mary's Trust.

Notes to the financial statements

17. Commitments

Annual commitments under non-cancellable operating leases at 31 March 2010 were as follows:

	Group Land and buildings 2010 £	Group Other 2010 £	Group Land and buildings 2009 £	Group Other 2009 £
Leased assets which expire:				
Within one year	17,400	-	-	-
In one to five years	38,200	5,969	55,600	5,969
	55,600	5,969	55,600	5,969
	55,600	5,969	55,600	5,969

18. Reconciliation of net incoming resources for the year to net cash inflow from operating activities

	2010 £	2009 £
Net inflow of resources for the year	465,198	848,305
Depreciation	16,571	26,050
Profit on disposal of assets	(152,250)	-
(Increase)/decrease in debtors	586,871	(321,769)
Increase/(decrease) in creditors	(232,047)	100,894
Interest receivable	(2,873)	(61,037)
Interest payable	2,550	18,333
Increase in provision for liabilities	919,000	716,000
Actuarial loss on defined benefit scheme	(940,000)	(780,000)
	663,020	546,776
Net cash inflow from operating activities	663,020	546,776

Notes to the financial statements

19 Reconciliation of net cash flow to movement in net funds

	2010	2009
	£	£
Increase in cash	702,277	464,988
Cash outflows from financing	311,345	25,530
	<hr/>	<hr/>
Movement in net funds	1,013,622	490,518
Net funds/(debt) at 1 April 2009	327,729	(162,789)
	<hr/>	<hr/>
Net funds at 31 March 2010	<u>1,341,351</u>	<u>327,729</u>

20 Analysis of changes in net funds/debt

	At 1 April 2009	Cash flows	At 31 March 2010
	£	£	£
Cash at bank and in hand	639,074	702,277	1,341,351
Bank overdraft	-	-	-
	<hr/>	<hr/>	<hr/>
	639,074	702,277	1,341,351
Debt due within one year	(311,345)	311,345	-
	<hr/>	<hr/>	<hr/>
Net debt/funds	<u>327,729</u>	<u>1,013,622</u>	<u>1,341,351</u>