iST Institute

Annual Report and Accounts

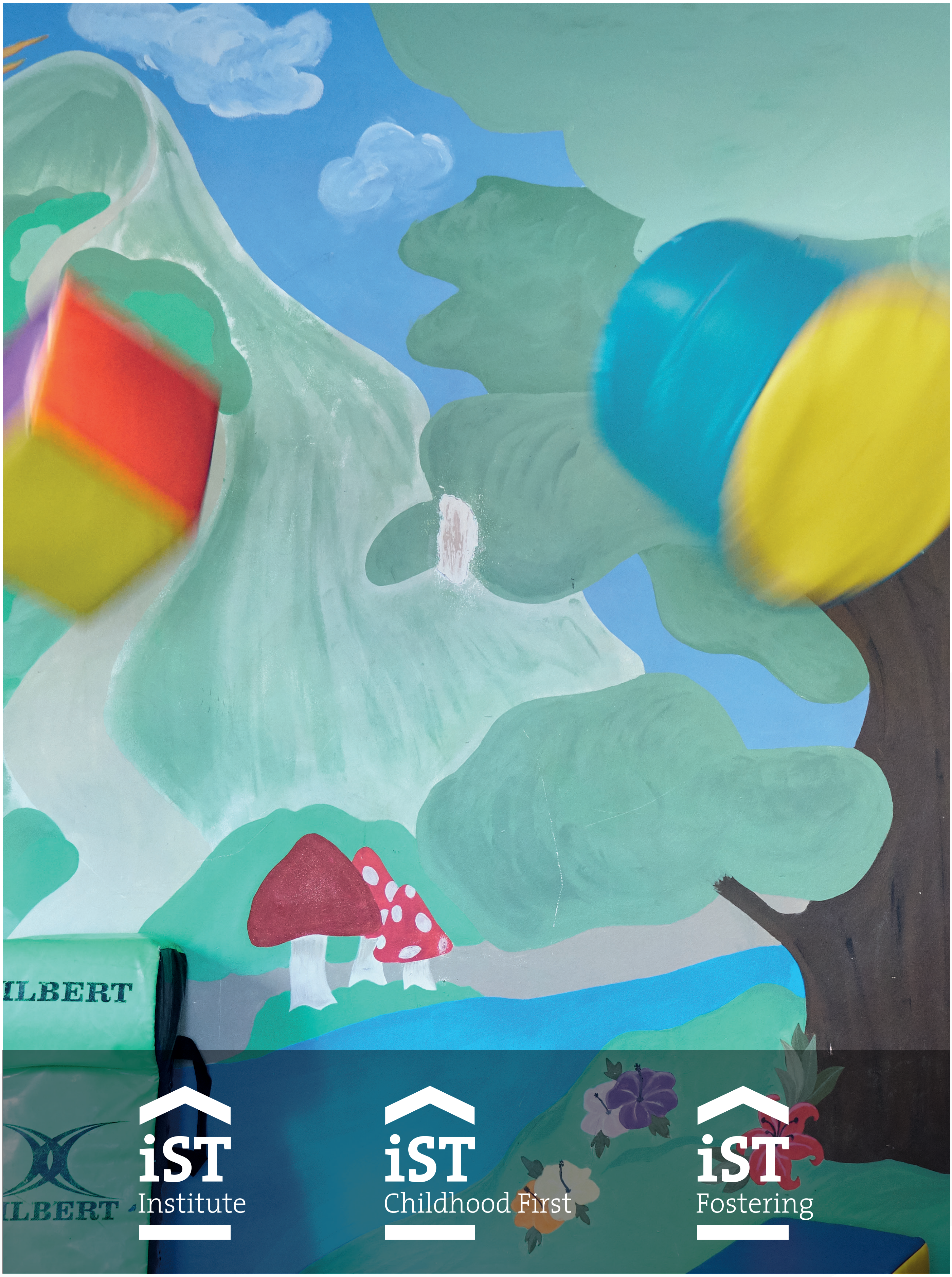
2018/19

Institute of Integrated Systemic Therapy

Company number: 01708301
Registered charity no: 286909

Contents

*The Trustees' Report incorporates 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.

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 training organisation. We therefore undertook a process to adapt and refresh our logo and brand identity to reflect the seamless integration of these two aspects. It further cemented the intrinsic connection with this methodology to everything we do.

Although not a separate entity we deliver our therapeutic services under the name of Childhood First.

Chairman's Introduction

Welcome to our 2018/19 Annual Report and Accounts. It has been a year of change for Childhood First. We have completed the development three of our properties and launched our new Fostering service. Thanks to our supporters who have provided invaluable donations, and our staff who have worked tirelessly to run our communities, we have been able to help some of the most traumatised children in care undertake their recovery. We believe that our integrated systemic therapy (iST) has been pivotal in helping these children. It is unique to Childhood First.

We deliver our own training in iST and this year we celebrated the graduation of eighteen of our staff in Child Psychotherapy at Southwark Cathedral. We congratulate them for their hard work and achievement.

Our four homes have retained their Outstanding Ofsted rating. This recognition of quality, in a tough market, has helped us to grow our residential care service. We completed a £1.8m expansion programme of three of our homes, part-funded by generous support from our donors. This has added eight more bedrooms to our residential service. It has also added considerably to our facilities to these homes. This includes four additional large community rooms, two therapy rooms, an art room, additional office space. We also refurbished and modernised the kitchen at Gables and extended the parking facilities to accommodate the increased workforce.

But we want to do more.

We plan to add a further home to our residential service.

We plan to grow our fostering service significantly in the next two years so we can reach a wider range of children.

We want to develop other services for children in schools who need our help.

I am immensely proud to be the chair of such a pioneering charity. My thanks go to our Chief Executive, Stephen Blunden, and everyone who has made it the success it is today.

John Harrison

John Harrison
Chairman

Trustees' Report

Our Achievements and Performance

We are here to help severely traumatised children. We provide specialist 24/7 treatment for complex psychological, emotional and behavioural issues. In order to do this, we deliver an educational and training programme to our staff designed to help and support them in this work.

We do this in the following ways:

- Developing our services
- Developing organisational capacity
- Developing our finances

These are reported below. We will be reporting our achievements for 2018/19 against these.

Developing our Services

There is an unprecedented demand for our therapeutic services. Our communities need to grow so we can help more children. Our 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 2018/19 were to:

- Increase our capacity and number of residential iST placements for troubled children. This included a £1.8m building programme.
- Grow and further develop Integrated Therapeutic Fostering.
- Develop cost effective tapered packages of care.
- Grow and further develop therapeutic training programmes, and to consider providing these to other organisations.
- Develop advisory and clinical consultation and support services for other organisations involved in the care, education and treatment of disturbed children.

What we achieved in 2018/19

This year we completed three major expansions of our homes.

Gables, in Kent, expansion added four bedrooms and two large community downstairs rooms. The kitchen was completely refurbished and a utility room added. We also took the opportunity to redecorate the whole property inside and out. We also laid a large patio area for the whole community to come together. The work was completed in November 2018, on time and on budget. We spent a total of £837,000. However, this was offset by donations received of £659,000.

The extension was officially opened in June 2019, but we already began to take additional children from January.

At Earthsea, Norfolk, we completed a two storey extension which added two further bedrooms, a bathroom, an art room, a therapy room and two additional community lounges, at a cost of £449,000.

At Merrywood, Norfolk, we added two additional bedrooms with bathrooms, a large community meeting room and also extended existing office space at a cost of £382,000.

Both these Norfolk projects were completed in January 2019 and were on time and on budget. For all these homes, we plan to fill the additional beds during the coming year.

In October 2017 we registered ourselves as a fostering agency. During the year we recruited our first therapeutic foster carers and placed a child in February 2019. We also set up a therapeutic centre in Sittingbourne to act as a focus for our Kent carers. In July 2019 the agency had its first Ofsted inspection and was rated as Good.

We continued to provide tailored services to local authorities for the children they place with us. We aim to provide a step down service from residential care to our fostering service. A number of children are planned to do this during 2019.

We have provided our initial iST training to Woodford Children's Home, an external care home in Essex. In total we trained seven of their staff in both our foundation and certificate courses. We hope this will be part of a wider initiative to spread the benefit of iST outside the organisation.

Developing our Organisational Capacity

Our aims for 2018/19 were to:

- further develop our identity and clinical reputation as a psychotherapeutic training and research Institute by:
    - improving the quality of our therapeutic work
    - better recruitment and retention of our therapeutic staff
    - better integration of therapeutic and educational cultures
    - influencing policy-makers and relevant professionals on behalf of the children and young people we serve.
- To build continuity by developing in-house leadership and management skills and planning succession.
- To maintain and develop our therapeutic and educational estates and facilities.
- To influence national policy and therapeutic professions on behalf of our beneficiary group.

What we achieved in 2018/19

All the homes received an Ofsted inspection during the year and all of them were rated as Outstanding - for the second year in succession. This is a testimony to the professional approach in all parts of the business to maintain this level of quality.

We continue to develop our operational efficiency and are moving to paperless recording at our communities.

The depth of training we maintain through iST allows qualification from NVQ level 3 to NVQ level 7 in child psychotherapy. We believe we are the only residential care training to such a high level.

During the year our training was provided to 118 students. We have now extended this training for our education staff which will allow a closer alignment with the care staff.

In July 2018 we held our graduation ceremony in Southwark Cathedral. The day was a healthy mix of celebrations and acknowledgement for students, their guests and the trustees.

In total 18 students graduated. A second graduation ceremony is planned for 2020.

Subsequently, two staff completed their Masters level and are now qualified Child psychotherapists. As part of their work they undertook research projects; we intend to publish these results. One of the projects showed how placement and family support work (PFS) improves the outcomes for children. PFS work is not paid for by Local authorities and we undertake it using our own resources and donations.

Stephen Blunden continued his work with UKCP as chair of the Child College of Adolescence Psychotherapy. This has allowed us to make progress in showing how other forms of psychotherapy can provide benefit to children in need. This includes the effectiveness of group psychotherapy which allows children to feel listened to and understood.

We have continued our work in succession planning so that staff have the opportunities to grow into the most senior roles in the organisation. The recognition of iST provides the background for all our staff to reach their potential.

Similarly we have undertaken a review of the Trustee Board and the necessary skillset to meet the needs of a contemporary charity. We completed our review of the Charity Governance code and made the necessary changes to our procedures. In particular, we recognised the importance of trustee experience given the complexity of the issues the charity faces on a daily basis. We will be developing policies to codify our approach to trustee reselection. We have also revised our trustee recruitment process.

In March 2019 we completed our rebranding exercise. This has allowed us to unify the Residential Care, Fostering and Institute training as a single brand – iST. We will be undertaking further work on our website so it better serves the needs of our stakeholders.

Developing Charity Finances

Our aims for 2018/19 were to:

- To improve operating surplus by:
    - effective cost control optimised pricing and further growth in sustainable services.
    - consistently positioning and pricing as a specialist Tier 4 mental health provider; and
    - developing funding for innovative services
- To raise development funding by undertaking targeted appeals for capital developments. In support of this we intend to recruit a senior fundraising executive to assist with our more ambitious development funding drive.

What we achieved in 2018/19

We continue to provide tailored packages to meet the needs of the children. This includes special clinical educational needs reports to local authorities. We also have provided aftercare support for young people now living in semi-sheltered environments. We continue to encourage local authorities to place children's savings into Junior ISAs.

We are part way through moving from a paper-based system to electronic recording of children's records. This allows a more efficient processing of issues so the child can receive effective help.

During the year Jane Franklin was appointed as Fundraising Director. Jane joins the executive team and will be focused on raising the funds to support our initiative for a fifth home. Jane comes with a wealth of experience in fundraising.

Thanks also go to our fundraising committees who volunteer so much of their time to support our work.

We would especially like to thank the following trusts and individuals for their generous support during the year.

The ACT Foundation
Bernard Sunley Foundation
Coral Samuel Charitable Trust
The Dyers' Company Charitable Trust
Educational Foundation of Alderman John Norman
Garfield Weston Foundation
Rachele and John Harrison
The Inverforth Charitable Trust
The Laing Family Trusts
The Lyon Family Charitable Trust
The Paget Charitable Trust
Peter Harrison Foundation
Lynne and Nigel Ross
Robert and Belinda Shipton
Silver Family Charitable Trust
Talbot Underwriting Limited
The Taylor Family Foundation
The Tompkins Foundation
Tunstall Jubilee Foundation
Whitegates Children's Trust
The Wolfson Foundation
The York Tyburn Trust

We would like to take this opportunity to thank the following participants in our Marathon events for their generous support. Together they raised in excess of £40,000.

Debra Bahr
Tina Baklanov
Mandy Barrington
Bradley BEndelow
Lisa Biggs
Edward Christian
Angus Gibson
Alexa Hillier
Rebecca Lass
Emma Lonczyk

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

	2018/19 £000	2017/18 £000	Change £000
East Anglia	3,543	3,090	452
Kent	3,232	2,944	288
Residential	**6,775**	**6,035**	**740**
Fostering	83	167	(84)
Ongoing operations	**6,858**	**6,201**	**656**
Midland	-	779	(779)
Total	**6,858**	**6,981**	**(123)**

Residential fee income is up £740,000 on 2017/18. This is due to higher number of residential placements. The eight additional places that arose from the expansions of Gables, Merrywood and Earthsea were beginning to be used at the tail end of the year. A further factor is the reduction of some historically low fee rate placements which were replaced at a more contemporary fee.

Fostering is still in transition and during the year our joint service with AFA ceased so we could focus on starting our own therapeutic fostering service. Overall, there was a fall of £84,000 in income.

The surplus for the year was £401,000, an increase of £903,000. The majority of the improvement is due to the losses from the closure in the previous year. Ongoing operations show an increase of £147,000. This has a number of factors.

Net surplus

	2018/19 £000	2017/18 £000	Change £000
East Anglia	347	260	87
Kent	(78)	(52)	(26)
Residential	**269**	**208**	**61**
Fostering	(347)	(117)	(230)
Head Office	479	162	317
Ongoing operations	**401**	**254**	**147**
Midland	-	(756)	756
Total	**401**	**(503)**	**903**

A small increase comes from Residential care. There has been an expansion of the cost base in Kent as Gables increased staffing to support the additional capacity. Likewise, East Anglia expanded their staffing for the additional placements.

Fostering losses are a combination of the reduced income and the expansion of the activity to recruit new foster carers.

Head office surpluses are a combination of the income from fundraising donations and investment returns. Last year investments lost £75,000; this year they yielded a surplus of £134,000. Fundraising income was £700,000 only slightly down on last year. But costs were £200,000 down as the prior year included the cost of the Claridges fundraising event that was not repeated in 2018/19.

Total costs

Overall costs have fallen by 10% (£788,000). However, the previous year contained Thornby costs, which has now ceased trading, and this accounts for the overall fall in costs. The ongoing business has expanded slightly in preparation for the new extensions coming on line and so staffing and premises costs are higher.

Fixed assets

During the year the expansion of Gables, Merrywood and Earthsea added £1,425,560 to the freehold property.

Debtors and Creditors

Debtors are up on last year as collection slowed slightly; the situation has already improved and is expected to be maintained around the two weeks worth of income.

Trade creditors remain low and represent around four weeks of purchases.

Cash position

As expected the cash position has declined as a result of the capital investment. There continue to be sufficient liquid funds (see reserves section).

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 Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £414,000. Full details of these schemes are included in the notes to the accounts.

Investments

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

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

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

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £3,828,318; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £134,000 and more than recovered the losses incurred last 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 £2,552,000 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 £9,158,000. Excluding fixed assets (£4,444,000) and restricted funds (£237,000) the unrestricted reserves amount to £4,471,000. However this total has been arrived at after recognising the £414,000 pension deficit which is a long term liability. Short term unrestricted reserves are therefore £4,885,000. The charity aims to apply excess reserves in further expansion of its residential care provision and other projects.

Our Future Plans

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

Therapeutic Effectiveness

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

Sustainable Service Growth

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

External Profile and Influence

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

Risk and Uncertainties

The Trustees have assessed the 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, which provide progressive clinical employment opportunities for experienced and qualified staff that do not require shift-work.

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 still trades 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.

Recruitment and appointment of Trustees

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

Trustees' induction and training

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

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, Jan Pethick*, John Godfrey*
Safeguarding
Simon Villette, Samantha Deacon, Sarah Scarratt, Margaret Wilson**
School Governance
Simon Villette, Jacqui Ward*
Development Board
Robert Shipton, John Harrison, Scott Murdoch, Sarah Scarratt, Sebastian Lyon, Trish Phillips, Daniel Peltz**, Jane Grabiner**, Lynne Ross*

* external member,
**resigned during the year

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 Integrated Therapeutic Fostering (iTF).

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.

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. 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.

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

John Harrison
Chairman

10 September 2019

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 2019 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 2019 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: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

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

Date: 16th September 2019

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 2019

		2019				2018
	Notes	Unrestricted £	Restricted £	Endowment £	Total £	Total £
Income and endowments from						
Donations and legacies		121,196	578,611	-	699,807	715,958
Charitable activities		6,857,545	-	-	6,857,545	6,964,943
Investments		39,905	-	-	39,905	8,144
Other		1,050	-	-	1,050	4,445
Total income		**7,019,696**	**578,611**	**-**	**7,598,307**	7,693,490
Expenditure on						
Raising funds		210,215	-	-	210,215	394,160
Charitable activities						
Therapeutic residential care		6,371,419	37,327	-	6,408,746	7,197,734
Fostering		367,898	61,914	-	429,812	283,317
Placement and family support		-	22,901	-	22,901	28,385
Training		261,501	-	-	261,501	217,999
Total expenditure	2	7,211,033	122,142	-	**7,333,175**	8,121,595
(Losses)/Gains on Investments		134,390	-	-	134,390	(74,689)
Net (expenditure)/income before profit on property disposal		**(56,947)**	**456,469**	**-**	**399,522**	(502,794)
Profit on disposal of property		-	-	-	-	1,369,534
Net (expenditure)/income	3	**(56,947)**	**456,469**	-	**399,522**	866,740
Transfers between funds	14	716,016	(716,016)	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(1,000)	-	-	(1,000)	55,000
Net movement in funds		**658,069**	**(259,547)**	**-**	**398,522**	921,740
Total funds brought forward		7,779,015	496,807	483,947	8,756,769	7,838,029
Total funds carried forward		**8,437,084**	**237,260**	**483,947**	**9,158,291**	8,759,769

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year.

The notes 1 - 18 form part of these financial statements.

Consolidated and Company Balance Sheet

as at 31 March 2019

Company number: 1708301

	Notes	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Fixed assets					
Tangible assets	7	4,444,408	3,135,519	3,340,936	2,261,379
Investments	8	3,828,318	3,683,321	3,828,318	3,683,321
		8,272,726	6,818,840	7,169,254	5,944,700
Current assets					
Debtors	10	624,001	186,084	97,053	89,502
Cash at bank		1,231,673	2,752,767	1,164,527	2,679,928
		1,855,674	2,938,851	1,261,579	2,769,430
Creditors:					
Amounts falling due within one year	11	(556,109)	(604,922)	(1,507,844)	(4,682,594)
Net current assets/(liabilities)		1,299,565	2,333,929	(246,304)	(1,913,164)
Total assets less current liabilities		9,571,291	9,152,769	6,922,950	4,031,536
Creditors:					
Amounts falling due after one year	12	-	-	-	-
Pension liability	13	(414,000)	(393,000)	(386,000)	-
Net assets		**9,158,291**	**8,759,769**	**6,536,950**	**4,031,536**
The funds of the charity					
Income funds					
Unrestricted funds					
- General reserves		8,048,891	7,369,822	5,620,950	2,851,498
- Pension reserves		(414,000)	(393,000)	-	-
- Designated funds	15	802,193	802,193	685,618	685,618
Total unrestricted funds		8,437,084	7,779,015	6,306,568	3,537,116
Restricted funds	14	237,260	496,807	230,382	494,420
Capital funds					
Endowment funds	16	483,947	483,947	-	-
Total charity funds		**9,158,291**	**8,759,769**	**6,536,950**	**4,031,536**

The financial statements were approved and authorised for issue by the Trustees on 10 September 2019 and were signed on its behalf by:

John Harrison

John Harrison
Chairman

The notes 1 -18 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Cash flow from operating activities			
Net income for the reporting period		398,522	921,740
Depreciation		149,813	113,402
Losses/(gains) on investments	8	(134,390)	74,689
Interest (receivable)		(10,607)	(7,458)
(Profit) on disposal of fixed assets		1,105	(1,369,523)
Decrease/(increase) in debtors	10	(437,917)	171,331
(Decrease)/increase in creditors	11	(48,813)	(230,476)
Actuarial loss/(gain) on defined benefit scheme	13	21,000	(31,000)
Net cash (used in) operating activities		**(61,287)**	**(357,295)**
Cash flows from investing activities			
Dividend, interest and rents from investments		-	1,597
Proceeds from sale of property		-	2,914,599
(Purchase) of property, plant equipment	7	(1,459,807)	(235,048)
(Purchase) of investments	8	-	(2,000,000)
Net cash provided by financing activities		**(1,459,807)**	**681,148**
Change in cash in reporting period		**(1,521,094)**	**323,853**
Cash at beginning of year		**2,752,767**	**2,428,914**
Cash at end of year		**1,231,673**	**2,752,767**

The notes 1-18 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 £4,732,650 (2018 - £1,919,121) and the result for the parent charitable company, including unrealised losses on investments, for the year was £2,182,387 (2018 – £23,489 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 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.

2 Analysis of total resources expended

	Basis of allocation	Raising funds £	Therapeutic Residential care £	Fostering £	Training £	Placement and family support £	2019 Total £	2018 Total £
Costs directly allocated to activities								
Staff costs	Direct	106,405	4,186,350	205,495	186,369	22,901	**4,707,520**	5,338,115
FRS 102 pension adjustment	Direct	-	20,000	-	-	-	**20,000**	24,000
Consultancy	Direct	-	35,469	14,614	-	-	**50,083**	35,375
Travel	Direct	249	147,647	15,194	10,179	-	**173,269**	144,945
Office costs	Direct	19,470	220,438	11,805	727	-	**252,440**	312,768
Marketing	Direct	37,646	20,987	17,198	-	-	**75,831**	293,566
Premises	Direct	-	319,218	22,198	-	-	**341,416**	291,153
Household	Direct	-	132,391	-	-	-	**132,391**	90,767
Provisions	Direct	-	128,139	-	-	-	**128,139**	132,088
Education	Direct	-	275,081	-	-	-	**275,081**	294,936
Personal care	Direct	-	63,213	-	-	-	**63,213**	64,513
Social activities	Direct	652	136,055	-	-	-	**136,707**	146,963
Other	Direct	-	25,144	8,364	18,433	-	**51,941**	68,758
Depreciation	Direct	-	149,813	-	-	-	**149,813**	113,402
Finance charges	Direct	-	1,414	-	-	-	**1,414**	(5,226)
Insurance, legal, professional	Direct	-	134,455	24,825	-	-	**159,280**	141,368
Audit and accountancy	Direct	-	20,443	-	-	-	**20,443**	19,066
Total		164,422	6,016,257	319,693	215,708	22,901	**6,738,981**	7,506,557
Support costs allocated to activities								
Premises and office costs	Staff time	21,808	32,712	38,164	21,808	-	**114,492**	80,835
Finance and HR staff	Staff time	17,870	268,047	53,609	17,870	-	**357,396**	401,847
Other	Staff time	6,115	91,730	18,346	6,115	-	**122,306**	132,356
Total		45,793	392,489	110,119	45,793	-	**594,194**	615,038
Total resources expended		**210,215**	**6,408,746**	**429,812**	**261,501**	**22,901**	**7,333,175**	**8,121,595**

Of the total resources expended in 2018, £7,977,529 related to unrestricted funds and £144,066 related to restricted funds.

3 Net (expenditure)/income

Net (expenditure)/income for the year is stated after charging:	2019 £	2018 £
Auditor's remuneration: Group	20,443	18,950
Depreciation of tangible fixed assets	149,645	113,402
(Profit) on sale of fixed assets	-	(1,369,534)
Rentals payable under operating leases:		
Land and buildings	92,000	80,000
Other	23,932	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 148 (2018 - 164).
The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	4,235,928	4,808,953
Social security costs	357,151	400,365
Other pension costs	277,765	257,977
FRS 102 pension adjustment (see note 6)	19,000	24,000
	4,889,844	5,491,295

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

	2019	2018
£60,001 - £70,000	4	3
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

Pension payments for the above members of staff amounted to £70,560 (2018 - £66,280). During the year the senior management team increased from 5 to 6 employees. The combined remuneration of the senior management team was £523,900 (2018: £451,357).

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 £726 (2018 - £1,201).

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	-	-	302,118	286,939	589,057
Institute training	-	-	99,000	108,000	207,000
Rental	-	-	123,600	50,000	173,600
Total	-	-	524,718	444,939	969,657
Donations to subsidiary	-	790,000	21,955	56,551	868,506
Donations from subsidiary	2,914,599	-	-	-	2,914,599
Intercompany balances					
As at 31 March 2019					
Owed to parent	21,073	-	-	-	21,073
Owed by parent	-	74,633	820,189	468,369	1,363,191

5 Related party transactions (continued)

During the year Princess Mary's Trust donated £2,914,599 to the parent company. This represented the net proceeds from the sale of Thornby. At the balance sheet date the Trust owed £21,073 to the parent charity (2018: £2,893,526 owed by 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 2016 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 2019 was estimated to be £386,000 (2018: £417,000). There are two employees who are members of this scheme. In addition there are 18 deferred pensioners and 21 pensioners.

The contributions of the charitable company during the year were 31.4% of pensionable salary plus a £30,000 lump sum (prior year: 24.4% plus £30,000) and amounted to £83,530 (2018 - £92,071). There were outstanding contributions of £8,463 due at the end of the financial year (prior year - £6,831). The employer contribution for the next financial year has been set at 31.4% of salary plus a lump sum of £30,000.

The major assumptions at 31 March 2019 as used by the actuary were:

Financial	**2019**	**2018**
Pension increases	**2.5%**	2.4%
Salary increases	**2.8%**	2.7%
Discount rate	**2.4%**	2.6%

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.

2019	**Males**	**Females**
Current pensioners	**22.5 years**	**24.6 years**
Future pensioners	**24.1 years**	**26.4 years**
2018	**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:	**2019** £	**2018** £
Equities	3,939,000	4,296,000
Bonds	1,199,000	551,000
Property	400,000	441,000
Cash	171,000	220,000
Totals	5,709,000	5,508,000

Total investment returns for the year to 31 March 2019 was 7.2% (2018: 1.7%).

6 Pensions (continued)

Net pension assets and liabilities	**2019** £	**2018** £
Estimated employer assets	5,709,000	5,508,000
Present value of scheme liabilities	(6,095,000)	(5,925,000)
Present value of unfunded liabilities	-	-
Net pension liability	(386,000)	(417,000)

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

Reconciliation of Funded liabilities	**2019** £	**2018** £
Opening position	5,925,000	6,032,000
Current service cost	72,000	87,000
Interest cost	151,000	148,000
Contributions by members	18,000	20,000
Benefits paid	(291,000)	(290,000)
Expected closing position	5,875,000	5,997,000
Remeasurements		
Changes to financial assumptions	220,000	(72,000)
Total remeasurements	220,000	(72,000)
Closing position	6,095,000	5,925,000

Reconciliation of fair value of employer assets	**2019** £	**2018** £
Opening position	5,508,000	5,590,000
Interest income	141,000	137,000
Employer contributions	84,000	94,000
Contributions by members	18,000	20,000
Benefits paid	(291,000)	(290,000)
Expected closing position	5,460,000	5,551,000
Remeasurements		
Return on assets	249,000	(43,000)
Total remeasurements	249,000	(43,000)
Closing position	5,709,000	5,508,000

Analysis of amounts credited/(charged) to the statement of financial activities	**2019** £	**2018** £
Current service costs	(72,000)	(87,000)
Interest cost	(10,000)	(148,000)
Interest income	-	137,000
Employer contributions	84,000	94,000
Net credit/ (charge) to statement of financial activities:	2,000	(4,000)
Actual Return on assets	249,000	(43,000)
Actuarial gains/(losses) arising on scheme liabilities	(220,000)	72,000
Actuarial gains/(losses) charged to the statement of Financial Activities	29,000	29,000
Decrease in FRS102 pension liability in the year	31,000	25,000

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 2016 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

The contributions of the charitable company during the year were 24.3% of pensionable salary plus a lump sum of and amounted to £28,184 (2018 -£27,164). There were outstanding contributions of £3,283 due at the end of the financial year (2018 - £2,280). The employer contribution for the year beginning 1 April 2019 has been set at 22.6% of salaries (2018 – 22.6%). There is no deficit contribution.

The major assumptions at 31 March 2018 as used by the actuary were:

Financial	**2019**	**2018**
Pension increases	**2.5%**	2.4%
Salary increases	**2.8%**	2.7%
Discount rate	**2.4%**	2.6%

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.

2019	**Males**	**Females**
Current pensioners	**22.1 years**	**24.4 years**
Future pensioners	**24.1 years**	**26.4 years**
2018	**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:	**2019** £	**2018** £
Equities	690,000	718,300
Bonds	483,000	404,900
Property	166,000	156,700
Cash	41,000	26,100
Totals	1,380,000	1,306,000

Total investment returns for the year to 31 March 2019 was 7.2%

6 Pensions (continued)

Net pension assets and liabilities	**2019** £	**2018** £
Estimated employer assets	1,380,000	1,306,000
Present value of scheme liabilities	(1,408,000)	(1,282,000)
Total value of (liability)/asset	(28,000)	24,000
Net pension asset	(28,000)	24,000

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

Reconciliation of Funded liabilities	**2019** £	**2018** £
Opening position	1,282,000	1,248,000
Current service cost	49,000	48,000
Past service	1,000	-
Interest cost	34,000	31,000
Contributions by members	11,000	11,000
Benefits paid	(37,000)	(36,000)
Expected closing position	1,340,000	1,302,000
Remeasurements		
Changes to financial assumptions	68,000	(20,000)
Total remeasurements	68,000	(20,000)
Closing position	1,408,000	1,282,000

Reconciliation of fair value of employer assets	**2019** £	**2018** £
Opening position	1,306,000	1,266,000
Interest income	34,000	32,000
Employer contributions	28,000	27,000
Contributions by members	11,000	11,000
Benefits paid	(37,000)	(36,000)
Expected closing position	1,342,000	1,300,000
Remeasurements		
Return on assets	38,000	6,000
Total remeasurements	38,000	6,000
Closing position	1,380,000	1,306,000

Analysis of amounts credited/(charged) to the statement of financial activities	**2019** £	**2018** £
Current service costs	(49,000)	(48,000)
Interest cost	(34,000)	(31,000)
Past service	(1,000)	-
Interest income	34,000	32,000
Employer contributions	28,000	27,000
Net credit to statement of financial activities:	(22,000)	(20,000)
Actual Return on assets	38,000	6,000
Actuarial (losses) arising on scheme liabilities	(68,000)	20,000
Actuarial (loss)/gain charged to the statement of Financial Activities	(30,000)	26,000
(Increase)/decrease in FRS102 pension liability in the year	(52,000)	6,000

6 Pensions (continued)

McCloud Ruling

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:

	2019	2018
	£	£
Current service cost	(121,000)	(135,000)
Past service	(1,000)	-
Interest cost	(44,000)	(179,000)
Interest income	34,000	169,000
Contributions paid	112,000	121,000
Net credit to statement of financial activities (note 2)	(20,000)	(24,000)
Remeasurements		
Return on assets	287,000	(37,000)
Actuarial liabilities	(288,000)	92,000
Actuarial (loss)/gain charged to statement of financial activities	(1,000)	55,000
(Increase)/decrease in liability in the year	**(21,000)**	**31,000**
(Deficit) in schemes at beginning of the year	**(393,000)**	**(424,000)**
(Deficit) in schemes at end of year	**(414,000)**	**(393,000)**

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 £36,205 (2018 - £62,397). There were outstanding contributions of £4,700 due at the end of the financial year (2018 - £5,525).

(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 £98,825 (2018 - £84,964). There were outstanding contributions of £31,689 due at the end of the financial year (2018 - £11,142).

7 **Tangible fixed assets**

Group	Freehold properties	Furniture and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2018	3,007,220	326,998	210,370	3,544,588
Additions	1,425,560	-	34,247	1,459,807
Disposals	-	(1,105)	-	(1,105)
At 31 March 2019	4,432,780	325,893	244,617	5,003,290
Depreciation				
At 1 April 2018	169,224	110,354	129,491	409,069
Charge for year	60,565	41,611	47,637	149,813
Disposals	-	-	-	-
At 31 March 2019	229,789	151,965	177,128	558,882
Net book value				
At 31 March 2019	**4,202,991**	**173,928**	**67,488**	**4,444,408**
At 31 March 2018	2,837,996	216,644	80,879	3,135,519

£316,373 in opening costs in Furniture and equipment has been reclassified as freehold properties as this better describes their use.

7 **Tangible fixed assets** (continued)

Company	Freehold properties £	Furniture and equipment £	Total £
Cost			
At 1 April 2018	2,334,035	93,816	2,427,851
Additions	1,122,783	-	1,122,783
Transfers	25,245	-	25,245
Disposals	-	(1,105)	(1,105)
At 31 March 2019	3,482,063	92,711	3,574,774
Depreciation			
At 1 April 2018	149,124	17,348	166,472
Charge for year	48,603	18,763	67,366
At 31 March 2019	197,727	36,111	232,838
Net book value			
At 31 March 2019	**3,284,336**	**56,600**	**3,340,936**
At 31 March 2018	2,184,911	76,468	2,261,379

£278,384 in opening costs in Furniture and equipment has been reclassified as freehold properties as this better describes their use.

8 **Fixed asset investments**

(a) **Group and Company**

	2019			2018
	Cash deposits £	Investment funds £	Total £	Total £
Balance at 1 April	414,107	3,269,214	3,683,321	1,752,150
Additions	10,607	-	10,607	2,005,860
Loss/Gain on revaluation	-	134,390	134,390	(74,689)
Market value at 31 March	**424,714**	**3,403,604**	**3,828,318**	**3,683,321**

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	3,254,450	790,000	3,599,719	-
Expenditure	3,309,534	-	3,226,200	2,921,299
Surplus/(loss) for the year	(55,084)	790,000	373,519	(2,921,299)
Reserves brought forward	869,934	(789,394)	845,244	3,508,422
Reserves carried forward	814,850	606	1,218,763	587,123

9 Unapplied total return

At both 1st April 2018 and 31st March 2019 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 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	553,639	111,809	11,416	21,026
Amounts owed by group undertakings	-	-	21,074	-
Prepayments and accrued income	60,386	65,548	60,386	65,549
Other debtors	9,976	8,727	4,177	2,927
	624,001	**186,084**	**97,053**	**89,502**

11 Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts owed to group undertakings	-	-	1,363,191	4,573,726
Trade creditors	177,867	271,021	44,838	26,927
Other creditors	160,878	106,045	48,018	41,223
Taxation and social security	105,937	103,763	30,396	27,794
Accruals and deferred income	111,427	124,093	21,441	12,924
	556,109	**604,922**	**1,507,884**	**4,682,594**

12 Creditors: amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Other	-	-	-	-
	-	**-**	**-**	**-**

13 Pension liability

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Pension costs				
Balance brought forward	393,000	424,000	-	-
Transferred from subsidiary	-	-	417,000	-
Increase/(decrease) in FRS102 pension liability during the year - see note 6(c)	21,000	(31,000)	(31,000)	-
Balance carried forward	**414,000**	**393,000**	**386,000**	**-**

At the start of the year the Surrey pension scheme liability was transferred from Childhood First (Midland) to the parent company because the subsidiary is now dormant and the active members are all employed by the parent company.

14 Restricted income funds

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

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. During the year £61,914 was spent on Fostering Development, £22,901 on Placement and family support, £37,327 on Residential care. £716,016 was applied to part fund two of the capital programmes to extend our homes. £78,738 was applied to Earthsea and £637,278 was applied to Gables.

15 Designated funds

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

	Company £	Group £
Balance at 1 April 2018	685,618	802,193
Balance at 31 March 2019	**685,618**	**802,193**

16 Endowment Funds

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

	Group £
Balance at 1 April 2018	483,947
Balance at 31 March 2019	**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:

	2019 £	2018 £
Equipment leases	35,510	53,643
Property leases	260,800	294,000
Total	**296,310**	**347,643**

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 2019 are represented by:				
Tangible fixed assets	3,960,461	-	483,947	4,444,408
Investments	3,828,318	-	-	3,828,318
Current assets	1,618,414	237,260	-	1,855,674
Current liabilities	(556,109)	-	-	(556,109)
Pension liability	(414,000)	-	-	(414,000)
Total net assets	**8,437,084**	**237,260**	**483,947**	**9,158,291**

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

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 were:

Chief Executive
Stephen Blunden

Company Secretary
Greg Whelan FCA

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 2019. 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.

iST
Institute