

Childhood First

(formerly Peper Harow Foundation)

Company registration number: 1708301

**Annual report and consolidated
financial statements for the year
ended 31 March 2009**

Childhood First

Annual report and consolidated financial statements for the year ended 31 March 2009

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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 1985, present their annual report and the audited financial statements for the year ended 31 March 2009. 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 (formerly Peper Harow Foundation)

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 Jan Pethick (Chairman)

Mr John Harrison

Mr David Lambert, CBE

Mr Sebastian Lyon (Treasurer)

Mr Keith Miller

Mrs Patricia Phillips (appointed 18th March 2009)

Ms Elizabeth Szwed

Mrs Penny Treadwell

Mr Simon Villette (appointed 18th March 2009)

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 five 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 via a voluntary fundraising programme aimed at rebalancing our ratio of statutory to voluntary income from 90:10 to 75:25, without loss of statutory income. We believe that such a strategy will position us to:

- Secure the gains made in financial stability, mission focus and capacity building.
- Improve sustainability and the business model.
- Respond more comprehensively to the current needs of our service users.
- Ensure that traumatised children and young people who need our help can gain full advantage from the expansive phase of the economic cycle which will follow the current recession.

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 12. 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.

Report of the Trustees

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 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

Recent studies continue to show a decline in the mental and emotional health of children in the UK. While this might indicate that there would be a growing need for our services, due to commissioning policies and increasing financial pressure Local Authorities are reluctant to place children in residential care until the situation is desperate. Consequently those children who are referred show behaviour which is increasingly challenging and difficult to contain.

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 54 children and young people benefited directly from the residential Communities and Schools and a further 10 children and their families through the Placement and Family support services in the Midlands.

It should be noted that, such is the severity of their trauma, and the disturbance of family and wider social networks, each of the children in our care represents a major therapeutic and rehabilitative project. Each child we work with has emotional and psychological needs which are amongst the most complex, high risk and difficult to meet in the UK. The successful meeting of these needs avoids in most cases a prognosis of extended dependence on social care, psychiatric and/or penal systems. Alongside the intrinsic value of our work, we are confident that it represents a highly cost effective investment of public, grant and voluntary funding.

Report of the Trustees

During the year we continued to provide high quality support to the young people through our residential communities and Placement and Family support programme. Regular visits and inspections, conducted both by Childhood First and externally in accordance with statutory requirements, continued to provide evidence of effective care, education and treatment for this most vulnerable group of children and young people and their families and networks.

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. There are currently 26 staff studying one of the courses.

Following a comprehensive training needs analysis and employee consultation further workforce development is planned to ensure we have individual career pathways for staff members that aids retention and personal growth; we also want to ensure we develop expertise at managerial level that encompasses all areas of Care, Education and Treatment.

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

We have continued to reflect together on the development of our educational values, and how these inform our approach and the educational environments we seek to offer. In the past year, we have created and appointed to a new role of Director of Care, Education and Treatment, which will lead and integrate the further development of our education across the organisation. We have identified and prioritised the development of education facilities where necessary, and we have established the fundraising capacity to support significant new investment.

To articulate and develop a therapeutic placement and family support culture; to develop services which provide this culture for children, families, carers and related professionals

We have articulated our placement and family support model and developed a culture of support to children, families and networks of children placed within our own provisions and within the wider community. While maintaining a valuable and longstanding relationship with the Permanence Team, Northampton we have also developed new professional links based on an experience of our practice. Over the last year we have supported ten children, families and networks in Northampton. With placement and family support in its second year at Greenfields we have embedded a culture of dedicated thinking about the complexity of need of each individual child's accompanying family and network. As this work progresses we become increasingly aware of the ongoing need to develop an ever more sophisticated service that can most effectively meet and consider needs at referral stage, during placement and beyond.

Report of the Trustees

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

With the introduction of commercial sector expertise, via the Cranfield Trust, we have been able to make significant progress in our strategic approach to major developments, thus ensuring a rigorous approach is applied in our aim to develop effective services to reach children we are currently unable to reach. A cohesive decision making framework is being applied to the Assessment and Respite Centre (ARC) project, with clearly identified streams of work at each stage of development and for moving from one stage to the next.

We are now developing more detailed business plans for ARC.

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

The appointment of the Partnerships and Education Director in 2007 continues to produce dividends in terms of a better understanding of our work by Local Authorities leading to a greater number of suitable referrals, despite the financial constraints. The number of enquiries received during the year was 149, compared with 99 in 2007/8.

We continue to raise awareness of our work with other bodies and the Partnerships and Education Director is currently co-Chair of ICHA (Independent Children's Homes Association). This leads to invitations to join various working parties where we have the opportunity to shape and influence the decisions of tomorrow regarding our sector.

To increase the voluntary fundraising capacity, including setting up a capital appeal

Due to our success in full cost recovery for services from statutory sources, historically voluntary income has had a minor role, reflected in the 90:10 ratio. Statutory income does not however allow us to improve or grow our current offering. Therefore, unless voluntary income is grown we will never be able to offer more and better services where the need, the demand and the gaps in provision are apparent.

Consequently, we have recruited a team of four specialist fundraisers and embarked on a series of appeals based on large projects, within an overall development programme.

To develop an effective and contemporary programme of evaluation and research

The conclusion of a significant research programme in 2008 resulted in embedding a practice of monitoring and recording as well as a culture of evaluation leading to sharing knowledge and the internal dissemination of best therapeutic practice. Further work needs to be done to bring this programme completely in-house and prioritise and improve targeted learning areas and processes.

Report of the Trustees

To develop capacity and alliances capable of influencing national policy, commissioners of services, relevant professionals and other children's organisations

Joe Crosbie, External Affairs Director, is responsible for the political liaison for the Independent Children's Homes Association (ICHA). This has ensured direct access to Ministers, Shadow Ministers, MPs and members of the House of Lords, as well as all party working groups including the Select Committee for Looked After Children. Childhood First's agenda is therefore being promoted within a broader context which ensures our voice is heard.

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. Such funding is not, however, sufficient to cover:

- Development of the therapeutic work and the facilities required
- Supporting activities such as research and training which are key to the quality and effectiveness of the therapeutic work
- Contingency funding to sustain a volatile, high risk mission, in a field subject to constantly changing statutory policy-making.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. 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.

Operational fees are set based on breaking even at average levels of occupancy, excluding development and contingency. The market will not bear fee levels which include development and contingency. The failure to contribute to contingency for charitable providers such as ourselves, whilst being willing to contribute to private sector providers' profits, is one of the ways in which the Government policy currently, and short-sightedly, exploits the voluntary sector.

There are also increasing difficulties with fully recovering the costs of our core operations, as Local Authorities are reluctant to increase fees in line with inflation. Nevertheless, during the year we maintained above average levels of occupancy at both Thornby Hall and Greenfields, resulting in a financial surplus. Including unrestricted voluntary donations and investment income the overall surplus for the year was £784,649. These funds will be added to the reserves which, despite the surplus, have decreased over the year due to the pension deficits as mentioned below.

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 £1,367,000. This is an increase of £716,000 in

Report of the Trustees

the deficit from the previous year. Full details of these schemes are included in the notes to the accounts.

In May 2009 the sale of Abington House was finally completed, over 18 months after the community closed. The sale price was £360,000.

Financial reserves

The Trustees have reviewed the charity's requirements for reserves and have established a policy that the unrestricted funds should amount to six months operating expenditure. Based on current budgets the required amount is £3.1 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 £723,517, which is significantly short of this target. 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. Over the past three years, to avoid risk, the Trustees have chosen to keep the investment portfolio in cash and this cautious approach has proved beneficial with the fall of the stock markets over the last year. In January 2009 the Trustees took advantage of the low market to invest £500,000 of these funds in a Total Return fund. At 31st March the value of this investment had fallen to £494,487, although by 31st July 2009 this had recovered to £533,321.

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

Report of the Trustees

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, in 2009/10 Childhood First will:

- continue to provide therapeutic care, education and treatment which meets the needs and aspirations of the children and young people
- articulate and develop a therapeutic education culture, and develop supporting resources and facilities
- further develop therapeutic placement and family support services for children, families, carers and related professionals
- develop crisis and assessment provision for children and young people unable to cope in their placements
- review and develop the Human Resources strategy, in particular around the area of training and development of staff
- further strengthen the financial sustainability of Childhood First, increasing free reserves by £2.5 million over the next four years (in line with the reserves policy).
- raise awareness with commissioners, relevant professionals and government of our brand, our offering, and the needs of children
- increase the voluntary fundraising capacity, including establishing a sustainable major development programme
- establish and embed an effective and contemporary programme of evaluation and research

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 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 ten. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or

Report of the Trustees

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

A further Fundraising Development sub-committee is being set up.

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 these 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).

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

Report of the Trustees

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



Jan Pethick
Chairman

23rd September 2009

Report of the Trustees

Statement of Responsibilities of the Trustees

The Trustees (who are the directors of the company) are responsible for preparing the annual report and the financial statements in accordance with applicable law and 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 group and of the surplus or deficit 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Independent auditor's report

To the Trustees of Childhood First

We have audited the group and parent charitable company financial statements (the "financial statements") of Childhood First for the year ended 31 March 2009 which comprise the group statement of financial activities, the group and charitable company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Trustees and auditors

The Trustees' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in 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 give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Board of Trustees is consistent with those financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2009 and of its 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charitable company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.



BDO LLP, statutory auditor
Gatwick
United Kingdom

5th October 2009

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 2009

	Unrestricted Funds 2009 £	Restricted Funds 2009 £	Permanent endowment Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Note					
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	212,119	311,504	-	523,623	550,031
- Investment income	61,037	-	-	61,037	86,700
Incoming resources from charitable activities					
- Local authority fees	6,008,290	-	-	6,008,290	5,458,592
- Training	-	-	-	-	3,978
Other incoming resources	4,301	-	-	4,301	5,809
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Total incoming resources	6,285,747	311,504	-	6,597,251	6,105,110
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Resources expended					
Cost of generating funds					
	178,388	78,892	-	257,280	219,831
Charitable activities					
Therapeutic residential care	5,201,149	94,544	-	5,295,693	5,283,558
Placement and family support	26,827	63,459	-	90,286	70,844
Training	56,674	-	-	56,674	51,044
Research	-	10,953	-	10,953	14,730
Governance costs	38,060	-	-	38,060	38,312
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	5,501,098	247,848	-	5,748,946	5,678,319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming resources	784,649	63,656	-	848,305	426,791
Unrealised loss on investments	(5,513)	-	-	(5,513)	-
Actuarial (losses)/gain on Defined benefit schemes	(780,000)	-	-	(780,000)	198,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	(864)	63,656	-	62,792	624,791
Balance b/f at 1 April 2008	724,381	610,657	2,065,123	3,400,161	2,775,370
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance c/f at 31 March 2009	723,517	674,313	2,065,123	3,462,953	3,400,161
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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.

Childhood First (Company registration number: 1708301)
Consolidated and Company Balance Sheet
For the year ended 31 March 2009

	Note	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Fixed assets					
Tangible assets	7	3,113,501	3,139,551	884,710	885,197
Investments	8	1,355,918	1,262,469	1,355,918	1,262,469
		<u>4,469,419</u>	<u>4,402,020</u>	<u>2,240,628</u>	<u>2,147,666</u>
Current assets					
Debtors	10	1,948,681	1,626,912	293,128	25,193
Cash at bank		639,074	186,985	566,646	171,269
		<u>2,587,755</u>	<u>1,813,897</u>	<u>859,774</u>	<u>196,462</u>
Creditors: amounts falling due within one year	11	(2,201,565)	(2,126,273)	(1,003,933)	(590,557)
Net current assets/(liabilities)		<u>386,190</u>	<u>(312,376)</u>	<u>(144,159)</u>	<u>(394,095)</u>
Total assets less current liabilities		4,855,609	4,089,644	2,096,469	1,753,571
Creditors: amounts falling due after more than one year	12	(25,656)	(38,483)	(25,656)	(38,483)
Provisions for liabilities and charges	13	(1,367,000)	(651,000)	-	-
Net assets		<u>3,462,953</u>	<u>3,400,161</u>	<u>2,070,813</u>	<u>1,715,088</u>
Represented by:					
Income funds					
Unrestricted funds					
- General reserves		2,090,517	1,375,381	1,539,551	1,262,577
- Pension reserves		(1,367,000)	(651,000)	-	-
Total unrestricted funds		<u>723,517</u>	<u>724,381</u>	<u>1,539,551</u>	<u>1,262,577</u>
Restricted funds	14	674,313	610,657	531,262	452,511
Capital funds					
Endowment funds		2,065,123	2,065,123	-	-
	15	<u>3,462,953</u>	<u>3,400,161</u>	<u>2,070,813</u>	<u>1,715,088</u>

The financial statements were approved and authorised for issue by the Trustees on 23rd September 2009 and were signed on its behalf by:



Jan Pethick
Chairman

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

Consolidated cash flow statement For the year ended 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Net cash inflow from operating activities	17		546,778		32,926
Returns on investments and servicing of finance					
Interest paid		(18,333)		(26,357)	
Interest received		61,037		86,700	
		-----		-----	
			42,704		60,343
Capital expenditure					
Payments to acquire fixed assets		-		(29,690)	
Receipts from sales of fixed assets		-		6,815	
		-----		-----	
			-		(22,875)
Management of liquid resources					
Increase in investments		(98,962)		(61,594)	
		-----		-----	
			(98,962)		(61,594)
Net cash inflow before financing			490,518		8,800
Financing					
Repayment of bank loan			(25,530)		(25,500)
			-----		-----
Increase/(decrease) in cash	18		464,988		(16,700)
			=====		=====

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.

b) 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.

Under Section 230(4) of the Companies Act 1985 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 £1,379,866 (2008 - £1,453,086) and the surplus for the parent charitable company for the year was £361,239 (2008 – loss of £244,202).

c) 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

d) 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.

e) 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.

f) 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.

g) 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

h) Funds:

- Unrestricted funds
These represent funds which can be expended as the trustees see fit, in accordance with the charitable objects of the group.
- 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.

i) 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.

j) 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	Training	Research	Governance	2009 Total	2008 Total
Costs directly allocated to activities									
Staff costs	Direct	140,343	3,706,419	59,016	22,398	-	14,836	3,943,012	3,968,495
Consultancy	Direct	19,506	250,483	5,035	21,156	10,953	-	307,133	298,237
Travel	Direct	2,467	94,417	9,370	-	-	1,168	107,422	94,270
Office costs	Direct	1,920	78,412	1,466	-	-	-	81,798	96,049
Public relations	Direct	32,325	26,237	-	-	-	-	58,561	79,074
Premises	Direct	-	325,141	-	-	-	-	325,141	283,181
Household	Direct	-	50,048	-	-	-	-	50,048	64,712
Provisions	Direct	-	144,968	-	-	-	-	144,968	128,585
Education	Direct	-	51,356	-	-	-	-	51,356	40,587
Personal care	Direct	-	66,177	40	-	-	-	66,217	59,368
Social activities	Direct	-	101,067	131	-	-	-	101,198	103,918
Other	Direct	1,607	22,995	-	-	-	-	24,602	25,390
Depreciation	Direct	-	25,562	-	-	-	-	25,562	34,107
Finance charges	Direct	10	2,574	300	-	-	-	2,884	2,589
Insurance, legal, professional	Direct	-	119,965	635	-	-	-	120,600	118,599
Audit	Direct	-	-	-	-	-	22,056	22,056	23,132
Support costs allocated to activities									
Premises and office costs	Staff time	35,209	38,730	2,347	1,174	-	-	77,461	48,666
Finance and HR staff	Staff time	14,615	116,919	7,307	7,307	-	-	146,148	133,824
Other	Staff time	9,278	74,223	4,639	4,639	-	-	92,779	75,536
Total resources expended		257,280	5,295,693	90,286	56,674	10,953	38,060	5,748,946	5,678,319

Notes to the financial statements

3 Net incoming resources for the year

	2009	2008
	£	£
Net incoming resources for the year is stated after charging/(crediting):		
Auditors' remuneration:		
Group	22,056	23,132
(of which Company amounts to)	3,696	4,152
Depreciation of tangible fixed assets	26,050	34,660
(Profit) on sale of fixed assets	-	(5,206)
Rentals payable under operating leases:		
Land and buildings	55,600	55,600
Other	1,927	6,521
Trustees professional indemnity insurance	8,663	10,763
	209,045	229,929

4 Staff numbers and costs

The average number of persons employed by the group during the period was 157 (2007 - 150). The aggregate payroll costs of these persons were as follows:

	2009	2008
	£	£
Wages and salaries	3,371,512	3,500,052
Social security costs	314,710	316,558
Other pension costs	161,939	210,173
FRS 17 pension adjustment (see note 7)	53,000	(78,000)
	3,901,162	3,948,783

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

	2009	2008
	Number	Number
£60,001 - £70,000	2	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

Pension payments for the above members of staff amounted to £75,306 (2008 - £4,703).

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 £970 (2008 - £768) to 2 trustees (2008 - 2).

5 Related party transactions

There were no related party transactions made during the year.

Notes to the financial statements

6 Pension contributions

(a) Surrey County Council Pension Scheme

A number of the group's employees are members of the Surrey County Council Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. In accordance with 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. An interim valuation at 31 March 2009 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 6.5% per annum, that salary increases would average 4.6% per annum and that present and future pensions would increase at a rate of 3.1% per annum. The most recent actuarial 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 group was estimated to be £1,276,000. There are currently 3 employees who are members of the scheme, 23 deferred pensioners and 16 pensioners.

The contributions of the group during the year were 114.4% (2008 – 53.4%) of pensionable salary and amounted to £137,840 (2008 - £56,330). There were outstanding contributions of £11,783 due at the end of the financial year (2008 - £5,454). The employer contribution for the year beginning 1 April 2009 has been set at 114.4% salaries (2008 – 114,4%).

Notes to the financial statements

The major assumptions at 31 March 2008 as used by the actuary were:

	2009 % per annum	2008 % per annum
Inflation increases	3.1	3.6
Salary increases	4.6	5.1
Pension increases	3.1	3.6
Discount rate	6.9	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	
Life expectancy:		
	Prospective Pensioners	Prospective Pensioners
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
31 March 2005	calendar year 2004	calendar year 2004

The assets in the scheme the expected rate of return on 31 March 2009 were:

Assets – (solely Childhood First)

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

	2009 %	2009 £	2008 %	2008 £
Equities	7.0	1,721,000	7.7	2,212,000
Bonds	5.4	424,000	5.7	596,000
Property	4.9	141,000	5.7	227,000
Cash	4.0	71,000	4.8	78,000
	-----	-----	-----	-----
Totals	6.5	2,357,000	7.1	3,113,000
	=====	=====	=====	=====

Notes to the financial statements

	2009 £	2008 £
Net pension assets		
Estimated employer assets	2,357,000	3,113,000
Present value of scheme liabilities	3,633,000	3,766,000
Present value of unfunded liabilities	-	-
	3,633,000	3,766,000
Total value of liabilities	3,633,000	3,766,000
	(1,276,000)	(653,000)
Net pension liability	(1,276,000)	(653,000)
 Analysis of amount charged to net incoming resources		
Current service cost	22,000	27,000
Past service cost	11,000	-
	33,000	27,000
Total charge to net incoming resources	33,000	27,000
 Analysis of management and administration cost		
Expected rate on pension scheme	(220,000)	(231,000)
Interest on pension scheme liabilities	256,000	227,000
	36,000	(4,000)
Total management and administration costs	36,000	(4,000)
 History of experience gains and losses		
Experience gains/(losses) on assets	(958,000)	(339,000)
Experience gains/(losses) on liabilities	-	144,000
	(958,000)	(195,000)
 Reconciliation of defined benefit obligation		
Opening obligation	3,766,000	4,269,000
Current service cost	22,000	27,000
Interest cost	256,000	227,000
Contributions by members	7,000	6,000
Actuarial losses	(265,000)	(592,000)
Past service cost	11,000	-
Estimated benefits paid	(164,000)	(171,000)
	3,633,000	3,766,000
Closing obligation	3,633,000	3,766,000
	3,633,000	3,766,000

Notes to the financial statements

	2009 £	2008 £
Reconciliation of fair value of employer assets		
Opening fair value	3,113,000	3,278,000
Expected return on assets	220,000	231,000
Contributions by members	7,000	6,000
Contributions by employer	139,000	108,000
Actuarial losses	(958,000)	(339,000)
Estimated benefits paid	(164,000)	(171,000)
	2,357,000	3,113,000
Closing obligation	2,357,000	3,113,000

(b) Norfolk County Council Pension Fund

One of the group'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. An interim valuation at 31 March 2009 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 6.2% per annum, that salary increases would average 4.6% per annum and that present and future pensions would increase at a rate of 3.1% 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 group was estimated to be £91,000. 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 group during the year were 17.1% of pensionable salary and amounted to £9,781 (2008 - £8,600). There were outstanding contributions of £1,126 due at the end of the financial year (2008 - £968). The employer contribution for the year beginning 1 April 2009 has been set at 20.7% of salaries (2008 - 18.9%).

Notes to the financial statements

The major assumptions at 31 March 2009 as used by the actuary were:

	2009	2008
	% per annum	% per annum
Inflation increases	3.1	3.6
Salary increases	4.6	5.1
Pension increases	3.1	3.6
Discount rate	6.9	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 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
31 March 2005	calendar year 2004	calendar year 2004

The assets in the scheme the expected rate of return on 31 March 2009 were:

Assets – solely (Childhood First)

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

	2009	2009	2008	2008
	%	£'000	%	£'000
Equities	7.0	282,000	7.7	360,000
Bonds	5.4	96,000	5.7	100,000
Property	4.9	45,000	5.7	80,000
Cash	4.0	32,000	4.8	22,000
	-----	-----	-----	-----
Totals	6.2	455,000	6.9	562,000
	=====	=====	=====	=====

Notes to the financial statements

	2009 £	2008 £
Net pension assets		
Estimated employer assets	455,000	556,000
Present value of scheme liabilities	546,000	554,000
Present value of unfunded liabilities	-	-
	546,000	554,000
Total value of liabilities	546,000	554,000
	(91,000)	2,000
Net pension (liability)/asset	(91,000)	2,000
	2009 £	2008 £
Analysis of amount charged to net incoming resources		
Current service cost	10,000	12,000
Past service cost	6,000	-
	16,000	12,000
Total charge to net incoming resources	16,000	12,000
	2009 £	2008 £
Analysis of management and administration cost		
Expected rate on pension scheme	(39,000)	(41,000)
Interest on pension scheme liabilities	39,000	36,000
	-	(4,000)
Total management and administration costs	-	(4,000)
	2009 £	2008 £
History of experience gains and losses		
Return on assets	(120,000)	(20,000)
Experience gains/(losses) on assets	(159,000)	(63,000)
Experience gains/(losses) on liabilities	1,000	18,000
	(178,000)	(65,000)

Notes to the financial statements

Reconciliation of defined benefit obligation	2009 £	2008 £
Opening obligation	554,000	661,000
Current service cost	10,000	12,000
Interest cost	39,000	36,000
Contributions by members	4,000	3,000
Actuarial losses	(66,000)	(158,000)
Past service cost	6,000	-
Estimated benefits paid	(1,000)	-
	546,000	554,000
Closing obligation	546,000	554,000

Reconciliation of fair value of employer assets

Opening fair value	556,000	566,000
Expected return on assets	39,000	41,000
Contributions by members	4,000	3,000
Contributions by employer	10,000	9,000
Actuarial losses	(153,000)	(63,000)
Estimated benefits paid	(1,000)	-
	455,000	556,000
Closing obligation	455,000	556,000

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:

Deficit at beginning of the year	(651,000)	(936,000)
Current service cost	(48,000)	(39,000)
Past service cost	(17,000)	-
Net returns on assets	(36,000)	9,000
Actuarial gains and losses	(780,000)	198,000
Contributions paid	165,000	117,000
	(1,367,000)	(651,000)
Deficit in schemes at end of year	(1,367,000)	(651,000)

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 £47,961 (2008 - £52,811). There were outstanding contributions of £8,480 due at the end of the financial year (2008 - £8,305).

(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 £93,842 (2008 - £92,432). There were outstanding contributions of £13,207 due at the end of the financial year (2008 - £15,129).

Notes to the financial statements

7 Tangible fixed assets

a) Group	Freehold properties £	Short leasehold buildings £	Furniture and equipment £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 April 2008	3,087,368	9,176	80,680	116,375	3,293,599
Additions	-	-	-	-	-
Disposals	-	(9,176)	(35,825)	-	(45,001)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	3,087,368	-	44,855	116,375	3,248,598
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2008	-	9,176	80,078	64,794	154,048
Charge for year	-	-	488	25,562	26,050
Eliminated on disposal	-	(9,176)	(35,825)	-	(45,001)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	-	-	44,741	90,356	135,097
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2009	3,087,368	-	114	26,019	3,113,501
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	3,087,368	-	602	51,582	3,139,551
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Trustees have reviewed the value of the freehold properties at 31 March 2009 and do not consider them to be impaired.

Notes to the financial statements

b) Company

	Freehold properties £	Short leasehold buildings £	Furniture and equipment £	Total £
<i>Cost</i>				
At 1 April 2008	884,596	9,176	38,114	931,886
Additions	-	-	-	-
Disposals	-	(9,176)	(35,825)	(45,001)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	884,596	-	2,289	886,885
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>				
At 1 April 2008	-	9,176	37,513	46,689
Charge for year	-	-	487	487
Eliminated on disposals	-	(9,176)	(35,825)	(45,001)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2009	-	-	2,175	2,175
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2009	884,596	-	114	884,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2008	884,596	-	601	885,197
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Fixed asset investments

a) Group and Company

	Cash deposits	2009 Investment funds	Total	2008 Total
Balance at 1 April	1,262,469	-	1,262,469	1,200,875
Additions at cost	48,962	500,000	548,962	61,594
Disposals	(450,000)	-	(450,000)	-
Loss on revaluation	-	(5,513)	(5,513)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Market value at 31 st March	861,431	494,487	1,355,918	1,262,469
	<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.

Notes to the financial statements

b) Subsidiary undertakings

The principal undertakings which have been eliminated as subsidiary undertakings and thereby 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

9 Unapplied total return

At both 1st April 2008 and 31st March 2009 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

10 Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade debtors	1,908,408	1,585,123	-	-
Amounts owed by group undertakings	-	-	260,902	-
Prepayments and accrued income	28,697	33,101	26,999	22,714
Other debtors	11,576	8,688	5,227	2,479
	<u>1,948,681</u>	<u>1,626,912</u>	<u>293,128</u>	<u>25,193</u>

All amounts shown under debtors fall due for payment within one year.

Notes to the financial statements

11 Creditors: amounts falling due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank overdraft	-	12,899	-	-
Bank loan	311,345	336,875	-	-
Amounts owed to group undertakings	-	-	883,433	494,806
Other creditors	305,211	217,276	88,058	64,055
Taxation and social security	91,246	87,525	17,453	14,331
Accruals and deferred income	1,493,763	1,471,698	14,989	17,365
	<u>2,201,565</u>	<u>2,126,273</u>	<u>1,003,933</u>	<u>590,557</u>

The bank loan of £311,345 (2008 - £336,875) is secured in favour of the bank via a first legal mortgage over Thornby Hall, Thornby, Northants. The book value of the property at 31 March 2009 was £1,612,777 (2008 - £1,612,777).

12 Creditors: amounts falling due after more than one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Other creditors	<u>25,656</u>	<u>38,483</u>	<u>25,656</u>	<u>38,483</u>
Other creditors are due as follows:				
	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Within one to two years	12,828	12,827	12,828	12,827
Within two to five years	12,828	25,656	12,828	25,656
	<u>25,656</u>	<u>38,483</u>	<u>25,656</u>	<u>38,483</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 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Pension costs				
Balance brought forward	651,000	936,000	-	-
Increase/(decrease) in FRS17 pension liability during the year	<u>716,000</u>	<u>(285,000)</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>1,367,000</u>	<u>651,000</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 2008	Income for the year	Expenditure for the year	Balance at 31 March 2009
Residential properties	343,762	-	-	343,762
Assessment and Respite Centre	-	250,000	(89,333)	160,667
Other projects	<u>266,895</u>	<u>61,504</u>	<u>(158,515)</u>	<u>169,884</u>
Total	<u>610,657</u>	<u>311,504</u>	<u>(247,848)</u>	<u>674,313</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.

The Assessment and Respite Centre includes a £250,000 donation from the Sylvia Adams Trust to develop the project.

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

Notes to the financial statements

15. Analysis of net assets between funds

Group	Unrestricted funds £	Restricted income funds £	Permanent endowment fund £	Total funds £
Fund balances at 31 March 2009 are represented by:				
Tangible fixed assets	683,542	343,762	2,086,197	3,113,501
Investments	1,355,918	-	-	1,355,918
Current assets	1,966,933	330,551	290,271	2,587,755
Current liabilities	(1,890,220)	-	(311,345)	(2,201,565)
Long term liabilities	(25,656)	-	-	(25,656)
Provisions for liabilities and charges	(1,367,000)	-	-	(1,367,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	723,517	674,313	2,065,123	3,462,953
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

16. Commitments

Annual commitments under non-cancellable operating leases at 31 March 2009 were as follows:

	Group Land and buildings 2009 £	Group Other 2009 £	Group Land and buildings 2008 £	Group Other 2008 £
Leased assets which expire:				
Within one year	-	-	-	-
In two to five years	55,600	5,969	5,469	6,521
	<hr/>	<hr/>	<hr/>	<hr/>
	55,600	5,969	5,469	6,521
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

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

	2009 £	2008 £
Net inflow of resources for the year	848,305	426,791
Depreciation	26,050	34,660
Profit on disposal of assets	-	(5,206)
Increase in debtors	(321,769)	(259,722)
(Decrease)/increase in creditors	100,894	(16,254)
Interest receivable	(61,037)	(86,700)
Interest payable	18,333	26,357
Increase/(decrease) in provision for liabilities	716,000	(285,000)
Actuarial gain/(loss) on defined benefit scheme	(780,000)	198,000
	546,778	32,926
	546,778	32,926

18. Reconciliation of net cash flow to movement in net funds/debt

	2009 £	2008 £
Increase/(decrease) in cash	464,988	(16,700)
Cash outflows from financing	25,530	25,500
	490,518	8,800
Movement in net debt	490,518	8,800
Net debt at 1 April 2008	(162,789)	(171,589)
	327,729	(162,789)
Net funds/debt at 31 March 2009	327,729	(162,789)

19. Analysis of changes in net funds/debt

	At 1 April 2008 £	Cash flows £	At 31 March 2009 £
Cash at bank and in hand	186,985	452,089	639,074
Bank overdraft	(12,899)	12,899	-
	174,086	464,988	639,074
Debt due within one year	(336,875)	25,530	(311,345)
	(162,789)	490,518	327,729
Net debt/funds	(162,789)	490,518	327,729