iST Institute

Annual Report and Accounts

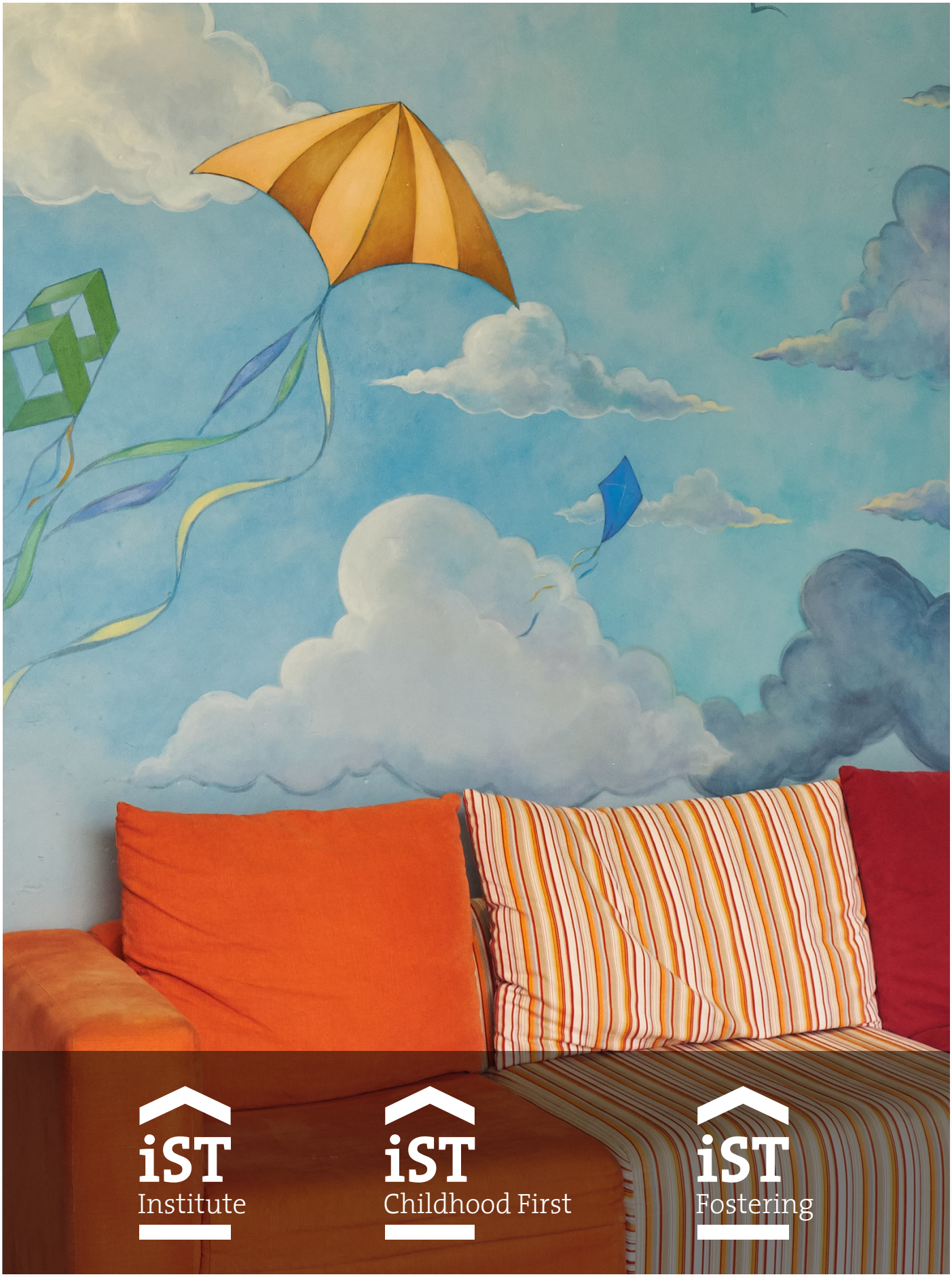
for the year ending 31 March 2020

Institute of Integrated Systemic Therapy

Company number: 01708301
Registered charity no: 286909

Contents

*The Trustees Report incorporates the vision, mission and values on p2 and the Strategic Report (see pages 5 – 10)


iST
Institute
iST
Childhood First
iST
Fostering

Our Vision, Mission and Aims

Our Vision

To create therapeutic environments for the recovery and rehabilitation of children and young people who have suffered abuse, neglect and other trauma.

Our Mission

We are a charity with the mission to transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others, fulfil their potential and enjoy life.

We do this through the provision of:

- therapeutic residential care, treatment and education;
- therapeutic foster care and family support; and
- professional psychotherapeutic training, clinical supervision and consultation.

Gables House

Our Aims

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

The majority of the children and families who face the problems that we have been set up to address do not receive the help that they need. The outcomes for these children are frequently tragic, resulting in short lives dependent on mental health and justice systems, with the pattern repeated in their own children. The cost to society of such serious untreated early life trauma is immense.

We have systematically developed our clinical capabilities and positioning to meet the needs of the most disturbed children and young people, whose needs can be met by very few providers. In recent years, we have begun to have a significant impact on the UK's political and regulatory understanding of the needs of seriously traumatised children, for example in the 'Independent Review of Residential Child Care' undertaken by Sir Martin Narey.

We have also demonstrated a unique capacity to create and sustain a group of therapeutic communities for traumatised children and young people. We therefore recognise an obligation to grow our provision and extend its scope to deal with unmet needs.

We plan to play our part in better meeting the needs of seriously traumatised children and young people by:

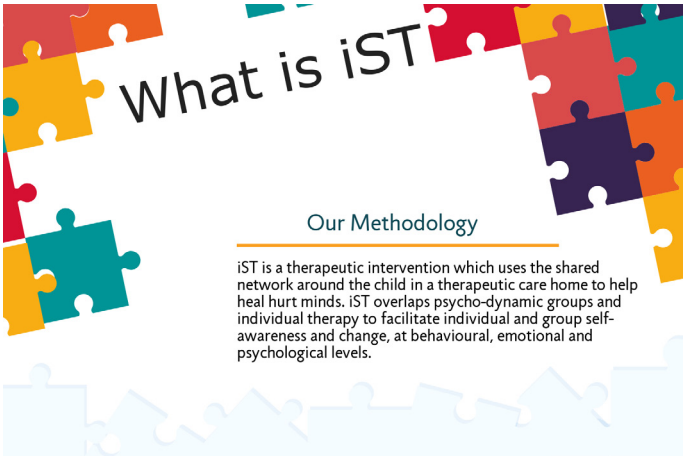
a) Increasing the capacity and number of residential placements and special school places that we provide;
b) Further developing therapeutic services, including our therapeutic foster care provision;
c) Developing cost effective tapered packages of care;
d) Influencing relevant national policies on behalf of children and young people who suffer serious emotional and psychological disturbance as a result of their life experiences;
e) Expanding our psychotherapeutic training programmes and extending our capacity and reputation for clinical excellence; and
f) Raising development funding by undertaking targeted appeals for capital developments.

The Charity and Integrated Systemic Therapy

The Charity

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

Integrated Systemic Therapy



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

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

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

The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. In 2019/20, we developed a new website to communicate the intrinsic connection of our iST methodology with everything we do. We continue to deliver our therapeutic services for children under the name of Childhood First.

Chairman's Introduction

Welcome to our 2019/20 annual report. Our expanded homes in Kent and Norfolk became fully operational during the year, allowing us to treat more children. Later in the year, however, the coronavirus pandemic focused much attention on keeping everyone safe and ensuring that our children's experience of therapeutic life was as close to normal as possible. Our rapid and integrated organisation-wide contingency planning, and the measures we put in place, have so far proved entirely successful. We have continued to admit children, and we are proud that almost uniquely our own school has remained open, serving the children, throughout lockdown. We believe that our success so far in overcoming the pandemic is a tribute to our dedicated staff, and to the value of iST, which supports our organisation's ability to adapt quickly whilst the therapeutic needs of our children always remain paramount. We continue to monitor our own work and the wider national environment very closely.

In order to safeguard our services, children and families during the pandemic, and to release clinical management resources to support contingencies, we took the decision to pause the growth of our fostering service until the return of more auspicious times for managing such developmental risk.

Our four homes have retained their Outstanding Ofsted ratings. Alongside our excellent clinical and educational outcomes for children, regulatory recognition of our statutory and safeguarding compliance is a valued reflection of the staff team's hard work and attention to every detail.

Last year we said we wanted to do more and we have. The three homes that we extended last year are well on the way to filling their additional capacity. And during the year we purchased a new property adjacent to our two Kent homes. We intend to open the new Oakwood therapeutic care home for older children in early 2021.

We continue to build the depth and quality of our training and research in iST. We held our second graduation ceremony at Southwark Cathedral to recognise the qualification of seventeen of our staff in Child Psychotherapy. We congratulate them for their hard work and achievement. We now have a unique clinical research programme in therapeutic residential care, with a significant number of studies completed or under way, including both internal and external PhD students.

During the year three of our most experienced trustees stood down after many years of service. I would like to thank publicly Sebastian Lyon, Keith Miller and Elizabeth Szwed for their tremendous support and tireless commitment to the organisation and the children we serve.

I remain immensely proud to be the chairman of this unique psychotherapeutic charity.

John Harrison
Chairman

Trustee' Report

(Vision, Mission and values - see page 2)

Our Achievements and Performance

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

We do this in the following ways:

- Delivering therapeutic effectiveness
- Sustaining service growth
- Applying our external profile and influence

These are reported below. We will be reporting our achievements for 2019/20 against these.

Delivering therapeutic effectiveness

There is an unprecedented demand for our therapeutic services. Our communities need to grow so we can help more children. Our iST approach and carers deliver expert help to each child. We look to expand our reach and improve access to our services to those who need them.

Our aims for 2019/20 were to:

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

What we achieved in 2019/20

For the third year in a row all four of our homes achieved an Outstanding Ofsted rating. We continue to deliver a high quality service because of the effectiveness of the iST methodology coupled with the professionalism of our staff and management.

We were able to expand the number of children in our care, following the expansion of our facilities last year. By the end of the year we had filled five out of the additional eight places we had created with 33 seriously traumatised children in our care (target 34).

Our fostering service had aimed to average over 4 placements as the service grew. However, during the year some of our existing carers left us for a mixture of reasons and new carers took time to bring on board.

Following a review, we better understand the importance of fostering's integration with our other therapeutic services, and so we appointed a new Registered Manager with a string background in iST therapeutic work. We believe that this will strengthen the therapeutic aspects of our foster care and reduce placement breakdown. In the latter part of the year, the pandemic lockdown caused a reduction in the number of placements, and we decided to pause the development of the service until conditions were more conducive to the recruitment of new carers and therefore children.

Sustaining service growth

Our aims for 2019/20 were to:

a) Develop new placement capacity - sustainable therapeutic residential and foster care placements.
b) Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
c) Grow voluntary and trust-funded development income.
d) Recruit, train and develop iST and iTF therapeutic staff and carers.
e) Develop the next generation of service and Institute leaders.

What we achieved in 2019/20

During the year, we completed the purchase of Oakwood, a six-bed detached property next door to our existing Gables House. Its location provided a unique opportunity and we now have a three-house "campus" in Kent. As this purchase had arisen earlier than the capital plan expected, we decided not to develop it until late 2021. However, in view of the ever-growing need for our services, and our success in sustaining our residential work throughout lockdown, we now aim to open Oakwood as a home for young people at the start of 2021.

Oakwood

We completed an external training contract during the year, delivering our foundation training to seven staff within a care home. We have evaluated this pilot project and concluded that Foundation level therapeutic training should be the focus of our external programmes, because the conditions for successful higher level iST training, which affects an organisation at every functional level, are so rarely available.

Our internal training has grown considerably; during the year training was provided to over a hundred students. Some students have undertaken more than the certificate and in fact we commenced 141 courses during the year.

We held our second graduation ceremony in February 2020 at Southwark Cathedral. As with the first such event, it was a celebration and of the dedication of the many staff who had worked so hard to progress in their therapeutic knowledge and skills. In total, 17 students graduated from the training. Three of these qualified at Masters level as iST Child Psychotherapists.

Fundraising has had a quiet year. This was primarily due to a pause in capital development projects to allow the communities to adjust to increased capacity following significant expansion at 3 of our 4 homes in 2018. Additionally, in the latter part of the year, we would normally expect income from the London marathon in 2020. In response to Covid-19, this event was inevitably rescheduled to take place in the autumn of 2020 (although only for elite runners). Despite many of our participants donating the funds that they had already secured in sponsorship, fundraising was becoming increasingly challenging.

We do not expect the fundraising environment to get any easier in 2020/21. We are therefore particularly grateful to those acknowledged below for their contributions:

- The Cheruby Trust
- The Clover Trust
- The Peter Cundill Foundation
- The Dyers' Company Charitable Trust
- The Inverforth Charitable Trust
- London Value Investor Conference
- The Lyon Family Charitable Trust
- 29th May 1961 Charitable Trust
- The Peltz Trust
- Lynne & Nigel Ross
- Robert & Belinda Shipton
- Silver Family Charitable Trust
- Talbot Underwriting Limited
- The Tompkins Foundation
- The York Tyburn Trust
- Whitegates Children's Trust
- The Elizabeth and Prince Zaiger Charitable Trust

Applying our external profile and influence

Our aims for 2019/20 were to:

a) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.
b) Develop clinical influence through research, conference attendance and clinical papers.
c) Review and update the Institute's vision, mission and values; branding and market position; website and other communications media – to maintain the charity's historic identity as therapeutic thought leader and service provision pioneer.

What we achieved in 2019/20

During the year, we continued to work closely with the UK Council for Psychotherapists and with Children England, influencing national mental health and voluntary sector policy and practice on behalf of children and young people.

Our CEO completed his term as Chair of the UKCP Child College, and remains its strategic lead, having initiated and developed a new integrated UKCP Child College encompassing all psychotherapeutic modalities in order to have more impact for children, and introducing the strategic theme of Applied Child Psychotherapies offering systemic provision beyond 1:1 practice, for example in schools and residential care.

We also linked up the UKCP with the policy expertise of Children England, so that mental health policy is a higher priority for the voluntary sector and vice versa.

The new Institute infrastructure for iST research bore remarkable fruit during the year. There is now a robust programme of research, which we believe amounts to the largest such programme in children's residential care in the UK, including:

- • Three MA students producing papers investigating aspects of the work of Childhood First.
- • The Research Manager taking up her post and completing an MA paper relating to iST practice.
- • Three external PhD students studying specific aspects of iST practice

The Institute Director and the Research Manager attended a number of conferences and research symposia during the year, including a national residential providers' research round table in Oxford University in December 2019. The focus was developing evidenced-based practice in residential care. We have since become members of this group and recognise that the Institute has much to contribute, through integrated practice, research and training.

Earthsea House Extension

A key strength of our Institute's research is that the clinicians are the researchers, and the researchers are the clinicians, thus providing the basis for integration of learning from research directly into practice affecting the lives of some of the most disturbed UK children. The research informs clinical practice and service improvement, and the training provides the vehicle for the research to take place.

Research projects (Masters level) completed during the year include those focused on:

a) Residential managers – the experience of leavers*
b) Placement and family support workers
c) Is there a way to make outcomes data more accessible?
d) Why do staff come to work in a therapeutic community?
e) What are the factors that impact on a child's progress in a therapeutic community?*
f) An Investigation into the Use of Restrictive Physical Intervention with Children Living in a Therapeutic Community.*

Research projects (PhD level) ongoing include:

a) The importance of a holistic and integrated approach to supporting children in care.
b) What is the significance of the 'primary' relationship between the therapeutic care worker and the child and their therapeutic healing and development?
c) The capacity for change and growth in a therapeutic community – for an individual, a group and the organisation as a whole.

Completed research papers pending publication include those marked * above, plus an additional paper: Relationships as an agent for change for abused and traumatised children in care.

During the year, we refreshed the charity's branding, sharpening the focus on our Integrated Systemic Therapy approach, and on our clinical training and research Institute, in line with the growing national focus on the mental health of children and young people, especially those in the Looked After sector for whom we have pioneered effective long-term psychotherapeutic treatment.
We hope in this way to strengthen our influence on national policy and practice, to inform and support effective mental health treatments for traumatised children and young people, and to attract local authorities to refer those children most in need of such treatment.

Based on the new branding, we developed a new website which we are confident will offer a more attractive, informative and contemporary resource for those who are considering using our services for children, training in psychotherapy with us, or studying the iST approach to such work.

Greenfields House

Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the three subsidiaries: Childhood First (South) which contains Greenfields House and Gables House in Kent, Childhood First (East Anglia) which contains Earthsea House and Merrywood House, and Childhood First (Midlands) which contained Thornby Hall but has now ceased trading. The accounts also include a dormant company, Princess Mary's Trust.

Fee income summary

	2019/20 £000	2018/19 £000	Change £000
East Anglia	3,863	3,543	320
Kent	3,853	3,232	621
Residential	**7,716**	**6,775**	**941**
Fostering	124	83	41
Total	**7,840**	**6,858**	**982**

Residential fee income is up £941,000 on 2018/19. Average placements increased from 27.7 to 30.0 as the additional places were taken up following last year's expansion. We therefore achieved 81% occupancy (2018/19 75%).

During the year our joint service with AFA ceased so we could focus on starting our own therapeutic fostering service. Our iST Fostering service is developing and there was an increase of £41,000 in fostering income.

Net surplus

	2019/20 £000	2018/19 £000	Change £000
East Anglia	223	347	(124)
Kent	89	(78)	167
Residential	**312**	**269**	**43**
Fostering	(366)	(347)	(19)
Head Office	1	479	(478)
Total	**(53)**	**401**	**(454)**

A small increase comes from Residential care. Kent has improved its profitability as it increased the placement number. East Anglia has remained profitable, although costs have risen over last year. Overall Residential care achieved a surplus of £312,000 up £43,000 from the previous year.

Fostering remains a net deficit largely because of slower than anticipated growth in income. The loss of the few placements that we had in the last quarter has led to little further income compared to last year. We made reductions in costs in this area towards the year end.

Fundraising income was £337,000, significantly down on the down on last year. In the prior year we drew down around £310,000 of pledges relating to the Gables building work; there is no equivalent programme this year. Costs were higher due to investment in new software. Overall fundraising provided a surplus £65,000 compared to £489,000 in the previous year.

Head office surpluses are a combination of the fundraising results and investment returns. Last year investments yielded a surplus of £134,000; this year there was a smaller surplus (£7,000), although investment income is up £30,000 this year.

Although the overall result is a £53,000 loss it can be seen as arising from the heavy investment in fostering. Without these considerable losses the charity would have recorded a surplus. Following our decision to 'pause' the development of fostering during the pandemic, the charity recorded a healthy overall financial surplus in the first quarter of 2020/21.

Total costs

Overall costs have grown 13% during the year, having fallen 10% the previous year. Most of this arises from staff costs (up 13%) as we added additional operational staff to help fill the new beds. Education costs have risen £95,000 as we have expanded in Norfolk. Additional IT costs have also added £72,000 to the expenditure in the current year.

Fixed assets

During the year we purchased Oakwood for £940,000. We sold a large portion of the McInroy Wood portfolio to generate these funds.

Debtors and Creditors

Debtors are up 15% on last year in line with turnover which has increased by a similar amount.

Trade creditors remain low although they have risen against last year and represent around six weeks of purchases.

Both these increases happened during the early stages of lockdown. The scale of debtors and creditors is now smaller as the operations re-established the appropriate collections and payment processes.

Cash position

The cash position has remained broadly stable with the funds from the sale of investments used to pay for Oakwood.

Provision for liabilities and charges

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though these schemes were replaced with defined contribution schemes some years ago for all new employees. The poor performance of these Local Authority Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £579,000. Full details of these schemes are included in the notes to the accounts.

Investments

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

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

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

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £2,937,322; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £7,000. In addition there was a realised surplus of £19,000 arising from the sale of shares during the year.

Financial reserves

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

1. to provide working capital to manage fluctuations in its cashflow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;
4. to provide capital growth for imminent developments; and
5. to provide development of our service quality

On the basis of the above needs we calculated that we should retain £2,748,000 of free reserves. This requirement is less than last year because the main capital developments have now taken place.

Based on the accounts, total reserves are £8,963,000. Excluding fixed assets (£5,381,000) and restricted funds (£385,000) the unrestricted reserves amount to £3,197,000. However this total has been arrived at after recognising the £579,000 pension deficit which is a long term liability. Short term unrestricted reserves are therefore £3,776,000. The charity aims to apply excess reserves in further expansion of its residential care provision and other projects.

"For the **THIRD YEAR IN A ROW** all four of our homes achieved an **OUTSTANDING OFSTED RATING.**"

Our Future Plans

During the year, trustees and managers conducted a strategic review, which confirmed the following development objectives for our therapeutic and training services.

Therapeutic Effectiveness

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

Sustainable Service Growth

a) Develop new placement capacity - sustainable therapeutic residential and foster care placements.
b) Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
c) Grow voluntary and trust-funded development income.
d) Recruit, train and develop iST and iTF therapeutic staff and carers.
e) Develop the next generation of service and Institute leaders.

External Profile and Influence

a) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.
b) Develop clinical influence through research, conference attendance and clinical papers.

Merrywood House

Our response to Covid 19

Covid 19 and its impact began in the latter part of the financial year (February 2020). This section outlines our initial response and how the organisation has adapted.

In the initial phase we activated our contingency plan and this helped guide us in various stages we would need to go through as the situation developed.

We were already operating a high staffing level with communities ensuring they were running over 100% of budgeted headcount so as to provide resilience. We established methods for reporting and managing sickness and adjusted for those who had to self-isolated either in the short or longer term. In the last three months the staff sickness levels have been very low and this has allowed the homes to continue to work normally. The staff in the communities are classed as care workers and so need to attend in person in order to deliver a service to the children. There is no realistic way the key service can be provided by homeworking. The level of visits from outsiders (Ofsted, social workers) dropped considerably and all necessary contact was delivered through conference or telephone calls.

It is worth noting that Greenfields School has remained open throughout these past months and delivered classroom teaching to the children at Greenfields and Gables. This was not the case for schools we do not run, and alternative education methods were adopted for the children in Earthsea and Merrywood.

The early days of lockdown also presented insurmountable problems for our few foster carers which did lead to disrupted placements. This and other factors led us to temporarily pause development of this service.

Because of the risk of public transport travel we closed our head office and operated with all staff working from home. We were quickly able to adapt so that all key operational support activities – supplier payments, customer invoicing, payroll processing – continued without disruption.

Our overall Information Systems were able to manage the transition in our business to a more on-line way of working. The additional internet loading did not cause too many problems.

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

The organisation has not needed to furlough any staff. The demand for our service has been high and our main customer base (local authorities) has not struggled to pay for our services. We do not see the demand for our services diminishing or the local authorities being unable to afford these services.

As the country comes out of the initial lockdown and adapts to the new standards expected e.g. social distancing, face masks we have continued to evaluate how this new environment affects the charity.

From an operational point of view we see no significant care problems. Provided there is not a large outbreak in a home the current way of working can continue. But we have contingency plans in place to deal with an outbreak should one arise. These are regularly reviewed as the situation develops. Education which is not delivered by ourselves remains a risk as teaching staff continue to be wary of returning to classrooms, and classrooms as a mode of teaching will have to adapt to smaller numbers at any one time.

Our processes and procedures have adapted well and has led to a more paperless approach to most record keeping. This nudge is likely to remain a permanent development. We are therefore investing further in our IT systems to create additional resilience and better access to our records. We continue to invest in appropriate IT equipment and ensure that our records remain secure and recoverable.

Commercially the organisation is well placed to deliver its residential care. There is little counterparty risk of bad debt as all customers are local authorities. Our long term strategy on contract costing is proving its worth. Because we have been engaging in properly costed contracts and exited loss making ones we have been able to absorb additional costs where necessary and build reserves. This financial strategy is expected to continue.

Fundraising has had to significantly lower its sights. This area has been badly affected for all charities. We are fortunate in relying very little on fundraised money to support our day-to-day operations. However, fundraised monies have always been critical to funding large capital projects, to build additional beds and enhance facilities to meet the needs of more children.

During the year we purchased and plan to open a new home in Kent. We have been able to do this because of the solid level of our reserves and business fundamentals that unpins the charity.

Risk and Uncertainties

The report has dealt with the organisations approach to Covid 19 as a separate item above.

In addition, the Trustees have assessed the other major risks to which the charity is exposed, in particular those related to the operations and finances, and believe that systems are in place to mitigate our exposure to the major risks.

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

OFSTED rating system

There is considerable risk of OFSTED rating a home below Good. This may or may not be in respect of genuine non-compliance with regulations. Evidence suggests that the rating system continues to be inconsistently applied, and that the approach to inspection is not wholly valid for specialist therapeutic environments. Policies and resources are in place that ensures our compliance with the Children's Homes regulations, with monthly inspections. Systems are in place to ensure that recommendations from OFSTED reports are acted on in a timely way. Our four homes, at the time of writing, are all rated 'Outstanding', and our school is rated as 'Good'.

Safeguarding

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

Recruitment and retention of appropriate skilled staff

Terms and conditions have been reviewed and amended, and a system of appraisals and training is in place. We now provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We have replaced the clinical consultation model with employed clinical specialist roles. This provides progressive clinical employment opportunities, which do not require shift-work, for experienced and qualified staff.

Shortfall in fee income

The fees are reviewed annually and are designed to deliver a sufficient return to sustain the ongoing business even at average occupancy levels. There has been investment in marketing activity to ensure a steady stream of referrals and adequate numbers of children at any time.

Shortfall in voluntary income

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

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

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

Structure, Governance and Management

Governing document

The Institute of Integrated Systemic Therapy is a charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008. To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

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

The charity reviewed the Charity Governance code. We established that with some small amendments to our processes (now undertaken) we are compliant.

Recruitment and appointment of Trustees

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

Trustees' induction and training

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

During the year we put in place measures for us to better meet the Charities Governance Code.

Organisational structure

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

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

Committee Membership

Finance
George Viney, Sebastian Lyon, Sanjay Shah
Safeguarding
Simon Villette, Samantha Deacon, Sarah Scarratt, Henrietta Hughes
School Governance
Simon Villette, Jacqui Ward*
Development Board
Robert Shipton, John Harrison, Scott Murdoch, Sarah Scarratt, Trish Phillips, Lynne Ross*

* external member,

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

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

Management and core activities

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

Our core activities are centred on the work of four residential therapeutic communities and two non-residential programmes: Placement and Family Support and iST Fostering.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who are suffering the consequences of neglect and emotional, physical and sexual abuse.

The communities are:

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

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

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

Remuneration Policy

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

Our Approach to Fundraising

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

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

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

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

Public Benefit

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

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

Due to the intensive and specialised nature of the work, the comparatively long treatment period for severely traumatised children and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small. Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

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

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

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

Statement of Responsibilities of the Trustees

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

Going concern

The trustees have considered the matter of going concern with particular reference to additional risk posed by Covid-19 both directly and indirectly.

They believe the charity remains a going concern in the current environment for the following reasons:

a) There remains a high demand for our residential service and we operate at above 80% of our current capacity
b) Our fees are structured so that they deliver a surplus.
c) We do not face a counterparty debt risk as all customers are local authority.
d) We do not rely on fundraising income to cover our operational costs.
e) We have a successful track record of recruiting and training staff to deliver our service.
f) We retain adequate reserves to meet our reserves requirement.
g) The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
h) It has experienced management and, because of its overall size, can adjust quickly to changing conditions.
i) We have curtailed loss making areas and concentrated on the main business.

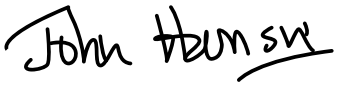
We have reviewed our expectations for the year ahead and considered contingencies that may reduce expected income. We believe we will record a surplus in the next financial year. As a result, the Trustees are satisfied that a material uncertainty in relation to going concern does not exist and hence the Charity and the Group are able to continue to operate for the foreseeable future.

Disclosure of Information to Auditors

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

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

On behalf of the Board of Trustees



John Harrison
Chairman

8 September 2020

Comments from our Children

Living at Merrywood is amazing because I have an amazing link worker that always keeps me in mind even when she is not here she still keeps me in mind."

"We get listened to and our views are taken seriously. Staff consult us on what is happening and ask how we feel."

"What my keyworker does to help me. I feel all the adults as a community work together to help me."

"I love going out, I love going to school. I love everything and I love my bed and my bedroom."

"That you get the support you need from the adults and that my contacts and family problems are always taken care of and thought about."

"It's fun and the carers are good."

"It is good because I dont feel like anyone will hurt me or upset me in a mean way."

"I'm getting the help I need. My muddles are starting to go. I've made lots of friends."

"I have all adults supporting me and I get TLC."

"I have adults to help me when I'm angry, upset or worried."

"It's a really good place to be because I feel it will help me loads and for when I'm older as well."

"I'm getting help and I see my family."

"They listen, they are really caring and I think it is better than living at home and all of my other placements."

"I am looked after properly."

"Lovely people, the adults are kind and do not hurt people."

"I am respected and people take me seriousy."

Independent Auditor's Report to members of the Institute of Integrated Systemic Therapy

Opinion

We have audited the financial statements of the Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the consolidated and company balance sheets, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

BDO LLP

Laurence Elliott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Date 14 October 2020

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 2020

	Notes	2020 Unrestricted £	2020 Restricted £	2020 Endowment £	2020 Total £	2019 Total £
Income and endowments from						
Donations and legacies		143,622	193,832	-	337,454	699,807
Charitable activities		7,840,464	-	-	7,840,464	6,857,545
Investments		70,469	-	-	70,469	39,905
Other		5,111	-	-	5,111	1,050
Total income		**8,059,666**	**193,832**	**-**	**8,253,498**	**7,598,307**
Expenditure on						
Raising funds		273,237	-	-	273,237	210,215
Charitable activities						
Therapeutic residential care		7,166,154	34,135	-	7,200,289	6,408,746
Fostering		480,962	10,036	-	490,998	429,812
Placement and family support		64,258	2,211	-	66,469	22,901
Training		283,008	-	-	283,008	261,501
Total expenditure	2	8,267,619	46,382	-	**8,314,001**	**7,333,175**
Gains on Investments		7,464	-	-	7,464	134,390
Net (expenditure)/income		**(200,489)**	**147,450**	**-**	**(53,039)**	**399,522**
Transfers between funds	16	-	-	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(140,000)	-	-	(140,000)	(1,000)
Net movement in funds		**(340,489)**	**147,450**	**-**	**(193,039)**	**398,522**
Total funds brought forward		8,437,084	237,260	483,947	9,158,291	8,756,769
Total funds carried forward		**8,096,595**	**384,710**	**483,947**	**8,965,252**	**9,158,291**

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2019 comparatives are shown in Note 19a.

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

Consolidated and Company Balance Sheet

as at 31 March 2020

Company number: 1708301

	Notes	Group 2020 £	Group 2019 £	Group 2020 £	Company 2019 £
Fixed assets					
Tangible assets	7	5,380,593	4,444,409	4,279,475	3,340,936
Investments	8	2,937,322	3,828,319	2,937,322	3,828,319
		8,317,915	8,272,727	7,216,797	7,169,254
Current assets					
Debtors	10	718,271	624,000	134,639	97,053
Cash at bank		1,150,526	1,231,673	1,073,541	1,164,527
		1,868,797	1,855,673	1,208,180	1,261,579
Creditors:					
Amounts falling due within one year	11	(642,460)	(556,109)	(1,885,222)	(1,507,844)
Net current assets/(liabilities)		1,226,337	1,299,564	(677,042)	(246,304)
Total assets less current liabilities		9,544,252	9,571,291	6,539,755	6,922,950
Creditors:					
Amounts falling due after one year	12	-	-	-	-
Pension liability	13	(579,000)	(414,000)	(863,000)	(386,000)
Net assets		**8,965,252**	**9,158,291**	**5,676,755**	**6,536,950**
The funds of the charity					
Income funds					
Unrestricted funds					
- General reserves		7,873,402	8,048,891	4,606,427	5,620,950
- Pension reserves		(579,000)	(414,000)	-	-
- Designated funds	15	802,193	802,193	685,618	685,618
Total unrestricted funds		8,096,595	8,437,084	5,292,045	6,306,568
Restricted funds	14	384,710	237,260	384,710	230,382
Capital funds					
Endowment funds	16	483,947	483,947	-	-
Total charity funds		**8,965,252**	**9,158,291**	**5,676,755**	**6,536,950**

The financial statements were approved and authorised for issue by the Trustees on 8 September 2020 and were signed on its behalf by:

John Harrison
Chairman

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

Consolidated cash flow statement

For the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash flow from operating activities			
Net income for the reporting period		(193,039)	398,522
Depreciation		181,847	149,813
Losses/(gains) on investments	8	(26,361)	(134,390)
Interest (receivable)		(15,706)	(10,607)
(Profit) on disposal of fixed assets		-	1,105
Decrease/(increase) in debtors	10	(94,270)	(437,917)
(Decrease)/increase in creditors	11	86,350	(48,813)
Actuarial loss/(gain) on defined benefit scheme	13	165,000	21,000
Net cash (used in) operating activities		**103,821**	**(61,287)**
Cash flows from investing activities			
Dividend, interest and rents from investments		-	-
Proceeds from sale of property		-	-
(Purchase) of property, plant equipment	7	(1,118,032)	(1,459,807)
(Purchase) of investments	8	933,064	-
Net cash provided by financing activities		**(184,968)**	**(1,459,807)**
Change in cash in reporting period		**(81,147)**	**(1,521,094)**
Cash at beginning of year		**1,231,673**	**2,752,767**
Cash at end of year		**1,150,526**	**1,231,673**

Analysis of changes in net debt

	Cash deposits £	Cash £	Total £
Balance at 1 April 2019	424,714	1,231,673	1,656,387
Cash flows	15,706	(81,147)	(65,441)
Balance at 31 March 2020	440,420	1,150,526	1,150,966

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

1 Accounting policies

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

a) Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

Basis for consolidation

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

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated statement of financial activities and income and expenditure account from the date of acquisition. In the parent charity's financial statements, investments in subsidiary undertakings are stated at cost.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,680,861 (2019 - £4,732,650) and the result for the parent charitable company, including unrealised losses on investments, for the year was a £860,195 loss (2019 – £2,182,387 surplus).

b) Fixed assets and depreciation

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

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

Freehold Buildings	2%
Short leasehold buildings	over the remaining terms of the lease
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

c) Leases

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

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

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

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

d) Income and expenses

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

e) Allocation of expenses

- Costs of generating funds comprise the costs associated with attracting voluntary income; and
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

1 Accounting policies (continued)

f) Investments

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

g) Funds:

• Unrestricted funds

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

• Restricted income funds

These represent income received which can only be expended for the purpose specified by the donor.

• Permanent Endowment fund

This represents assets donated which must be held as capital and cannot be converted to income.

h) Pension costs

• A number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;

• A number of employees belong to the Surrey County Council Pension Scheme or the Norfolk County Council Pension Fund, which are defined benefit pension schemes. These are treated in accordance with FRS 102;

• The difference between the fair value of the assets held in the charitable company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charitable company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charitable company is able to recover the surplus either through reduced contributions in the future or through funds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance;

• Charges in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the charitable company are charged to the Statement of Financial Activities in accordance with FRS 102 'Retirement benefits'; and

• Employees who are not eligible to belong to the above schemes may belong to a group personal pension plan. The assets of this plan are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period.

i) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Cash and cash equivalents

Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.

k) Going concern

In December 2019, disease Covid-19 caused by a coronavirus started circulating across the world, and was declared a pandemic in March 2020. On 13 March the UK government advised against all non- essential travel and for individuals to stay at home.

The main effects on the charity have been on fundraising and on our fostering service. There has been minimal impact on our residential service; the staff in this service are classed as care workers. Our head office has been temporarily closed with staff now working from home. We have successfully adapted key processes (e.g. training, financial management) to the new business environment.

There remains a high demand for our residential service and we operate at above 80% of our current capacity. We have produced a revised financial forecast which reduced our expected fundraising and fostering income. However, these areas form less than 15% of the charity's income. We cancelled a planned fundraising gala and reduced our expected other donations by 25%; after including expenditure savings this reduced net income by £311k. The curtailing of fostering was cost neutral due the expenditure savings we were able to make. Overall we planned to make a surplus of £2.2m in 2020/21. This has been reforecast at £1.8m. We have nonetheless considered appropriate discounts against this overall result given the potential disruption that might occur. We believe this to be a maximum of £1.3m which would still generate a £0.5m surplus in the year.

This represents a prudent view of the next year given the following business fundamentals. Our fees are structured so that they deliver a surplus. We do not face a counterparty debt risk as all customers are local authority. At an operational level we have a successful track record of recruiting and training staff to deliver our service

Our investment strategy is conservative and aims to preserve the real value of the charity's assets. There was only a modest impact from the decline in the equity markets at March 2020.

The charity's balance sheet remains strong and we carry excess reserves which are available if needed. There is a strong regular cash flow generated from the residential care service and the overall liquidity level is high; net current assets plus investments represent 46% of net assets. The group has £1.1m in cash as well as £2.9m of investments; this represents sufficient funds to cover six months of expenditure. Based on current experience the likelihood of a Covid-19 infection level of sufficient scale for a home to suspend operations seems low. A contained level of infection, mitigated by our contingency plans is not expected to impact on the ability of the charity to continue operations. The financial effect is contained within the discounts described above.

Although uncertainties exist, the trustees believe there are no material uncertainties which would cast doubt on the charity's ability to continue as a going concern. The trustees therefore believe it appropriate for the accounts to be prepared on a going concern basis.

2 Analysis of total expenditure

	Basis of allocation	Raising funds	Therapeutic Residential care	Fostering	Training	Placement and family support	2020 Total	2019 Total
		£	£	£	£	£	£	£
Costs directly allocated to activities								
Staff costs	Direct	143,585	4,737,984	223,116	211,015	66,469	**5,382,169**	**4,707,520**
FRS 102 pension adjustment	Direct	-	25,000	-	-	-	**25,000**	**20,000**
Consultancy	Direct	-	16,316	68,582	-	-	**84,898**	**50,083**
Travel	Direct	473	151,634	29,621	12,079	-	**193,807**	**173,269**
Office costs	Direct	37,744	276,420	9,809	1,061	-	**325,034**	**252,440**
Marketing	Direct	47,194	10,780	11,078	-	-	**69,052**	**75,831**
Premises	Direct	-	344,624	17,568	-	-	**362,192**	**341,416**
Household	Direct	-	111,636	-	-	-	**111,636**	**132,391**
Provisions	Direct	-	131,004	-	-	-	**131,004**	**128,139**
Education	Direct	-	370,252	-	-	-	**370,252**	**275,081**
Personal care	Direct	-	46,027	-	-	-	**46,027**	**63,213**
Social activities	Direct	658	163,164	-	-	-	**163,822**	**136,707**
Other	Direct	-	41,992	10,760	15,270	-	**68,022**	**51,941**
Depreciation	Direct	-	181,847	-	-	-	**181,847**	**149,813**
Finance charges	Direct	-	1,267	-	-	-	**1,267**	**1,414**
Insurance, legal, professional	Direct	-	154,090	32,648	-	-	**186,738**	**159,280**
Audit and accountancy	Direct	-	20,040	-	-	-	**20,040**	**20,443**
Total		229,654	6,784,077	319,693	215,708	66,469	**7,722,807**	**6,738,981**
Support costs allocated to activities								
Premises and office costs	Staff time	16,778	25,166	8,389	16,778	-	**67,111**	**114,492**
Finance and HR staff	Staff time	21,849	327,730	65,546	21,849	-	**436,974**	**357,396**
Other	Staff time	4,492	67,387	13,477	4,492	-	**89,848**	**122,306**
Total		43,119	420,283	87,412	43,119	-	**593,933**	**594,194**
Total expenditure		**272,773**	**7,204,360**	**490,594**	**282,544**	**66,469**	**8,316,740**	**7,333,175**

Further details on comparatives are shown in note 19b.

3 Net (expenditure)/income

Net (expenditure)/income for the year is stated after charging:	2020 £	2019 £
Auditor's remuneration: Group	20,040	20,443
Depreciation of tangible fixed assets	181,847	149,645
(Profit) on sale of fixed assets	-	-
Rentals payable under operating leases:		
Land and buildings	92,000	92,000
Other	37,246	23,932
Trustees professional indemnity insurance	2,025	2,025

4 Staff numbers and costs

The average number of persons employed by the group during the year was 163 (2019 - 148).
The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	4,709,500	4,235,928
Social security costs	392,704	357,151
Other pension costs	361,283	277,765
FRS 102 pension adjustment (see note 6)	25,000	19,000
	5,488,487	4,889,844

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

	2020	2019
£60,001 - £70,000	-	4
£70,001 - £80,000	3	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

Pension payments for the above members of staff amounted to £ 77,081 (2019 - £70,560). The combined remuneration of the senior management team was £558,951 (2019: £523,900).

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 £960 (2019 - £726).

5 Related party transactions

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

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

	Princess Mary's Trust £	Childhood First (Midlands) £	Childhood First (South) £	Childhood First (East Anglia) £	**Total £**
Charge to subsidiary					
Management charge	-	-	351,953	335,012	**686,965**
Institute training	-	-	80,000	80,000	**160,000**
Rental	-	-	123,600	100,000	**223,600**
Total	-	-	555,553	515,012	**1,070,565**
Donations to subsidiary	-	-	14,914	12,357	**27,271**
Donations from subsidiary	-	-	-	-	**-**
Intercompany balances					
As at 31 March 2020					
Owed to parent	21,073	-	-	-	**21,073**
Owed by parent	-	55,059	765,929	945,648	**1,766,636**

5 Related party transactions (continued)

At the balance sheet date the Trust owed £21,073 to the parent charity (2019: £21,073 owed to parent).

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

6 Pensions

(a) Surrey Pension Scheme

A number of the company's employees are members of the Surrey County Council Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

The actuarial deficit attributable to the company at 31 March 2020 was estimated to be £863,000 (2019: £386,000). There are three employees who are members of this scheme. In addition there are 15 deferred pensioners and 24 pensioners.

The contributions of the charitable company during the year were 31.4% of pensionable salary plus a £30,000 lump sum (prior year: 31.4% plus £30,000) and amounted to £94,744 (2019 - £83,530). There were outstanding contributions of £9,389 due at the end of the financial year (prior year - £8,463). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

The major assumptions at 31 March 2020 as used by the actuary were:

Financial	**2020**	**2019**
Pension increases	**2.0%**	2.5%
Salary increases	**2.9%**	2.8%
Discount rate	**2.3%**	2.4%

Mortality

This is determined by reference to Vita Curves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

2020	**Males**	**Females**
Current pensioners	**22.1 years**	**24.3 years**
Future pensioners	**22.9 years**	**25.7 years**
2019	**Males**	**Females**
Current pensioners	22.5 years	24.6 years
Future pensioners	24.1 years	26.4 years

Commutation

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free for post-April 2008 service.

Assets

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

	2020 £	**2019** £
Equities	3,695,000	3,939,000
Bonds	849,000	1,199,000
Property	350,000	400,000
Cash	100,000	171,000
Totals	4,994,000	5,709,000

Total investment returns for the year to 31 March 2020 was -10.7% (2019: +7.2%).

6 Pensions (continued)

	2020 £	2019 £
Net pension assets and liabilities		
Estimated employer assets	4,994,000	5,709,000
Present value of scheme liabilities	(5,857,000)	(6,095,000)
Present value of unfunded liabilities	-	-
Net pension liability	(863,000)	(386,000)

Changes in the fair value of plan assets, defined benefit obligation and net liability	2020 £	2019 £
Reconciliation of Funded liabilities		
Opening position	6,095,000	5,925,000
Current service cost	87,000	72,000
Interest cost	144,000	151,000
Contributions by members	20,000	18,000
Benefits paid	(309,000)	(291,000)
Expected closing position	6,037,000	5,875,000
Remeasurements		
Changes to financial assumptions	(180,000)	220,000
Total remeasurements	(180,000)	220,000
Closing position	5,857,000	6,095,000

Reconciliation of fair value of employer assets	2020 £	2019 £
Opening position	5,709,000	5,508,000
Interest income	135,000	141,000
Employer contributions	91,000	84,000
Contributions by members	20,000	18,000
Benefits paid	(309,000)	(291,000)
Expected closing position	5,646,000	5,460,000
Remeasurements		
Return on assets	(652,000)	249,000
Total remeasurements	(652,000)	249,000
Closing position	4,994,000	5,709,000

Analysis of amounts credited/(charged) to the statement of financial activities	2020 £	2019 £
Current service costs	(87,000)	(72,000)
Interest cost	(9,000)	(10,000)
Interest income		-
Employer contributions	91,000	84,000
Net credit/ (charge) to statement of financial activities:	(5,000)	2,000
Actual Return on assets	(652,000)	249,000
Actuarial gains/(losses) arising on scheme liabilities	180,000	(220,000)
Actuarial (losses)/gains charged to the statement of Financial Activities	(472,000)	29,000

6 **Pensions** (continued)

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

Two of the company's employees are a member of the Norfolk County Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. There is one deferred member and two pensioners.

In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

There were no active members in the company but there is one deferred member and two pensioners. The contributions of the charitable company during the year were 22.6% of pensionable salary and amounted to £nil (2019 - nil). There were no outstanding contributions at the end of the financial year (2019 - nil). At the year end there were no employees in the scheme. The employer contribution for the year beginning 1 April 2020 is nil (2019 – 22.6%). There is no deficit contribution.

The major assumptions at 31 March 2020 as used by the actuary were:

Financial	**2020**	**2019**
Pension increases	**1.9%**	2.5%
Salary increases	**2.6%**	2.8%
Discount rate	**2.3%**	2.4%

Mortality

Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

2020	**Males**	**Females**
Current pensioners	**21.7 years**	**23.9 years**
Future pensioners	**22.8 years**	**25.5 years**
2019	**Males**	**Females**
Current pensioners	22.1 years	24.4 years
Future pensioners	24.1 years	26.4 years

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free for post-April 2008 service.

Assets - solely Childhood First (East Anglia) Limited

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

	2020 £	**2019** £
Equities	-	690,000
Bonds	1,378,000	483,000
Property	44,000	166,000
Cash	29,000	41,000
Totals	1,451,000	1,380,000

Total investment returns for the year to 31 March 2020 was 2.3%

6 **Pensions** (continued)

	2020 £	2019 £
Net pension assets and liabilities		
Estimated employer assets	1,451,000	1,380,000
Present value of scheme liabilities	1,167,000	(1,408,000)
Total value of (liability)/asset	284,000	(28,000)
Net pension asset	284,000	(28,000)

Changes in the fair value of plan assets, defined benefit obligation and net liability	2020 £	2019 £
Reconciliation of Funded liabilities		
Opening position	1,408,000	1,282,000
Current service cost	41,000	49,000
Past service	-	1,000
Interest cost	34,000	34,000
Contributions by members	9,000	11,000
Benefits paid	(33,000)	(37,000)
Expected closing position	1,459,000	1,340,000
Remeasurements		
Changes to financial assumptions	(292,000)	68,000
Total remeasurements	(292,000)	68,000
Closing position	1,167,000	1,408,000

Reconciliation of fair value of employer assets	2020 £	2019 £
Opening position	1,380,000	1,306,000
Interest income	33,000	34,000
Employer contributions	22,000	28,000
Contributions by members	9,000	11,000
Benefits paid	(33,000)	(37,000)
Expected closing position	1,411,000	1,342,000
Remeasurements		
Return on assets	40,000	38,000
Total remeasurements	40,000	38,000
Closing position	1,451,000	1,380,000

Analysis of amounts credited/(charged) to the statement of financial activities	2020 £	2019 £
Current service costs	(41,000)	(49,000)
Interest cost	(34,000)	(34,000)
Past service	-	(1,000)
Interest income	33,000	34,000
Employer contributions	22,000	28,000
Net (charge) credit to statement of financial activities:	(20,000)	(22,000)
Actual Return on assets	40,000	38,000
Actuarial gains/(losses) arising on scheme liabilities	292,000	(68,000)
Actuarial gain\(loss) charged to the statement of Financial Activities	332,000	(30,000)
Decrease/(increase) in FRS102 pension liability in the year	312,000	(52,000)

6 Pensions (continued)

McCloud Ruling

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2020 (as per the 2019 accounting approach).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied.

The impact of the ruling is uncertain. It is looking likely that benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. However, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Norfolk Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to this charity is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.4% higher as at 31 March 2019, an increase of approximately £1,000.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

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

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

	2020 £	2019 £
Current service cost	(128,000)	(121,000)
Past service	-	(1,000)
Interest cost	(43,000)	(44,000)
Interest income	33,000	34,000
Contributions paid	113,000	112,000
Net credit to statement of financial activities (note 2)	**25,000**	**(20,000)**
Remeasurements		
Return on assets	(612,000)	287,000
Actuarial liabilities	472,000	(288,000)
Actuarial (loss)/gain charged to statement of financial activities	(140,000)	(1,000)
(Increase) in liability in the year	**(165,000)**	**(21,000)**
(Deficit) in schemes at beginning of the year	**(414,000)**	**(393,000)**
(Deficit) in schemes at end of year	**(579,000)**	**(414,000)**

6 **Pensions** (continued)

(d) **Teacher's Pension Scheme**

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

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

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

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

Total pension costs during the year were £37,761 (2019 - £36,205). There were outstanding contributions of £4,869 due at the end of the financial year (2019 - £4,700).

(e) **Group Personal Pension Plan**

A Group Personal Pension Plan exists for employees who are not eligible to be part of the above schemes.
This is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £203,035 (2019 - £98,825). There were outstanding contributions of £2,558 due at the end of the financial year (2019 - £31,689).

7 **Tangible fixed assets**

Group	Freehold properties	Furniture and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	4,432,780	325,893	244,617	5,003,290
Additions	1,066,312	51,720	-	1,118,032
Disposals	-	-	-	-
At 31 March 2020	5,499,092	377,613	244,617	6,121,322
Depreciation				
At 1 April 2019	229,789	151,965	177,129	558,883
Charge for year	101,760	43,250	36,837	181,847
At 31 March 2020	331,549	195,215	213,966	740,730
Net book value				
At 31 March 2020	**5,167,543**	**182,398**	**30,651**	**5,380,592**
At 31 March 2019	4,202,991	173,928	67,488	4,444,407

7 Tangible fixed assets (continued)

Company	Freehold properties £	Furniture and equipment £	Total £
Cost			
At 1 April 2019	3,482,063	92,711	3,574,774
Additions	1,015,487	-	1,015,487
At 31 March 2020	4,497,550	92,711	4,590,261
Depreciation			
At 1 April 2019	197,727	36,111	232,838
Charge for year	58,405	18,543	76,948
At 31 March 2020	256,132	54,654	310,786
Net book value			
At 31 March 2020	**4,241,418**	**38,057**	**4,279,475**
At 31 March 2019	3,284,336	56,600	3,340,936

8 Fixed asset investments

(a) Group and Company

	2020			2019
	Cash deposits £	Investment funds £	Total £	Total £
Balance at 1 April	424,714	3,403,604	3,828,318	3,683,321
Additions	15,706	-	15,706	10,607
Disposals	-	(933,064)	(933,064)	-
Loss/Gain on revaluation	-	26,361	26,361	134,390)
Market value at 31 March	**440,420**	**2,496,901**	**2,937,321**	**3,828,318**

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

(b) Subsidiary undertakings

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

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

8 Fixed asset investments (continued)

Subsidiary summary results

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	3,867,791	-	3,880,912	-
Expenditure	3,769,047	-	3,308,538	(6,700)
Surplus/(loss) for the year	98,744	-	572,374	(6,700))
Reserves brought forward	814,849	606	1,218,763	587,123
Reserves carried forward	913,593	606	1,791,137	580,423

9 Unapplied total return

At both 1st April 2019 and 31st March 2020 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 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	636,778	553,639	39,536	11,416
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	69,240	60,386	67,576	60,386
Other debtors	12,253	9,976	6,453	4,177
	718,271	**624,001**	**134,639**	**97,053**

11 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts owed to group undertakings	-	-	1,766,637	1,363,191
Trade creditors	299,105	177,867	32,456	44,838
Other creditors	88,053	160,878	36,430	48,018
Taxation and social security	116,047	105,937	30,645	30,396
Accruals and deferred income	139,255	111,427	19,054	21,441
	642,460	**556,109**	**1,885,222**	**1,507,884**

12 Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other	-	-	-	-
	-	-	-	-

13 Pension liability

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Pension costs				
Balance brought forward	414,000	393,000	386,000	-
Transferred from subsidiary	-	-	-	417,000
Increase/(decrease) in FRS102 pension liability during the year - see note 6(c)	165,000	21,000	477,000	(31,000)
Balance carried forward	**579,000**	**414,000**	**863,000**	**386,000**

14 Restricted income funds

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

	Balance at 1 April 2019 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2020 £
Other projects	237,260	193,832	46,382	-	384,710
Total	**237,260**	**193,832**	**46,382**	**-**	**384,710**

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 19c.

15 Designated funds

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

	Company £	Group £
Balance at 1 April 2019	685,618	802,193
Balance at 31 March 2020	**685,618**	**802,193**

16 Endowment Funds

	Group £
Balance at 1 April 2019	483,947
Balance at 31 March 2020	**483,947**

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

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

17 Commitments

Total commitments under non-cancellable operating leases at 31 March 2019 were as follows:

	2020 £	2019 £
Equipment leases	37,246	35,510
Property leases	168,000	260,800
Total	**205,246**	**296,310**

Property leases relate to rental leases on head office (expires January 2022), Merrywood House (expires September 2021) and Sittingbourne (expires May 2023)

18 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2020 are represented by:				
Tangible fixed assets	4,896,646	-	483,947	5,380,593
Investments	2,937,322	-	-	2,937,322
Current assets	1,484,087	384,710	-	1,868,797
Current liabilities	(642,460)	-	-	(642,460)
Pension liability	(579,000)	-	-	(579,000)
Total net assets	**8,096,595**	**384,710**	**483,947**	**8,965,252**

The permanent endowment fund represents some of the assets of Princess Mary's Trust. See note 19d for comparatives.

19 Comparative information relating to 2019

a) Consolidated statement of Financial activities

	2019			
	Unrestricted £	**Restricted £**	**Endowment £**	**Total £**
Income and endowments from				
Donations and legacies	121,197	578,611	-	699,807
Charitable activities	6,857,545	-	-	6,857,545
Investments	39,905	-	-	39,905
Other	1,050	-	-	1,050
Total income	7,019,696	578,611	-	7,598,307
Expenditure on				
Raising funds	210,215		-	210,215
Charitable activities				
Therapeutic residential care	6,371,419	37,327	-	6,408,746
Fostering	367,898	61,914	-	429,812
Placement and family support	-	22,901	-	22,901
Training	261,501	-	-	261,501
Total expenditure	7,211,033	122,142	-	7,333,175
(Losses)/Gains on Investments	134,390	-	-	134,390
Net (expenditure)/income before profit on property disposal	(56,947)	456,469		399,522
Net (expenditure)/income	(56,947)	456,469		399,522
Transfers between funds	716,016	(716,016)		-
Actuarial gains/(losses) on defined benefit schemes	(1,000)	-		(1,000)
Net movement in funds	658,069	(259,547)		398,522
Total funds brought forward	7,779,015	496,807	483,947	8,756,769
Total funds carried forward	8,437,084	237,260	483,947	9,158,291

19 Comparative information relating to 2019 (continued)

b) Analysis of total expenditure

	2019						
	Basis of Allocation £	Raising Funds £	Therapeutic Residential Care £	Fostering £	Training £	Placement and Family Support £	2019 Total £
Costs directly allocated to activities							
Staff costs	Direct	106,405	4,187,350	205,495	186,369	22,901	**4,708,520**
FRS 102 pension adjustment	Direct	-	19,000	-	-	-	**19,000**
Consultancy	Direct	-	35,469	14,614	-	-	**50,083**
Travel	Direct	249	147,647	15,194	10,179	-	**173,269**
Office costs	Direct	19,470	220,438	11,805	727	-	**252,440**
Marketing	Direct	37,646	20,987	17,198	-	-	**75,831**
Premises	Direct	-	319,218	22,198	-	-	**341,416**
Household	Direct	-	132,391	-	-	-	**132,391**
Provisions	Direct	-	128,139	-	-	-	**128,139**
Education	Direct	-	275,081	-	-	-	**275,081**
Personal care	Direct	-	63,213	-	-	-	**63,213**
Social activities	Direct	652	136,055	-	-	-	**136,707**
Other	Direct	-	25,144	8,364	18,433	-	**51,941**
Depreciation	Direct	-	149,813	-	-	-	**149,813**
Finance charges	Direct	-	1,414	-	-	-	**1,414**
Insurance, legal, professional	Direct	-	134,455	24,825	-	-	**159,280**
Audit and accountancy	Direct	-	20,443	-	-	-	**20,443**
Total funds carried forward	8,437,084	164,422	6,016,257	319,693	215,708	22,901	**6,738,981**
Support costs allocated to activities							
Premises and office costs	Staff time	21,808	32,712	38,164	21,808	-	**114,492**
Finance and HR staff	Staff time	17,870	268,047	53,609	17,870	-	**357,396**
Other	Staff time	6,115	91,730	18,346	6,115	-	**122,306**
Total		45,793	392,489	110,119	45,793	-	**594,194**
Total expenditure		**210,215**	**6,408,746**	**429,812**	**261,501**	**22,901**	**7,333,175**

19 Comparative information relating to 2019 (continued)

c) Restricted income funds

	Balance at 1 April 2018 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2019 £
Other projects	496,807	578,611	(122,142)	(716,016)	237,260
Total	**496,807**	**578,611**	**(122,142)**	**(716,016)**	**237,260**

d) Analysis of assets between funds

Group	Unrestricted funds £	Restricted income funds £	Permanent Endowment funds £	Total funds £
Fund balances at 31 March 2019 are represented by:				
Tangible Fixed assets	3,960,462	-	483,947	4,444,409
Investments	3,828,319	-	-	3,828,319
Current assets	1,618,413	237,260	-	1,855,673
Current liabilities	(556,109)	-	-	(556,109)
Pension liability	(414,000)	-	-	(414,000)
Total	**8,461,254**	**237,260**	**483,947**	**9,158,291**

Reference and administrative detail

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

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

Mr John Harrison (Chairman)
Mr Jeremy Brier (appointed 1 October 2019)
Dr Samantha Deacon
Mr Matthew Fletcher
Dr Henrietta Hughes
Mr Sebastian Lyon (resigned 10 September 2019)
Mr Keith Miller (resigned 10 September 2019)
Mr Scott Murdoch
Mrs Patricia Phillips, JP
Mrs Sarah Scarratt
Mr Sanjay Shah (appointed 14 October 2019)
Mr. Robert Shipton
Ms Elizabeth Szwed (resigned 8 July 2019)
Mr Simon Villette
Mr George Viney

Chief Executive
Stephen Blunden

Company Secretary
Greg Whelan

Senior Management team
Stephen Blunden (Chief Executive)
Greg Whelan FCA (Corporate Services Director)
Barbara O'Reilly (Clinical Director)
Roger Stephenson (Business Development Director)
Gary Yexley (Operations Director)
Jane Franklin (Fundraising Director)

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

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

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2020. The Trustees have adopted the provisions of the Financial Reporting Standard 102 and Statement of Recommended practice (FRS 102) in preparing the annual report and financial statements.

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