



The Children's Trust
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Charity registration number: 288018
Company registration number: 1757875



The Children's Trust is registered with the Fundraising Regulator, accredited by CHKS with ISO 9001 certification (for organisational and clinical management systems), inspected and rated 'Outstanding' by CareQuality Commission and rated an 'Outstanding Provider' by Ofsted Care (for residential houses). The Children's Trust School is rated a 'Good Provider' by Ofsted Education. TCT_1000 05/21.

Strategic report: Managing our organisation

The financial performance of the organisation is reviewed on p38-39. The aspects on the right, however, require further disclosure.

Going concern

A year ago, this area was critically important for the charity, as it was for the wider sector. With the loss of international income, key elements of fundraising income and potentially the long-term closure of retail shops, coupled with working capital challenges, there was much to consider. Moreover, the charity's investment portfolio was not a realistic reserve, as liquidating elements of that portfolio at the bottom of the market would not have been appropriate.

A year on, the UK has seen the successful roll-out of the vaccination programme and the nation is on course to resume something close to normality in the summer of 2021. The charity's retail units are now open and are trading successfully. Occupancy levels in rehabilitation and in the school are on target.

Some practical problems remain. While the payment of the NHS Capacity Grants of £0.45m have now been received, after some delay, legal processes remain much slower than normal: one consequence is that we still have a significant 'tail' of legacies which are due, but unpaid. The reopening of one of our residential houses has been delayed due to challenges on recruitment and if unresolved, this will begin to impact income.

The 2021/22 budget document identified three key areas of financial risk:

- The need to stabilise the levels of rehabilitation referrals, which had been volatile. At the time of writing, those numbers are stable.

- The settlement of a very high pay increase for NHS nursing staff would add a significant cost pressure, with uncertainty on whether our contracts with the NHS would be inflated to cover the increase. At the time of writing, a modest national offer has been proposed, but this is not finalised. For each additional 1% the full year cost would be £200k per annum.
- The charity needs to rebuild its private international work. With international travel due to open up in 21/2022, albeit with graded restrictions, our international work is uncertain. This is a fundamental strategic target. The net income risk on international work is circa £1m. Growth in international referrals is a fundamental element of the charity's five-year strategy.

With regards to the risks above, there are three levels of contingency in place:

- Approximately £0.7m is being carried as in-year contingencies.
- Of the £1.8m capital programme, approximately £0.8m relates to elements that can be deferred if necessary.
- The investment portfolio (£8m) is now back at a stable market valuation and as such can be utilised as a final level of contingency.

Consequently, given the strength of the balance sheet, we cannot envisage any scenarios which would compromise our ability to continue in business through to September 2022 (a period of at least 12 months from approval of these financial statements) and beyond.

Reserves

As at March 2021, reserves totalled £27.4m (2020: £27.0m), of which £2.4m (2020: £2.6m) relates to Restricted Funds and £0.7m (2020: £0.6m) relates to Endowment Funds.

Of the balance of £24.1m, £17.2m (2020: £15.8m) has been Designated to represent that element of the reserves which is represented by fixed assets and is therefore not available as working capital.

With regard to the balance of £6.9m (2020: £7.7m) of 'free reserves', the view of the Trustees is that this balance is required for two purposes:

- Firstly, as set out previously, there is still an element of financial risk being carried as the charity transitions back to its pre COVID-19 levels of activity. That is in the range £1-2m.
- Secondly, the charity is committed strategically to a new build (Project Butterfly), with capital costs estimated currently at £15m. Whilst it is intended, strategically, that construction is funded by a combination of a fundraising appeal and the charity's own capital programme, these reserves (essentially, the value of the investment portfolio) will act as the charity's funding reserve for this project.

These allocations are consistent with the basis adopted by the Trustees in March 2020. Consequently, reserves held reflect the strategic requirements of the charity.

Trading subsidiary

The subsidiary (The Children's Trust Trading Company Ltd.) re-commenced trading during the year 2020, after an interregnum of 18 years. This has been re-established because of increased business and levels of commercial activity. However, with the cancellation of virtually all public activities during the pandemic, revenues and costs were not material. The results of the trading subsidiary were not consolidated, on the grounds of immateriality.

Our organisation's governance Structure, Constitution & Objects

The Children's Trust is a charitable company not having a share capital. The charity's objects as set out in the Articles of Association describe the charity's core purpose which is:

"for the care, treatment, rehabilitation and education of children and other persons with physical disabilities, learning disabilities and complex medical needs, including life limiting or life threatening conditions and neurological damage acquired through accident or other causes; for the support of families and other carers involved; and for the prevention of such disabilities and disorders."

In addition, our objects define a further duty to: 'hold for the benefit of the public the freehold of the heritage property known as Tadworth Court, Tadworth, Surrey and its curtilage and to restore, conserve, improve and maintain such heritage property and all the buildings, walls, parks, gardens, woodlands and appurtenances within its curtilage.'

The Children's Trust Trading Company Limited is a wholly owned trading subsidiary of The Children's Trust, trading from 1 April 2020.

Board of Trustees

The Children's Trust is governed by the Board of Trustees ("the Board") who are also the charity's directors under company law. Our Trustees may

serve in total for a period of nine years with the option to stand for re-election annually thereafter, for a maximum of three further 12-month terms.

When recruiting and appointing Trustees, we look for individuals who can provide leadership and expertise across our key services and disciplines of nursing, care, education, therapy and fundraising and who can support and bring effective challenge to the senior leadership team on business strategy, finance, operations, governance, risk and regulatory compliance. Each Trustee will be assigned as a lead for a particular business area or professional discipline.

Like many charities we recognise the importance of board diversity and are committed more broadly to the principles of equity, diversity and inclusion from 'board to floor'. Aside from ensuring the Board collectively has the necessary professional skills and sector-specific experience to govern the charity effectively, we are actively reviewing our approach to recruitment to ensure that our Board and wider workforce are more representative of the beneficiaries and communities we serve.

The Board of Trustees meets six times a year, with the Chief Executive and other members of the senior leadership in attendance. Each meeting follows a core set of agenda items, allowing Trustees to hear from and challenge

management on business performance and to have oversight of governance, risk and compliance matters. In addition, a rolling forward agenda builds in strategic check-points, governance reviews, risk deep dives and operational spotlights at key points throughout the year.

All Trustees follow a dedicated induction programme and complete mandatory refresher training across key areas of risk and compliance, such as safeguarding and health and safety, annually. We set high standards of professional conduct and integrity for our Trustees and conflicts of interest are regularly reviewed by the Board.

The effectiveness of the Board has been internally assessed twice in recent years and in 2021 we plan to conduct an externally facilitated evaluation of Board performance which will provide insight and benchmarking from the wider charity sector.

Board Committees

Given the breadth of sectors we operate across, the Board delegates some of its key functions and responsibilities to a number of specialist committees as follows.

Governance

The Governance Working Group which comprises three Trustees, Director of People & Culture, Director of Education and the Company Secretary meets on a quarterly basis and sets an annual programme of work focussed on reviewing and improving compliance with the Charity Governance Code, adopted by the charity through our 'Principles of Governance'.

In 2020, the working group has reviewed and updated the charity's Articles of Association, Matters Reserved for the Board, Delegation of Financial Authority and the terms of reference for each of the Board's committees. In 2021 the working group will be looking again at Board effectiveness and undertaking a Trustee skills audit and training needs analysis. The Board has also recently reviewed the

findings and recommendations from high-profile safeguarding investigations such as the Saville and Elizabeth Dixon enquiries. These reports and recommendations will inform the work and priorities of the Governance Working Group in the forthcoming financial period.

Committees
<p>Clinical Governance & Safeguarding Committee</p> <p>This committee provides a structured, systematic oversight of the organisation's clinical governance, risk management and safeguarding policies and procedures. It holds management to account for compliance with key regulations and statutory guidance, including the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014; Care Quality Commission (Registration) Regulations 2009 and The Care Standards Act 2000 and provides assurance to the Board over the same. The committee meets at least five times per annum.</p>
<p>Educational Governance Committee</p> <p>This committee has delegated authority to act as the de facto 'governing body' of The Children's Trust School. The scope and objectives of the committee are informed by UK legislation and statutory guidance from Department for Education. The committee's role is to hold the Director of Education and senior leadership team to account for the educational performance, internal organisation and management and control of the School, including the performance management of staff. The Committee meets four times per annum.</p>
<p>Finance, Fundraising and General Purposes Committee</p> <p>The primary purpose of this committee is to support the Board in ensuring the charity manages its finances, income, human resources, estates and facilities and IT responsibly and ethically in pursuit of its charitable purposes, and that its fundraising practices are compliant, efficient and effective. The committee meets five times per annum.</p>
<p>Audit & Risk Committee</p> <p>This committee's primary purpose is to provide assurance to the Board on the adequacy of risk management, internal control and governance arrangements and that public and charitable funds are used efficiently and effectively.</p>
<p>Investments Committee</p> <p>The primary purpose of the committee is to establish and monitor the charity's investment policy.</p>
<p>Appointments Committee</p> <p>The Appointments Committee's primary purpose is to review Board composition and approve trustee, honorary officer and senior leadership team appointments.</p>
<p>Remuneration Committee</p> <p>The primary purpose of the Remuneration Committee is to determine employment and remuneration policies and to approve the annual pay review.</p>
<p>Research Governance Committee</p> <p>This committee was established to ensure that the charity undertakes good quality research to further its reputation with leading clinicians and healthcare institutions.</p>
<p>New Build Committee (Project Butterfly)</p> <p>This committee was established to govern all aspects of a major construction project at Tadworth Court. A new £15m facility will replace the existing school building and provide shared spaces for our multi-disciplinary teams, children and young people and their families to come together.</p>

Investment policy & objectives

In the final quarter of 2019/20, our portfolio lost £1.4m of its value due to impact of COVID-19. This had to be reflected as a cost in 2019/20 accounts.

With the worldwide recovery on financial markets, a gain of £1.4m was achieved in 2020/21, thereby bringing the portfolio back to its pre COVID-19

position by March 2021. The portfolio has continued to gain in value in the first quarter of 2021/22.

The yield on investment income was down significantly in absolute terms, at £149k (2019/20: £220k), reflecting the very gradual recovery in investment performance worldwide over the course of the pandemic. Given the very large

corrections in portfolio value over the period of the pandemic, % yield data is not shown this year, as being of limited value. Income levels in 2021/22 are already up 24% on the prior year levels.

Results continue to be monitored by the Investment Committee, which meets with representatives from Investec at each meeting.

Environmental, Social and Governance (ESG) impact of our investment portfolio

The current investment policy precludes any direct investment in tobacco companies and other companies that may harm or exploit children or young people.

As part of our responsible organisation work, we report on the Environmental, Social and Governance (ESG) impact of our investment portfolio in the annual report and accounts.

The ESG performance of our investment portfolio is measured and benchmarked by two separate third party analytics solutions providers (Sustainalytics and Institutional Shareholder Services) that

give us a score against sustainability factors and alignment with the UN Sustainable Development Goals.

Our direct investments scored an average of +1.7, when scored against the UN Sustainable Development Goals with a range of +10 to -10. The MSCI UK IMI index benchmark is +1.1.

Sustainalytics measured our average score as 23.1 (range is 0-100 with low scores good and high scores bad). The MSCI UK index average score is 23.3. In conclusion our investment portfolio ESG scores are better than the average and benchmark scores for UK wide investments. In the next year we will continue to review how we approach and report on responsible investments.

Key risks and handling strategies

The senior leadership team and board formally review and assess the principal risks to the charity's strategic and objectives bi-annually. At the end of the financial year 2020-21 the principal risks were identified as below.

Principal Risk	Mitigation
COVID-19 COVID-19 continues to pose a direct and immediate threat to the health and well-being of our clinically extremely vulnerable children and young people and our staff, and to our ability to continue with business as usual.	We have continued to operate a COVID-secure site, with stringent infection prevention and control measures and regular testing of staff and beneficiaries, throughout the pandemic. We have also had a high uptake of the COVID-19 vaccines amongst staff. These measures have ensured and continue to ensure the safety and wellbeing of our vulnerable children and young people and colleagues.
Health & Safety The health and safety of the children and young people we care for, staff, volunteers, visitors, contractors and anyone who may be affected by our undertaking, are paramount. Failure to put in place appropriate policies, procedures and training could put our beneficiaries, colleagues, supporters or others at risk and result in regulatory enforcement action, litigation and prosecution.	We have a robust health and safety management system in place comprising policies, procedures, mandatory training, risk assessments, KPIs and incident management and reporting, all of which help manage this risk to an acceptable level.
Financial Sustainability A failure to generate operating surpluses in our core business or the loss of or scaling back of key contracts could create financial instability and uncertainty. Furthermore a failure to grow new business (private and international) and/or a decline in voluntary income could adversely affect our ability to deliver our strategic objectives.	Business performance against budget is closely monitored by the senior leadership team and reported regularly to the Board. At The Children's Trust School, residential occupancy has increased by 30% over the last three years and referrals to our brain injury rehabilitation service are now strengthening after a volatile year during the COVID-19 pandemic.
Strategic Projects Our strategy for 2020-25 aims to help the charity reach and support more children, young people and their families and deliver improved outcomes. In doing so we will demonstrate to our funders that we are trusted, offer value for money, are an essential partner and service provider.	The execution of our strategic projects and initiatives is closely monitored on a monthly basis by the senior leadership team with regular updates reported to the Board. We are also developing a suite of KPIs to measure benefits realisation as strategic initiatives are delivered.

Principal Risk	Mitigation
<p>People</p> <p>Our people are instrumental to achieving our strategy and objectives and to delivering the high standards of health, care and education we aspire to for the children, young people and families we support. A failure to attract, retain and develop colleagues with the right skills and experience, or to establish the right culture values and standards of behaviour that we expect, could impact the quality and delivery of our services and achievement of our objectives.</p>	<p>Our staff handbook, corporate policies and procedures, mandatory training and comprehensive induction programme ensure that our culture, values and expected standards of conduct are clearly articulated to all new joiners.</p> <p>On staffing, management has processes in place to monitor critical staffing levels (such as nurses) and to promptly identify gaps against forecast requirements.</p> <p>On physical and mental health and wellbeing, we have an on-site occupational health service operated by Epsom and St Helier Hospital, as well as comprehensive range of other wellbeing resources and initiatives accessible to staff and volunteers.</p>
<p>Information Technology</p> <p>During the year we continued the roll-out of our new cloud-based IT systems following a number of years of under-investment in our IT infrastructure.</p> <p>This change in our IT operating model brings about significant operational benefits but also introduces key supplier dependency risks which, unless managed effectively, could lead to significant business interruption.</p>	<p>The outsourced hosting arrangements provide for a high level of operational resilience and business continuity and management meets regularly with senior supplier representatives to ensure operational performance continues to meet expectations.</p>
<p>Quality and compliance</p> <p>Including health and care, education and fundraising. Delivering a high quality and safe service is our primary objective. A failure to comply with regulatory requirements could compromise the health and safety of our children and young people and colleagues and/or lead to significant fines and negative publicity.</p>	<p>We have robust policies, procedures and controls in place to ensure compliance with applicable regulations and have recently been re-accredited to CHKS healthcare and ISO9001 quality standards. Following a dual inspection in April 2020, The Children's Trust maintained its 'Outstanding' rating with CQC and Ofsted Care. Our last inspection from Ofsted Education in May 2017 rated our school 'Good' with outstanding effectiveness of leadership and management.</p>
<p>Safeguarding</p> <p>The Children's Trust supports some of the most vulnerable children and young people in our society. A failure in our internal control system or governance arrangements to prevent or adequately respond to safeguarding incidents and near misses could put our children and young people at risk of harm and adversely impact our CQC and Ofsted Care ratings.</p>	<p>Safeguarding is one of the charity's top priorities and Trustees dedicate significant time and attention to checking and challenging the effectiveness of governance arrangements and systems of risk management and control in this area. Our rigorous recruitment procedures, policies, staff training and open and transparent culture help us reduce the likelihood of a safeguarding incident taking place and ensure that risks and issues are identified and addressed at the earliest possible opportunity.</p>

2020/21	2019/20	2018/19	2017/18
Subject access requests: 24	45	53	26
Safeguarding incidents: 19	46	19	17
Complaints (Children/ families, business operations): 14	25	25	23

Best practice and compliance

The Children's Trust Financial Statements for 2021 and the 2020 comparative figures are constructed in line with best practice. Compliance with best practice extends to the need to address the 'public benefit' provided by the charity, in line with Charity Commission guidelines.

The Financial Statements comply with the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Auditor

Our external auditor RSM UK Audit LLP has indicated its willingness to continue in office. In so far as the Trustees are aware:

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

This Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 10 September 2021 and signed on behalf of the Trustees by:

Duncan Ingram
(Chair of Trustees)

Date: 10 September 2021



Annual Report KPIs 2020/21	31/03/21	31/03/20
Year end trade debtors (£'000)	1,136	4,267
Turnover (£'000)	28,468	25,667
Year end debtors (days)	15	61
Year end creditors (days)	13	18
Inventory (months)	0.60	0.57
(total non-pay actual less insurance and depreciation over inventory)		
% Completion of capital programme	102%	95%
Agency spend (£'000)	87	26
% of payroll	1.10%	0.44%
Bank spend (£'000)	214	169
% of payroll	2.76%	2.87%
Fundraising margin (%)	37%	33%
Retail margin (%)	-13%	82%
Corporate fixed costs (%)	23%	22%
(as defined at budget setting and excluding depreciation) as % of income		
Average yield on investments (%)	25%	-13%
(dividend income plus change in portfolio value over average amount invested over the year)		

Statement of Trustees' responsibilities

The Trustees (who are also directors of The Children's Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Trustees are responsible for keeping adequate accounting records that 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual statement of internal controls

The Charity Commission's guidance on 'Internal financial controls for charities' states that 'trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls'. The Board of Trustees retains ultimate responsibility for the charity's system of risk management and internal control in its widest sense.

System of internal control

The table below sets out the key components of the internal control system¹ which have been in place during the course of the financial year ended 31st March 2021.

Significant Control Failures

Management does not consider there to have been any significant control failures during the period although the following

statutory notifications were made to regulators which require disclosure in the annual report and accounts.

A serious incident was reported to the Charity Commission as a precaution following a whistleblowing report to Care Quality Commission (CQC) during the time of their statutory inspection in 2020. The investigation, which was completed over a period of months, concluded that the whistleblower's allegations were not upheld. A number of recommendations were made as a result of the investigation which are now being implemented. No further action was required by CQC and the incident was closed.

A personal data breach was notified to the ICO in July 2020 after a phishing

attack led to the personal data of a limited number of staff and other individuals, held in Outlook, becoming compromised. The data breach investigation resulted in a number of actions being agreed to strengthen controls against phishing attacks, most importantly, the roll-out of multi-factor authentication for all staff which has been completed. The Information Commissioner's Office (ICO) advised that they would not be taking any action against the charity and the incident was closed.

Conclusion

In the basis of this assessment, the Audit and Risk Committee has concluded that the system of internal control and risk management is designed effectively and fit for purpose.

Control environment	Risk assessment	Information and communications	Control activities	Monitoring
<ul style="list-style-type: none"> Robust governance arrangements including formal sub-committees of the board of trustees each with its own terms of reference. Clear organisational structure, management accountability and business objectives. Delegated authorities. Formal organisational policies and procedures. Oversight of business performance and monitoring of KPIs. Performance management procedures. 	<ul style="list-style-type: none"> Board of Trustees responsible for defining risk appetite and approving the charity's risk management policy and procedure. Reassessment twice a year of corporate risks alongside strategic review. Ongoing risk assessment as part of business as usual across all areas. Risk assessment integral to all corporate projects. 	<ul style="list-style-type: none"> Financial reporting including key judgements. Updates on strategy and business performance. Results of internal and external audit. Risk reporting. Compliance reporting. Whistleblowing. 	<ul style="list-style-type: none"> Designed, implemented and monitored by management. Financial controls to prevent fraud, inefficient use of charity assets or financial misstatement. Internal and external legal support to minimise contract risk. Delegation of financial authority policy and formal capex approval process. 	<ul style="list-style-type: none"> Monitoring and assurance via dedicated control functions and committees, e.g. Clinical and Educational Governance, Quality and Compliance. Information Governance, Health & Safety and Governance Working Group. Reporting of incidents, lessons learned sessions, root cause analysis and control deficiencies via relevant Board sub-committee. Independent internal and external audit and assurance.

Independent auditor's report to the members of The Children's Trust For the year ended 31 March 2021

Opinion

We have audited the financial statements of The Children's Trust (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, 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 charitable company in accordance with the ethical requirements that are 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 relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

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misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report and the Strategic Report included within 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page X, 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 determine 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 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 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

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.

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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.

The extent to which the audit was considered capable of detecting irregularities, including fraud. Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are Safeguarding Vulnerable Groups Act 2006, Keeping Children Safe in Education 2019, the Code of Fundraising Practice, the Children and Families Act

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2014, the UK General Data Protection Regulations, the Care Act 2014 and the Care Quality Commission regulations. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

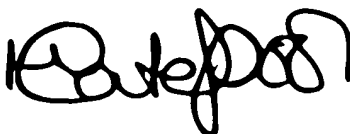
The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council'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.



Hannah Catchpool
(Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date: 10 September 2021

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted General Funds	Restricted Funds	Endowment Funds	2021 Total Funds	2020 Total Funds
Income and endowments from:						
Charitable activities	2	19,008	-	-	19,008	18,296
Donations and legacies	3	3,252	550	-	3,802	3,984
Government grants	3a	358	3,029	-	3,387	165
Other trading activities						
– Events		132	-	-	132	542
– Charity shops		1,319	-	-	1,319	1,826
– Lottery		167	-	-	167	148
	4	1,618	-	-	1,618	2,516
Investment income	5	148	-	23	171	230
Other income	6	482	-	-	482	486
Total income		24,866	3,579	23	28,468	25,677
Expenditure on:						
Raising funds						
– Costs of donations and legacies		1,811	-	-	1,811	1,730
– Investment in future income		195	-	-	195	56
– Events		252	-	-	252	503
– Charity shops		1,885	-	-	1,885	2,021
– Lottery		141	-	-	141	144
	8	4,284	-	-	4,284	4,454
Charitable activities	7	21,822	3,318	-	25,140	21,917
Total expenditure	8	26,106	3,318		29,424	26,371
Net (expenditure) before gains (losses)		(1,240)	261	23	(956)	(694)
Net unrealised (loss)/gain on investments	15	1,293	-	82	1,375	(819)
Net (expenditure)/income		53	261	105	419	(1,513)
Transfers	21	488	(488)			
Net movement in funds		541	(227)	105	419	(1,513)
Reconciliation of funds:						
Total funds brought forward		23,656	2,671	675	27,002	28,515
Total funds carried forward		24,197	2,444	780	27,421	27,002

The statement of financial activities includes all gains and losses recognised in the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

As at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible fixed assets	14a	1,794		1,496	
Tangible fixed assets	14	15,442		14,371	
Tadworth Court	14	1,466		1,519	
			18,702		17,386
Investments	15		7,986		6,370
			26,688		23,756
Current assets					
Stocks		195		183	
Debtors	16	3,081		5,481	
Cash at bank and in hand		773		282	
		4,049		5,946	
Current liabilities					
Creditors: amounts falling due within one year	17	(3,316)		(2,700)	
Net current assets			733		3,246
Net assets			27,421		27,002
The funds of the Charity					
Unrestricted funds			6,966		7,789
General funds			17,231		15,867
Designated			24,197		23,656
Restricted funds			2,444		2,671
Endowment funds			780		675
Total funds			27,421		27,002

The financial statements were approved by the Trustees and authorised for issue on 10 September 2021

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Number: 1757875



Duncan Ingram
Chair of Trustees



Fiona Sheridan
Chair of Fundraising, Finance and General Purposes

Cash flow statement

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net expenditure for the reporting period before gains/(losses)		419	(1,513)
Adjustments for:			
Interest and investment income		(171)	(214)
Depreciation	14	1,712	1,429
(Gain)/loss in investment in market value	15	(1,375)	819
Increase in stocks		(12)	(21)
Decrease/(Increase) in debtors		2,400	(994)
Increase in creditors		616	634
Net cash used in operating activities		3,589	140
Cash flows from investing activities			
Investment income received		171	220
Investment income reinvested	15	(171)	(220)
Capital expenditure	14	(3,028)	(3,009)
Sale of investments	15	(500)	544
Purchase of investments	15	430	-
Net cash (used in)/provided by investing activities		(3,098)	(2,465)
Change in cash and cash equivalents in the reporting period		491	(2,325)
Cash and cash equivalents at the beginning of the year		282	2,607
Cash and cash equivalents at the end of the year		773	282
		2021 £'000	2020 £'000
Analysis of cash and cash equivalents			
Cash at bank and in hand		773	282
Total cash and cash equivalents		773	282

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements For the year ended 31 March 2021

1. Accounting policies

1.1 Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102. The Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP effective 1 January 2019) and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds.

The Charity meets the definition of a public benefit entity.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2 Preparation of the accounts on a going concern basis

In March 2020, the Board approved a five year strategy for the charity, with an operating surplus of £0.4m in 2020/21, rising to £1.5m in 2021/22 and remaining at that level. The strategy was configured primarily to facilitate a significant capital asset rebuild of approximately £15m. The funding was to come from a new fundraising appeal, with £6m generated from internal retained surpluses. The charity's investment portfolio (currently valued at £8.0m) would underpin the financial risk. No commitments have been made yet and it can be postponed if not achieved.

The view of the Board is that the charity – with one key caveat – will be able to return to previous levels of activity from approximately October 2021, enabling a break-even financial performance in the 20221/22 year.

The charity targeted growth in international income as a key strand of growth within the original strategy, reflecting real progress in the period 2018-2020. The Board has set an objective to rebuild referrals to pre-pandemic levels by the end of 2021. This will require an easing of restrictions

in international travel to the UK, a rebuilding of private workload in paediatric neurosurgery in the major London hospitals and a re-establishment of the referral arrangements from those hospitals to this charity. This is the primary business objective for the charity in 2021/22.

Most of the financial risk for 2021/22 has been covered through in-year reserves, but failure to rebuild international work at a strategic level would necessitate a review of the strategy and the potential deferral of the new build. If such a state of transition were to arise, the charity would look to its investment portfolio of £8m to provide support.

Based on this, the Trustees consider that adequate resources exist to continue in operational existence for the short to medium term and that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.3 Income

All income is accounted for in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Collections made by third parties on behalf of the charity are accounted for when received.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacy income, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors that a distribution will be made. Receipt of a legacy is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Funds received for capital projects are accounted for as restricted income. The treatment of the assets provided depends upon the restrictions imposed by the grant and if the fixed asset acquisition discharges the restriction then the asset will be held in unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund.

Donated professional services and donated facilities are recognised as income when the charity has control over the item.

Notes to the financial statements

For the year ended 31 March 2021

On receipt, donated services/goods are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services of equivalent economic benefit on the open market.

1.4 Expenditure

Expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Costs of raising funds include the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Support costs, including governance costs, are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Where support costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. The basis of allocation has been explained in note 9 to the accounts.

Any irrecoverable VAT is included as part of the cost to which it relates. The amount incurred in the year is disclosed in note 11.

1.5 Fund accounting

General unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of the charity.

Designated funds are set aside by the Trustees out of unrestricted general funds for specific future purposes.

Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal.

Endowment funds are funds where the assets must be held by the charity, principally in the form of investments.

Income from endowments is included in income, either restricted or unrestricted, in accordance with the terms of the endowment.

Any capital gains or losses arising on the investments are allocated to the related fund. Further explanation of the nature and purpose of each fund is included in note 21.

1.6 Fixed assets

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost. Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives as follows:

Freehold land	Not depreciated
Freehold and leasehold property	4%, 10% and 20%
Tadworth Court	2%
Plant and office expenditure and equipment	10%-20%
Residential houses furniture and equipment	20%
Computer equipment	33%
Motor vehicles	20%
Motor vehicles – vans	14%
Motor vehicles – minibuses	13%

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or changes in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

Assets in the course of construction are carried at cost less any identified impairment loss. Depreciation commences when the properties are ready for their intended use.

Intangible fixed assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of intangible fixed assets by equal annual instalments over the expected useful lives as follows:

Computer software	33%
Computer software – major systems	17%

1.7 Tadworth Court

This balance represents the freehold of Tadworth Court, it houses our pharmacy, catering, meeting and administrative facilities. The asset is stated at cost and is depreciated over 50 years. The Trustees ensure that the building is carefully maintained and is fit for purpose. Any significant expenditure which is required to preserve or prevent deterioration is capitalised when it is incurred.

Notes to the financial statements

For the year ended 31 March 2021

1.8 Investments

Quoted investments are included at market value (bid/selling price). Investments in subsidiaries are stated at cost. Realised and unrealised gains and losses are shown in the appropriate section of the SOFA.

1.9 Stock

Stock is stated at the lower of cost and net realisable value; stocks are not normally held for resale.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1.11 Pension costs

Certain of the charity's clinical and teaching staff are members of the NHS Pension Scheme or Teachers' Pension Scheme respectively, both of which are defined benefit schemes. The schemes are not designed to be run in a way that would enable individual employer bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as if they are a defined contribution scheme: the cost of participating in the schemes is taken as being equal to the contributions payable to the scheme for the accounting period.

Other staff are able to join the charity's defined contribution pension scheme. The employer contributions are included within resources expended and represent the amount of contribution payable to the schemes in respect of the accounting period.

1.12 Operating lease payments

Total payments under operating leases are charged to the SOFA on a straight line basis over the lease term.

1.13 Consolidation

The financial statements include the results of the charity only on the basis that the results of The Children's Trust Trading Company Limited are immaterial to the charity. Accordingly, consolidated statement of financial activities and balance sheet has not been prepared for the year.

1.14 Critical accounting estimates and areas of judgement

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. No material estimates were required.

1.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.16 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

1.17 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments, deferred income, social security and other taxation liabilities, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 16 and 17 for the debtor and creditor notes.

1.18 Employee benefits

The cost of short-term benefits, such as accrued holiday are recognised as a liability and an expense.

1.19 Significant events

The significant event for the charity was the WHO designation of COVID-19 as a global pandemic, which occurred in the final quarter of the 2020 financial year.

For the UK, the conclusion of the vaccination programme for at-risk groups, together with the end of social distancing regulations in July, mean that the country can begin the process of economic recovery. As stated in 1.2, the Trustees believe that the charity should be capable of returning to pre-pandemic levels of activity from October 2021.

Notes to the financial statements

For the year ended 31 March 2021

2. Charitable activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Care and rehabilitation services	10,261	-	10,261	10,793	-	10,793
The Children's Trust School	8,720	-	8,720	7,447	-	7,447
Community services	27	-	27	56	-	56
Total charitable activities	19,008	-	19,008	18,296	0	18,296

3. Donations and legacies

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Donations and covenants	2,524	550	3,074	2,462	945	3,407
Legacies	728	-	728	577	-	577
Total donations and legacies	3,252	550	3,802	3,039	945	3,984

Included in donations is a grant of £248,069 (2020: £165,379) received from NHS England for palliative care. Substantial support was received from Constable Educational Trust and The Wellcome Trust, plus funding from the Community Foundation for Surrey to support our increased cleaning and PPE costs as a result of the coronavirus pandemic.

3a. Income from Government grants

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
NHS England Palliative Care	-	248	248	-	165	165
NHSE Capacity Grant	-	2,781	2,781	-	-	-
UK Government Furlough Scheme	358	-	358	-	-	-
Total Government grants	358	3,029	3,387	0	165	165

Charity shop gift aid is included in donations.

4. Other trading activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Events	132	-	132	542	-	542
Charity shops	1,319	-	1,319	1,826	-	1,826
Lottery	167	-	167	148	-	148
Total other trading activities	1,618	-	1,618	2,516	0	2,516

Included in charity shops is £590k of emergency funding from local authorities during the pandemic period.

Notes to the financial statements

For the year ended 31 March 2021

5. Investment income

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Dividends and interest: UK	107	13	120	143	25	169
Dividends and interest: foreign	41	9	50	44	8	51
Bank interest	-	1	1	10	-	10
Total investment income	148	23	171	197	33	230

6. Other income

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted as restated £'000	Restricted £'000	2020 Total as restated £'000
Lettings – both staff and parents	131	-	131	124	-	992
Catering	65	-	65	129	-	1,032
Nursery	106	-	106	113	-	904
Other	180	-	180	120	-	960
Total other income	482	-	482	486	0	3,402

7. Expenditure on charitable activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted as restated £'000	Restricted £'000	2020 Total as restated £'000
Charitable activities	21,822	3,318	25,140	21,209	708	21,917
Total expenditure	21,822	3,318	25,140	21,209	708	21,917

Notes to the financial statements

For the year ended 31 March 2021

8. Expenditure on:

	Direct costs £'000	Support costs £'000 (Note 9)	Governance costs £'000 (Note 9a)	2021 Total £'000
Charitable activities				
Care and rehabilitation services	9,009	4,132	206	13,347
The Children's Trust School	7,365	3,380	168	10,913
Community services	594	273	13	880
	16,968	7,785	387	25,140
Raising funds	1,224	559	28	1,811
Costs of generating donations and legacies	132	60	3	195
Investment in future income	170	78	4	252
Events	1,331	528	26	1,885
Charity shops	96	43	2	141
Lottery	2,953	1,268	63	4,284
Total expenditure	19,921	9,053	450	29,424

	Direct costs £'000	Support costs £'000	Governance costs £'000	2020 Total £'000
Charitable activities				
Care and rehabilitation services	8,522	3,632	176	12,330
The Children's Trust School	6,057	2,608	124	8,789
Community services	553	234	11	798
	15,132	6,474	311	21,917
Raising funds				
Costs of generating donations and legacies	1,124	583	23	1,730
Investment in future income	56	-	-	56
Events	326	169	8	503
Charity shops	1,494	497	30	2,021
Lottery	93	48	3	144
	3,093	1,297	64	4,454
Total expenditure	18,225	7,771	375	26,371

Expenditure on raising funds is unrestricted in both years.

Notes to the financial statements

For the year ended 31 March 2021

9. Allocation of support costs

	Care and rehabilitation services £'000	School £'000	Fundraising £'000	Retail £'000	Community £'000	2021 Total £'000
Marketing	107	88	19	16	7	237
Communications	217	177	39	32	14	479
Facilities	1,056	865	189	157	70	2,337
Human resources	639	523	114	95	42	1,413
Finance	385	313	69	57	25	849
IT	323	265	58	48	21	715
Chief Executive's Office	85	70	15	13	6	189
Strategy Team	208	171	37	31	14	461
Risk (insurance)	90	73	16	13	6	198
Depreciation: Tadworth	580	472	104	-	38	1,194
Depreciation: Other	233	192	42	35	16	518
Provisions	209	171	38	31	14	463
Total support costs allocated (note 8)	4,132	3,380	740	528	273	9,053

	Care and rehabilitation services £'000	School £'000	Fundraising £'000	Retail £'000	Community £'000	2020 Total £'000
Marketing	133	93	26	22	8	282
Communications	213	150	41	36	14	454
Facilities	1,190	835	230	202	76	2,533
Human resources	611	429	117	103	39	1,299
Finance	309	273	155	66	25	828
IT	262	184	51	44	17	558
Chief Executive's Office	88	62	17	14	6	187
Strategy Team	-	-	-	-	-	-
Depreciation: Tadworth	665	469	131	-	39	1,304
Depreciation: Other	59	41	11	10	4	125
Historic water bill	102	72	21	-	6	201
Total support costs allocated (note 8)	3,632	2,608	800	497	234	7,771

Basis of allocation

Support costs are recharged relative to the proportions of direct costs.

Risk and governance costs relate to insurance (included in Finance in 2020); all other Risk and Governance costs are shown in Note 9a.

Provisions comprise: Dilapidations (£51k), Impairment (£62k), Debt provision (£132k), Other (£218k).

Notes to the financial statements

For the year ended 31 March 2021

9a. Allocation of governance costs

	2021 £'000	2020 £'000
Risk and governance	418	344
External audit	32	31
Total	450	375

10. Net income/(expenditure) for the year

	2021 £'000	2020 £'000
This is stated after charging:		
Depreciation	1,712	1,429
Impairment	62	
Payments under operating leases:		
• Retail properties	363	459
• Equipment	8	36
Auditor remuneration:		
• Audit of the financial statements	32	31
• Other audit services	3	1
• Tax advisory	-	3

11. Gift Aid

For the year ended 31 March 2021, the charity received Gift Aid payments of £267k (2020: £346k). Against this, the charity sustained irrecoverable VAT of £1,066k (2020: £858k).

Notes to the financial statements

For the year ended 31 March 2021

12. Staff remuneration and pensions

	2021 £'000	2020 £'000
Salaries	18,405	15,826
Social security costs	1,735	1,513
Pension costs	1,301	1,121
Temporary staff costs	104	398
Agency staff costs	817	1,179
	22,362	20,037

The year end head count was 713 staff (2020: 647 staff). This figure includes permanent, fixed term and active bank workers.

12a. Average monthly number of full-time employees during the year

	2021 FTEs	2020 FTEs
Charitable activities	370	348
Fundraising	30	29
Charity shops	30	30
Support	96	81
Governance	6	7
	532	495

Key management personnel include the Trustees, Chief Executive (and senior staff reporting directly to the Chief Executive). The total employee benefits of the charity's key management personnel were £1,046k (2020: £923k). (Trustees = £nil). This comprises gross pay, employer pension contributions and Employer's National Insurance.

The number of employees whose emoluments fell within the following ranges are set out below. The number of current employees earning over £60,000 has been split between clinical and executive staff. The Chief Executive's emoluments fall into the £120,001-£130,000 band.

	2021 clinical	2020 clinical	2021 executive	2020 executive	2021 total	2020 total
£60,001-£70,000	2	2	8	2	10	4
£70,001-£80,000	3	-	2	-	5	-
£80,001-£90,000	-	1	2	2	2	3
£90,001-£100,000	1	-	-	1	1	1
£100,001-£110,000	-	-	1	-	1	-
£110,001-£120,000	-	-	-	1	-	1
£120,001-£130,000	-	-	1	-	1	-
£170,001-£180,000	1	-	-	-	1	-
£190,001-£200,000	-	1	-	-	-	1
	7	4	14	6	21	10

During the year the charity made payments to 11 staff (2020: 9 staff) in respect of redundancy and termination totalling £70k (2020: £71k).

No amounts are included in creditors at the balance sheet date (2020: £nil).

Notes to the financial statements

For the year ended 31 March 2021

Pensions

The charity has contributed to both defined benefit and defined contribution schemes during the year. Defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 28 ('Employee Benefits'). The total cost to the charity for the year ended 31 March in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate, is as follows:

	2021 £'000	2020 £'000	2021 Number	2020 Number
TCT Group Pension Plan	1,095	748	522	480
Teachers' Pension Scheme	91	70	11	8
NHS Pension Scheme	348	303	70	66

The Children's Trust Group Pension Plan

The charity's Group Pension Plan is a defined contribution scheme, administered by Legal & General Assurance, as personal pension plans for the benefit of employees. The scheme is also used to comply with auto-enrolment requirements, which came into effect from 1 November 2013.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to Access.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published on 5 March 2019. The key results elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including 0.8% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to TPS in the year amounted to £91k (2020: £62k).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

There were no outstanding teacher's pension contributions at year end for either year.

National Health Service Pension Scheme

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which the charity participates. The Charity is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a 'Directed Employer' (an employer that can continue to have non NHS employed staff as members of the NHS pension scheme).

The cost represents the contributions advised by the NHS Pensions Agency. The charity is not liable for past service costs beyond these contributions. Contributions remained at 14.3% in 2021 and in 2020.

Notes to the financial statements

For the year ended 31 March 2021

13. Trustee emoluments and reimbursed expenses

Trustees should be encouraged to claim expenses to avoid this being a barrier to new Trustees. If Trustees don't wish to claim expenses, then they can make a donation of a similar amount. Gift Aid can then be claimed on such a donation.

The charity purchased insurance costing £4,480 (2020: £3,302) included in support costs to protect it from loss arising from neglect or default of the Trustees and to indemnify the Trustees against the consequences of neglect or default on their part.

14. Fixed assets

	Tadworth Court £'000	Freehold land £'000	Freehold & leasehold buildings £'000	Plant, furniture & equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost							
At 1 April 2020	2,697	750	23,138	3,969	431	1,111	32,096
Additions	-	-	35	671	2	1,778	2,486
Transfers	-	-	1,170	182	-	-1,352	-
At 31 March 2021	2,697	750	24,343	4,822	433	1,537	34,582
Depreciation							
At 1 April 2020	1,178	-	11,603	3,196	229	-	16,206
Charge for the year	53	-	907	440	68	-	1,468
At 31 March 2021	1,231	-	12,510	3,636	297	-	17,674
Net book value at 31 March 2021	1,466	750	11,833	1,186	136	1,537	16,908
Net book value at 31 March 2020	1,519	750	11,535	773	202	1,111	15,890

Tadworth Court is a Grade 1 listed mansion building. It houses our pharmacy, catering, meeting and administrative facilities.

Parts of the building and grounds are open to the public on several days in the year.

Department of Health grants in respect of the Grade 1 listed building are secured by way of a legal charge over the freehold property. (See Note 21 in respect of restricted funds).

14a. Intangible fixed assets

	Computer software £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2020	1,696	284	1,980
Additions	157	385	542
Transfers	255	255	-
	2,108	414	2,522
Amortisation			
At 1 April 2020	484	-	484
Charge for the year	244	-	244
	728	-	728
Net book value at 31 March 2021	1,380	414	1,794
Net book value at 31 March 2020	1,212	284	1,496

Notes to the financial statements

For the year ended 31 March 2021

15. Investments

	2021 £'000	2020 £'000
Market value at 1 April 2020	6,370	7,519
Cash transferred	100	(544)
Increase/(decrease) in market value	1,375	(819)
Investec Wealth and Investment dividends re-invested	171	220
Fees/charges	(30)	(6)
Market value at 31 March 2021	7,986	6,370
Historical cost as at 31 March 2021	6,175	6,275

	2021 £'000	2020 £'000
Fixed investments	1,186	986
Listed equities	5,864	4,567
Property	374	399
Alternatives	442	273
Cash	120	145
Total	7,986	6,370

£75,000 received originally from the Victoria Convalescent Fund is currently invested through Investec. The market value at 31 March 2021 was £72k (2020: £63k).

At 31 March 2021 the charity held 100% of the issued share capital of The Children's Trust Trading Company Limited, an unquoted investment, the cost of which is £2 (2020: £2). The registered office of the subsidiary is Tadworth Court, Tadworth, Surrey, KT20 5RU.

16. Debtors

	2021 £'000	2020 £'000
Trade debtors	1,136	4,267
Accrued income/other debtors	1,249	953
Intercompany debtors	31	-
Prepayments	665	261
	3,081	5,481

Notes to the financial statements

For the year ended 31 March 2021

17. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,032	1,268
Accruals	537	616
Other creditors	32	48
Intercompany creditors	-	-
Deferred income	675	380
Social security and other taxation	1,040	388
	3,316	2,700

Analysis of deferred income

Income is deferred where it relates to future events or services for which monies had been received prior to the year end. During the year £380k was released to income and £675k was deferred.

18. Financial and capital commitments and contingent liabilities

At 31 March 2021 the Trust had total commitments under non cancellable leases/agreements as follows:

	2021 £'000	2020 £'000
Leasehold buildings – up to 1 year	290	277
Leasehold buildings – between 1 and 5 years	480	539
Leasehold buildings – more than 5 years	58	200
Other – up to 1 year	-	14
	828	1,030

At 31 March 2021, capital commitments authorised and contracted for (net of payments to date on account) amounted to £115k (2020: £127k). No other capital expenditure was authorised but not contracted for (2020: Nil).

Notes to the financial statements

For the year ended 31 March 2021

19. Government grants

	2021 £'000	2020 £'000
NHS England Children's Palliative Care grant	248	165
NHSE Capacity Grant	2,781	-
UK Government Furlough Scheme	358	-
Devolved capital grant	-	22
Department For Education grant	-	17

There are no unfulfilled conditions which would require the repayments of any grants.

20. Related party transactions

During the year, management fees of £23k (2020: £nil) and other costs of £10k (2020: £nil) were charged to the charity's subsidiary. At the balance sheet date, £33k (2020: £nil) was owed from the subsidiary.

21. Capital and reserves

	At 1 April 2020 £'000	Income £'000	Expenditure £'000	Gains/(losses) £'000	Transfers £'000	At 31 March 2021 £'000
a(i) Movement on funds						
Unrestricted general funds:						
Undesignated	7,789	24,866	(26,106)	1,293	(876)	6,966
	7,789	24,866	(26,106)	1,293	(876)	6,966
Designated funds:						
Tangible fixed assets reserve	15,867	-	-	-	1,364	17,231
	15,867	-	-	-	1,364	17,231
Total unrestricted	23,656	24,866	(26,106)	1,293	488	24,197
Restricted funds:						
Development and operational	834	3,579	(3,318)	-	(436)	659
Grants	318	-	-	-	-	318
Department of Health grant	1,519	-	-	-	(52)	1,467
	2,671	3,579	(3,318)	-	(488)	2,444
Endowment funds:						
Gardiner Fund	612	21	-	75	-	708
Victoria Convalescent Fund	63	2	-	7	-	72
	675	23	-	82	-	780
Total funds	27,002	28,468	(29,424)	1,375	-	27,421

Notes to the financial statements

For the year ended 31 March 2021

a(ii) Movement on funds	At 1 April 2019 £'000	Income £'000	Expenditure £'000	Gains/(losses) £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted general funds:						
Undesignated funds:						
Undesignated	10,850	24,534	(25,663)	(674)	(1,258)	7,789
Investment revaluation	61	-	-	-	(61)	-
	10,911	24,534	(25,663)	(674)	(1,319)	7,789
Designated funds:						
Tangible fixed assets reserve	14,234	-	-	-	1,633	15,867
	14,234	-	-	-	1,633	15,867
Restricted funds:						
Development and operational	660	1,110	(708)	-	(228)	834
Grants	318	-	-	-	-	318
Department of Health grant	1,572	-	-	-	(53)	1,519
	2,550	1,110	(708)	-	(281)	2,671
Endowment funds:						
Gardiner Fund	747	30	-	(132)	(33)	612
Victoria Convalescent Fund	73	3	-	(13)	-	63
	820	33	-	(145)	(33)	675
Total funds	28,515	25,677	(26,371)	(819)	-	27,002

Designated funds

The fixed asset reserve, together with the Department of Health (DoH) restricted fund represents the charity's investment in fixed assets.

Restricted funds

These are set out subsequently.

Endowment funds

The Gardiner Fund is an endowed special trust, established as an appeal fund in 1983.

The Victoria Convalescent Fund is a permanent endowment and represents a gift of capital to the charity, the income from which is restricted and is used to fund care for children for whom no statutory funding is available.

Transfers between the funds related to capital expenditure and depreciation recharged from the unrestricted funds.

Notes to the financial statements

For the year ended 31 March 2021

b(i) Analysis of restricted funds	At 1 April 2020 £'000	Income £'000	Expenditure £'000	Capital £'000	Transfers £'000	At 31 March 2021 £'000
Operational:						
NHS Capacity	-	2781	(2,781)	-	-	-
NHS Palliative	-	248	(248)	-	-	-
Sub total	-	3029	(3,029)	-	-	-
Community	1	138	(134)	-	-	5
Walkway	-	100	-	(92)	-	8
New Build	-	97	-	-	-	97
ECR System	331	25	-	(307)	-	49
Camelia House	9	-	(4)	-	-	5
Maple House	30	-	(1)	-	-	29
Mulberry House	48	-	(1)	-	-	47
Oak House	45	0	(3)	-	-	42
Chestnut House	47	0	(1)	(2)	-	44
Hawthorn House	25	-	-	-	-	25
Jasmine House	53	-	(2)	-	-	51
Willow House	5	-	(3)	-	-	2
Cheyne Centre	51	7	-	(10)	-	48
Other	189	183	(140)	(25)	-	207
Sub total	834	3,579	(3,318)	(436)	-	659
Grants						
School standards	318	-	-	-	-	318
Sub total	318	-	-	-	-	318
Department of Health	1,519	-	-	-	(52)	1,467
Total	2,671	3,579	(3,318)	(436)	(52)	2,444

Notes to the financial statements

For the year ended 31 March 2021

	At 1 April 2019 £'000	Income £'000	Expenditure £'000	Capital £'000	Transfers £'000	At 31 March 2020 £'000
b(ii) Analysis of restricted funds						
Operational:						
ECR System	-	331	-	-	-	331
Mansion Lift	67	0	-	(50)	-	17
Central Stores	65	0	-	(48)	-	17
Jasmine House	34	22	(3)	-	-	53
Chestnut House	37	12	(2)	-	-	47
Willow House	0	6	(1)	-	-	5
Maple House	0	35	(1)	(4)	-	30
Oak House	17	36	(4)	(4)	-	45
Mulberry House	22	27	(1)	-	-	48
Hawthorn House	13	12	-	-	-	25
Camelia House	5	6	(2)	-	-	9
Community	13	90	(103)	-	-	
Early Years	110	21	(37)	-	(94)	
Cheyne Centre	-	69	-	(19)	-	50
Music Therapy	18	40	(40)	-	-	18
Play Services	10	121	(131)	-	-	
Volunteers	65	50	(109)	-	-	6
Other	184	232	(274)	(9)	-	133
Sub total	660	1,110	(708)	(134)	(94)	834
Grants						
School Standards Fund	318	0	-	-	-	318
Sub total	318	0	-	-	-	318
Department of Health	1,572	0	-	-	(53)	1,519
Total	2,550	1,110	(708)	(134)	(147)	2,671

Development and Operational funds represent restricted donations received for the development of the existing site as well as to provide funding for equipment and outings for the children, depending on the bequest granted by the donor.

The Department of Health made grants in 1995 to the charity in relation to the Grade I listed property known as Tadworth Court. These grants, totalling £2.85m, are only repayable under certain circumstances which, in the opinion of the Trustees, are unlikely to arise. Of the total grants, £750,000 was applied to the transfer of the freehold of the site and £2.1m was applied to repairs to the building. The grants are secured by a legal charge over the freehold property.

Notes to the financial statements

For the year ended 31 March 2021

	Unrestricted £'000	Restricted £'000	Endowment £'000	March 2021 £'000
c. Analysis of net assets between funds				
Fund balances at 31 March 2021 are represented by:				
Fixed assets	17,236	1,466	-	18,702
Investments	7,206	-	780	7,986
Current assets	3,071	978	-	4,049
Current liabilities	(3,316)	-	-	(3,316)
Total funds	24,197	2,444	780	27,421

	Unrestricted £'000	Restricted £'000	Endowment £'000	March 2020 £'000
c. Analysis of net assets between funds				
Fund balances at 31 March 2020 are represented by:				
Fixed assets	15,867	1,519	-	17,386
Investments	5,695	-	675	6,370
Current assets	4,794	1,152	-	5,946
Current liabilities	(2,700)	-	-	(2,700)
Total funds	23,656	2,671	675	27,002

22. Financial instruments

	2021 £'000	2020 £'000
Financial instruments measured at fair value are as follows:		
Financial assets	7,986	6,370
Investec Investment	7,986	6,370