

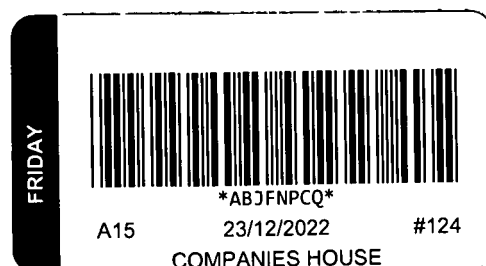


Childhood First (South) Limited

(A company limited by guarantee)

Report and Financial Statements
Year Ended 31 March 2022

Company number: 03547839



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Childhood First (South) Limited Annual Report and Accounts 2021/22

Trustees' Report

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 2022. 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.

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

Charity name

Childhood First (South) Limited

Working name

Childhood First

Charity registration number 286909

Company registration number 03547839

Registered Office and operational address

210 Borough High Street, London SE1 1JX

Board of Trustees

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

Ms Henrietta Hughes (Chair)

Ms Sarah Scarratt

Mr. George Viney

Company Secretary

Greg Whelan (resigned 26 April 2022)

Michael Joseph (appointed 26 April 2022)

Senior Management team

Gary Yexley (Chief Executive)

Michael Joseph (Finance & Corporate Services Director) appointed 1 March 2022

Lace Jackson (Clinical Director)

Dan Lansley (Business Development Director)

Laura Park (Director of Compliance and Performance)

Robyn Bartram (Residential Services Director)

Auditors

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

Bankers

HSBC Bank plc, 83 Sidcup High Street, Sidcup, Kent, DA14 6DN

Fuller details are given in the report and consolidated financial statements of the parent charitable company, the Institute of Integrated Systemic Therapy (IIST).

Trustees' Report

Structure, governance and management

Childhood First (South) Limited was incorporated as a company limited by guarantee under company number 03547839 on 17 April 1998 under the name Startbeam Limited. It changed its name to Peper Harow (South) Limited on 26 February 1999 and then to Childhood First (South) Limited on 22 July 2008. It is also registered as a charity (number 286909) under the umbrella of IIST, its sole member. It is governed by Memorandum and Articles of Association.

IIST appoints the Trustees. Management is delegated to the Community Director, who reports to the Chief Executive of IIST.

Remuneration policy

Remuneration for all staff including the senior management team is set by the Chief Executive. The Chair sets the salary of the Chief executive. The aim is to ensure rates of pay remain competitive to attract the right calibre of staff within the resources available.

Objects and activities

The aims of Childhood First (South) Limited are:

- to promote and further the care, treatment, education and rehabilitation of children and young people who are psychologically and emotionally disturbed; and
- to provide for the rehabilitation and care of such children by the provision of fostering and family support services.

The company runs three residential therapeutic centres in Kent.

Greenfields House with a capacity of ten children aged 5 to 12.

The Gables with a capacity of eight children aged 11-14.

Oakwood, a new community with a capacity of four children aged 13 to 18.

It also runs Greenfields School, where the children from Greenfields House and up to 5 day pupils receive an education.

At the start of the year the company set a target to achieve an Ofsted rating of Good for all the homes and the school, and to have average combined occupancy of 17.4 children.

Public Benefit

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

Places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

As the costs of the placements are met by the Local Authorities no child or young person is denied the opportunity to benefit on account of their own, or their family's ability to meet any fees due.

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

Trustees' Report

Strategic report

Achievements and performance

Oakwood, a new community in Kent with capacity for four children was opened in August 2021 and secured an average of 2.8 children or 65% capacity after several staff and two of the children transferred from The Gables.

Greenfields House and School continued to provide a high level of support for the children placed with them, as evidenced by external reports during the year. The most recent inspection graded the House as Good. There was an average of 9.2 children at the house during the year which is 93% occupancy.

The Gables was only able to operate at 59% capacity but this was in line with budgeted expectations and there was a corresponding mitigation in staff costs.

Overall these results were therefore broadly in line with the budget set at the start of the year.

Financial review

The company made a healthy, but reduced surplus of £905k during this year (2021: £1,402k). This arises from the opening of the new community at Oakwood and the support provided by The Gables to enable the expansion. The impact was a net reduction of income of £309k to £4,587k (2021: £4,896k) and an increase in costs of £671k to £5,084k (2021: £4,413k) driven by the expansion of capacity and the investment in a new staff team.

Risk management

The Board of IIST has assessed the major risks to which the charity is exposed, in the context of the overall organisation, in particular those related to the operations and finances, and the Trustees believe that systems are in place to manage our exposure to the major risks.

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

- shortfall in statutory income. The fees have been reviewed and are based on breaking even at average occupancy levels. There is also a greater emphasis in better marketing, both in terms of advertising and direct contact with Local Authorities, to ensure a steady stream of referrals and adequate numbers of children at any time;
- recruitment and retention of appropriate skilled staff. Consideration has been given to overall pay and reward in order to manage the risk of high turnover of specialist staff. We also have a system of appraisals and training in place to support staff development and retention;
- non-compliance with regulations. Policies are in place which ensure compliance with the Children's Homes regulations, with monthly inspections. Systems are in place to ensure recommendations from Ofsted reports are acted on in a timely way; and
- residential properties continue to meet the needs of the children and young people. Refurbishment programmes are in place and the suitability of the size of establishments are considered.

The future

We achieved high occupancy rates this year we expect to remain at similar levels in 2022/23. We are conducting a strategic review which will lead to investment in widening and deepening service provision over the coming years.

Trustees' Report

Reserves policy

The net assets have reduced by £398k and now stand at £904k (2021: £1,402k) at the balance sheet date. There are no restricted funds. Adjusting for the net book value of fixed assets, free reserves are £859k (2021: £1,354k).

Free reserves are required;

- to provide working capital to manage fluctuations in its cash flow;
- to provide protection against a serious disruption to its communities;
- to provide protection against a decline in the market for our services;
- to expand the development of our service quality and provision, and
- to provide capital growth for imminent developments.

Going Concern

The company has a high demand for its services and has been relatively unaffected by Covid-19. There is little counterparty risk as customers are all Local Authorities and the current business climate means it is reasonable to assume the company can trade profitably. Cash flow is provided by the parent company via intercompany balance and is available on demand. The parent has sufficient resources and cash flow to be considered a going concern. There is no material uncertainty and therefore the company accounts are prepared on a going concern basis.

Fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. Childhood First (South) Limited does not undertake any fundraising activities and does not use any professional fundraisers or commercial participators or any third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice. We have not received any complaints in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities in the current year or in the prior year. Fundraising for the charity is undertaken by the parent company. A policy on fundraising is therefore provided in those financial statements.

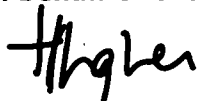
Auditors

All of the current directors 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 directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to re-appoint BDO LLP as auditors will be proposed at the next annual general meeting.

In preparing this trustees' report, advantage has been taken of the small companies' exemption.

On behalf of the Board of Trustees



Henrietta Hughes

Trustee

Date:

13 December 2022

Statement of responsibilities of the Trustees

The Trustees, who are the directors of the company, are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources 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;
- make judgements 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, 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 charity'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 Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report

Opinion on the financial statements

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 2022 and of its 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.

We have audited the financial statements of Childhood First (South) Limited ("the Charitable Company") for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the cash flow statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions related 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.

Independent auditor's report (continued)

Other information

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

Other Companies Act 2006 reporting

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.

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 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, 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 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 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.

Independent auditor's report (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Charitable Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018 and Bribery Act 2010.
- We understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent auditor's report (continued)

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.

DocuSigned by:

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For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 19 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Childhood First (South) Limited Annual Report and Accounts 2021/22

Statement of financial activities for the year ended 31 March 2022

| | Note | Unrestricted Funds £ | Restricted funds £ | 2022 Total £ | 2021 Total £ |
|---------------------------------|------|-------------------------|-----------------------|--------------------|--------------------|
| Income and endowments | | | | | |
| Donations and legacies | | - | 14,932 | 14,932 | 3,759 |
| Charitable activities | | 4,565,308 | - | 4,565,308 | 4,892,459 |
| Other incoming resources | | 7,034 | - | 7,034 | - |
| Total | | 4,572,342 | 14,932 | 4,587,274 | 4,896,218 |
| Expenditure | | | | | |
| Charitable activity | | | | | |
| Residential therapeutic care | | 5,069,784 | 14,932 | 5,084,716 | 4,384,218 |
| Placement and family support | | - | - | - | 29,234 |
| Total resources expended | 2 | 5,069,784 | 14,932 | 5,084,716 | 4,413,452 |
| Net (Deficit) / Income | 3 | (497,442) | - | (497,442) | 482,766 |
| Balances at 1 April | | 1,402,056 | - | 1,402,056 | 919,290 |
| Balance at 31 March | | 904,614 | - | 904,614 | 1,402,056 |

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

All transactions are derived from continuing operations. Further details on comparatives are in note 11.

The notes on pages 13 to 20 form part of these financial statements.

Childhood First (South) Limited Annual Report and Accounts 2021/22

Balance Sheet at 31 March 2022

| | | 2022 | | 2021 | |
|---|------|------------------|----------------|------------------|------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 5 | | 45,750 | | 48,321 |
| Current assets | | | | | |
| Debtors | 6 | 1,070,129 | | 1,613,437 | |
| Cash at bank and in hand | | 52,513 | | 65,392 | |
| | | <u>1,122,642</u> | | <u>1,678,829</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(263,777)</u> | | <u>(325,094)</u> | |
| Net current assets | | | 858,864 | | 1,353,735 |
| Net assets | | | <u>904,613</u> | | <u>1,402,056</u> |
| Capital reserves | | | | | |
| Unrestricted funds | 10 | | 904,613 | | 1,402,056 |
| | | | <u>904,613</u> | | <u>1,402,056</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Trustees on 13 December 2022 and were signed on its behalf by:



Henrietta Hughes
Trustee

The notes on pages 12 to 21 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

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

Basis of preparation

Childhood First (South) Limited is a charitable company incorporated in England & Wales under the Companies Act. 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 in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and in accordance with SORP 2019.

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.

The company has a high demand for its services and has been relatively unaffected by Covid-19. There is little counterparty risk as customers are all local authorities. The current business climate means it is reasonable to assume the company can trade profitably. Surplus company cash is held as an intercompany balance with the parent company and is available on demand. The parent has sufficient resources to be considered a going concern. Accordingly, the company accounts are prepared on a going concern basis.

Disclosure exemptions

In preparing the separate financial statements of the charity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- the requirements of section 11 Financial Instruments paragraph 11.39 to 11.48A; and
- the requirements of section 33 Related Party Disclosures paragraph 33.7; and
- the requirements of paragraph 1.12(b) in not preparing a Statement of Cash Flows on the basis that this is included in the consolidated financial statements.

Fixed assets and depreciation

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:

| | |
|--|-----------------|
| Furniture, fittings, tools and equipment | - 20% per annum |
| Motor vehicles | - 33% per annum |

Income

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 placement are deferred. Donations are accounted for when received. Legacies are accounted for when received or if, before receipt, there is sufficient evidence to entitlement of the receipt and value of the legacy.

Expenses

Expenses are accounted for on an accruals basis.

Allocation of expenses

Notes to the financial statements (continued)

Charitable expenditure comprises those costs incurred by the charitable company 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.

Funds

- **Unrestricted funds**
These represent funds which can be expended as the trustees see fit, in accordance with the charitable objects of the group.
- **Restricted income funds**
These represent income received, which can only be expended for the purpose specified by the donor.

Operating leases

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

Pension costs

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

Employees who are not eligible to belong to the above scheme may belong to a group personal pension plan operated by the charitable company's parent undertaking. The assets of this plan are held separately from those of the charitable 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.

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.

Cash and cash equivalents

Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within 30 days.

Notes to the financial statements (continued)

2. Analysis of total expenditure

| Charitable activities | 2022 Unrestricted £ | 2022 Restricted £ | 2022 Total £ | 2021 Total £ |
|---|---------------------------|-------------------------|--------------------|--------------------|
| Provisions of services to children | | | | |
| Staff costs | 3,144,330 | 14,932 | 3,159,262 | 2,942,638 |
| Consultants | 6,392 | - | 6,392 | 9,939 |
| Travel costs | 69,067 | - | 69,067 | 50,121 |
| Administration | 112,905 | - | 112,905 | 120,545 |
| Premises | 285,124 | - | 285,124 | 214,749 |
| Household | 97,259 | - | 97,259 | 79,956 |
| Provisions | 90,108 | - | 90,108 | 81,320 |
| Education | 71,444 | - | 71,444 | 36,209 |
| Personal care | 41,155 | - | 41,155 | 43,171 |
| Social activities | 91,015 | - | 91,015 | 66,141 |
| Other costs | 19,206 | - | 19,206 | 14,441 |
| Depreciation | 20,367 | - | 20,367 | 13,866 |
| Governance costs | 8,400 | - | 8,400 | 7,200 |
| Bank charges | 390 | - | 390 | 162 |
| Insurance, legal fees | 86,364 | - | 86,364 | 82,704 |
| Management charge | 926,258 | - | 926,258 | 650,290 |
| Total expenditure | 5,069,784 | 14,932 | 5,084,716 | 4,413,452 |

Further details on comparatives are in note 11

3. Net (deficit) / income for the year

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Net (deficit) / income for the year is stated after charging: | | |
| Auditors' remuneration | 8,400 | 7,200 |
| Depreciation of tangible fixed assets | 20,367 | 13,866 |
| Rent payable | | |
| - Land and buildings | 244,600 | 169,600 |

Notes to the financial statements (continued)

4. Staff numbers and costs

The average number of persons employed by the charitable company during the year was 88 (2021: 87). The aggregate payroll costs of these persons were as follows:

| | 2022 | 2021 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,588,116 | 2,432,311 |
| Social security costs | 221,124 | 216,966 |
| Other pension costs | 150,708 | 141,549 |
| | <u>2,959,949</u> | <u>2,790,826</u> |

No payments or remuneration, or reimbursement of expenses, were made to trustees during the year (2021 - none).

No employees received emoluments greater than £60,000 for the year (2021 - none). The combined remuneration of the senior management team in this company was nil as these costs are fully paid to the parent charity.

5. Tangible fixed assets

| | Fixtures | Motor Vehicles | Total |
|-------------------------|-----------------|-----------------------|----------------|
| | £ | £ | £ |
| <i>Cost</i> | | | |
| At 1 April 2021 | 80,970 | 105,188 | 186,158 |
| Additions | - | 17,795 | 17,795 |
| Disposals | - | - | - |
| | <u>80,970</u> | <u>122,983</u> | <u>203,953</u> |
| At 31 March 2022 | 80,970 | 122,983 | 203,953 |
| <i>Depreciation</i> | | | |
| At 1 April 2021 | 32,649 | 105,188 | 137,837 |
| Charge for year | 16,158 | 4,209 | 20,367 |
| Disposals | - | - | - |
| | <u>48,807</u> | <u>109,397</u> | <u>158,203</u> |
| At 31 March 2022 | 48,807 | 109,397 | 158,203 |
| <i>Net book value</i> | | | |
| At 1 April 2021 | 48,321 | - | 48,321 |
| At 31 March 2022 | 32,163 | 13,587 | 45,750 |

Notes to the financial statements (continued)

6. Debtors

| | 2022 £ | 2021 £ |
|-------------------------------|-------------------------|-------------------------|
| Trade debtors | 203,337 | 225,137 |
| Amount owed by parent company | 866,792 | 1,385,076 |
| Prepayments | - | 3,224 |
| | <hr/> | <hr/> |
| | 1,070,129 | 1,613,437 |
| | <hr/> | <hr/> |

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

7. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------|-------------------------|-------------------------|
| Taxation and social security | 58,435 | 58,993 |
| Other creditors | 63,591 | 65,315 |
| Accruals and deferred income | 14,950 | 36,892 |
| Trade creditors | 126,801 | 163,894 |
| | <hr/> | <hr/> |
| | 263,777 | 325,094 |
| | <hr/> | <hr/> |

8. Pension scheme

(a) Surrey Pension Scheme

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

The actuarial deficit attributable to the company at 31 March 2022 was estimated to be £483,000 (2021: £363,000). There are two employees who are members of this scheme. In addition, there are 15 deferred pensioners and 24 pensioners.

The contributions of the charitable company during the year were 32.6% of pensionable salary plus a £66,000 lump sum (prior year: 31.4% plus £30,000) and amounted to £124,756 (2021: £124,756). There were outstanding contributions of £6,484 due at the end of the financial year (2021: £6,484). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

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Notes to the financial statements (continued)

The major assumptions at 31 March 2022 as used by the actuary were:

| Financial | 2022 | 2021 |
|-------------------|-------------|-------------|
| Pension increases | 3.30% | 2.85% |
| Salary increases | 4.20% | 3.75% |
| Discount rate | 2.70% | 1.95% |

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|---------------------|--------------|----------------|
| Current Year | | |
| Current pensioners | 22.1 years | 24.5 years |
| Future pensioners | 23.1 years | 26.2 years |
| Prior year | Males | Females |
| Current pensioners | 22.3 years | 24.7 years |
| Future pensioners | 23.4 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: | 2022 | 2021 |
|---|-------------|-------------|
| | £ | £ |
| Equities | 3,682,600 | 4,687,000 |
| Bonds | 1,496,040 | 1,000,000 |
| Property | 460,320 | 437,000 |
| Cash | 115,080 | 125,000 |
| | <hr/> | <hr/> |
| Totals | 5,754,000 | 6,249,000 |
| | <hr/> | <hr/> |

Total investment returns for the year to 31 March 2022 was minus 5% (2021: 28.5%).

Notes to the financial statements (continued)

| | 2022 £ | 2021 £ |
|---|-------------|-------------|
| Net pension assets and liabilities | | |
| Estimated employer assets | 5,754,000 | 6,249,000 |
| Present value of scheme liabilities | (6,237,000) | (6,612,000) |
| Present value of unfunded liabilities | | |
| Net pension liability | (483,000) | (363,000) |

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

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Reconciliation of Funded liabilities | | |
| Opening position | 6,612,000 | 5,857,000 |
| Current service cost | 41,000 | 63,000 |
| Interest cost | 126,000 | 132,000 |
| Contributions by members | 9,000 | 19,000 |
| Benefits paid | (300,000) | (291,000) |
| Expected closing position | 6,488,000 | 5,780,000 |
| Re-measurements | | |
| Changes to financial assumptions | (251,000) | 832,000 |
| Total re-measurements | (251,000) | 832,000 |
| Closing position | 6,237,000 | 6,612,000 |

Reconciliation of fair value of employer assets

| | 2022 £ | 2021 £ |
|---------------------------|-----------|-----------|
| Opening position | 6,249,000 | 4,994,000 |
| Interest income | 120,000 | 113,000 |
| Employer contributions | 95,000 | 125,000 |
| Contributions by members | 9,000 | 19,000 |
| Benefits paid | (300,000) | (291,000) |
| Expected closing position | 6,173,000 | 4,960,000 |

Notes to the financial statements (continued)

| | | |
|-----------------------|-----------|-----------|
| Re-measurements | | |
| Return on assets | (419,000) | 1,289,000 |
| | <hr/> | <hr/> |
| Total re-measurements | (419,000) | 1,289,000 |
| | <hr/> | <hr/> |
| Closing position | 5,754,000 | 6,249,000 |
| | <hr/> | <hr/> |

Analysis of amounts credited/(charged) to the statement of financial activities

| | 2022 | 2021 |
|---|-------------|-------------|
| | £ | £ |
| Current service costs | (41,000) | (63,000) |
| Interest cost | (126,000) | (132,000) |
| Interest income | - | - |
| | <hr/> | <hr/> |
| Net (charge) to statement of financial activities: | (167,000) | (195,000) |
| | <hr/> | <hr/> |
| Actual Return on assets | (419,000) | 1,289,000 |
| Actuarial (losses)/gains arising on scheme liabilities | 251,000 | (832,000) |
| | <hr/> | <hr/> |
| Actuarial gains/(losses) charged to the statement of Financial Activities | (168,000) | 457,000 |
| | <hr/> | <hr/> |

b) Teachers' 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 years, 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 had aggregate scheme liabilities of £191 billion, 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 TPS employer pension contributions recognised as an expense during the year were £43,901 (2021 - £36,939). There were outstanding contributions of £5,713 due at the end of the financial year (2021 - £4,171).

Notes to the financial statements (continued)

c) 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 charitable company to the fund and amounted to £112,681 (2021: £141,549).

There were outstanding contributions of £15,726 due at the end of the financial year (2021: £17,094).

9. Related party disclosures

There are no related party transactions which require disclosure.

10. Analysis of net assets between funds

| | Unrestricted Funds £ | Total Funds £ |
|--|----------------------------|---------------------|
| Fund balances at 31 March 2022 are represented by: | | |
| Tangible fixed assets | 45,749 | 45,749 |
| Current assets | 1,122,641 | 1,122,641 |
| Current liabilities | (263,777) | (263,777) |
| | <u>904,613</u> | <u>904,613</u> |

Details on prior year comparatives are in note 11

11. Comparatives relating to 2021

11a) Statement of financial activities

| | Unrestricted funds £ | Restricted funds £ | Total £ |
|-----------------------------------|----------------------------|--------------------------|-----------------------|
| Income and endowments | | | |
| Donations and legacies | - | 14,914 | 14,914 |
| Charitable activities | 3,852,875 | - | 3,852,875 |
| Other incoming resources | 1 | - | 1 |
| Total | <u>3,852,876</u> | <u>14,914</u> | <u>3,867,790</u> |
| Expenditure | | | |
| Residential therapeutic care | 3,713,208 | 21,792 | 3,735,000 |
| Placement and family support | 28,350 | - | 28,350 |
| Net income / (expenditure) | <u>111,318</u> | <u>(6,878)</u> | <u>104,440</u> |
| Balances at 1 April 2020 | <u>807,972</u> | <u>6,878</u> | <u>814,850</u> |
| Balance at 31 March 2021 | <u>919,290</u> | <u>-</u> | <u>919,290</u> |

Notes to the financial statements (continued)

11b) Analysis of total expenditure

| | 2021 Unrestricted £ | 2021 Restricted £ | 2021 Total £ |
|---|---------------------------|-------------------------|--------------------|
| Provisions of services to children | | | |
| Staff costs | 2,942,638 | - | 2,942,638 |
| Consultants | 9,939 | - | 9,939 |
| Travel costs | 50,121 | - | 50,121 |
| Administration | 120,545 | - | 120,545 |
| Premises | 213,630 | 1,119 | 214,749 |
| Household | 79,956 | - | 79,956 |
| Provisions | 81,320 | - | 81,320 |
| Education | 36,209 | - | 36,209 |
| Personal care | 43,171 | - | 43,171 |
| Social activities | 63,501 | 2,640 | 66,141 |
| Other costs | 14,441 | - | 14,441 |
| Depreciation | 13,866 | - | 13,866 |
| Governance costs | 7,200 | - | 7,200 |
| Bank charges | 162 | - | 162 |
| Insurance, legal fees | 82,704 | - | 82,704 |
| Management charge | 650,290 | - | 650,290 |
| Total expenditure | 4,409,693 | 3,759 | 4,413,452 |

11c) Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds £ |
|--|----------------------------|--------------------------|---------------------|
| Fund balances at 31 March 2021 are represented by: | | | |
| Tangible fixed assets | 48,321 | - | 48,321 |
| Current assets | 1,678,829 | - | 1,678,829 |
| Current liabilities | (325,094) | - | (325,094) |
| | 1,402,056 | - | 1,402,056 |

12. Ultimate holding company

The charitable company's controlling party and immediate and ultimate holding charitable company is the Institute of Integrated Systemic Therapy (IIST), a charitable company incorporated in England and Wales (company number 01708301). Control is exercised by common trustees and executive with the ultimate holding company.

Copies of the consolidated financial statements of IIST are available from Companies House.