

Registered number: 03958416
Charity number: 1080173

CHILDNET
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2016

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
for the year ended 31 March 2016

Trustees

Mrs Tink Palmer, Chair
Mr Peter Stevens
Mr Graham Wallace
Mr Karl Peter Hopwood
Mr Rob Wright
Mr Julian Coles (appointed 29 September 2015)

Company registered number

03958416

Charity registered number

1080173

Registered office

Studio 14
Brockley Cross Business Centre
96 Endwell Road
London
SE4 2PD

Company secretary

John Ryan

Chief executive officer

William Gardner

Independent auditors

Baldwin Scofield Ltd
Chartered Accountants
Registered Auditors
3 Newhouse Business Centre
Old Crawley Road
Horsham
West Sussex
RH12 4RU

Bankers

Barclays Bank Plc
PO Box 449
Dartford
Kent
DA1 1FE

CHILDNET
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TRUSTEES' REPORT
for the year ended 31 March 2016

The Trustees present their annual report together with the audited financial statements of Childnet International for the year 1 April 2015 to 31 March 2016.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

• **CONSTITUTION**

The company is registered as a charitable company limited by guarantee (registered charity number 1080173) and was set up by a Memorandum of Association on 28 March 2000. On the 1st April 2000 the net assets and activities of the charitable trust Childnet International, which had been founded in 1995, were transferred to Childnet, having the same objects and trustees at that time.

The above mentioned documents outline the objectives of the charity including:

- (i) To advance the education of the public in any part of the world in all aspects of computer communications and Internet technology including the most effective software for the education and training of children;
- (ii) To advance the education and training of children in any part of the world in and by the use of computer communications and Internet technology;
- (iii) To protect the moral welfare of children in any part of the world by the promotion of measures directed to prevent their exposure to racist, pornographic, obscene or other harmful electronic computer and televisual material.
- (iv) Such other charitable purposes as may from time to time be determined.

There have been no changes in the objectives since the last annual report.

• **METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

Childnet had 5 trustees on the 1st April 2015, there was one appointments, Julian Coles, and no resignations during the year and so there were 6 trustees at 31 March 2016.

Trustees are selected against a clear job description and criteria which have been updated by the CEO and Trustees over the last few years.

Trustees are recruited following periodic Trustee audits in which areas of expertise are reviewed and new candidates identified.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

• **POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Each Trustee is given a full induction which includes:

- (i) Going through the job description (there are separate detailed job descriptions for Chair and Honorary Treasurer).
- (ii) Advice from the Charity Commission on their duties.
- (iii) Full set of Company papers including policies on equal opportunities, child protection, staff computer/internet use, ethos and values, risk and health & safety.
- (iv) the offer of training on their role and duties as well as being provided with support in their work from the staff, including updates on legislation and best practice within the voluntary sector.
- (v) Trustees now have to complete full DBS clearance as part of their appointment.

• **ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The Board of Childnet is made up of the people listed on the previous page who have a range of relevant experience in education, marketing, child protection and the computing and telecommunications industries.

The Board delegates responsibility for the day to day management of the charity to the Chief Executive who is involved in all issues of strategic direction, management of staff and resources, policy along with the Deputy Chief Executive and, with support from the Childnet Business Manager, the financial management of the organisation.

Childnet is run on a day to day basis by the Chief Executive Officer who reports to the Board of Trustees through the Chair of Trustees regularly. Trustees meet with the CEO, the Deputy CEO and Business Manager (who is also the Company Secretary) formally 4 or 5 times a year. However communication takes place between the chair and CEO on a more regular basis. Reports are submitted from the CEO and Business Manager to each Trustee meeting outlining progress against targets and actions agreed. Full minutes of these meetings are taken and signed as an accurate record of each meeting at the beginning of the next meeting.

The CEO and Business Manager have authority to carry out the duties of the organisation, as agreed in the business plan and budget at the start of each financial year (1st April – 31st March). This includes the employing of staff, expenditure to carry out agreed project work as well as communication within and outside of the organisation. Spending limits are set and all expenditure over £3,000 is authorised by the Chair of Trustees, and this process is verified separately by the Honorary Treasurer.

The Chair of Trustees will usually meet with the CEO and Business Manager prior to each Trustee's Meeting to review progress since the last meeting, including reviewing action points and matters arising, to set the agenda and to provide a report to the full Board of Trustees.

The Honorary Treasurer also meets with the CEO and Business Manager before each Trustee's meeting to review progress on expenditure and income. His written report is submitted to the trustees as a further check and balance.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

• **RELATED PARTY RELATIONSHIPS**

Childnet seeks to co-operate with many agencies around the world who share the objective of promoting safe and fun internet use for children. This is an area that has continued to grow throughout the past year but none of these activities justify the reporting of a related party relationship or transaction.

Over this period of time Childnet did not operate any independent bodies or companies or trading subsidiaries.

As an organisation Childnet has a number of formal and informal partnerships with other charities, funders and organisations. All formal partnerships and contractual relationships are reviewed by Childnet's solicitor and approved by Trustees before signature.

As a member of the consortium that makes up the UK Safer Internet Centre, Childnet has a formal partnership agreement with both the South West Grid for Learning (SWGfL) and the Internet Watch Foundation (IWF) in respect of these part-European Commission (EC) funded projects.

Childnet is a member of the Anti-Bullying Alliance (ABA) and the Sex Education Forum (SEF).

• **RISK MANAGEMENT**

The Directors and Trustees acknowledge their responsibility for the management of risk, and building on the previous full risk audit that the Trustees completed in 2011-2014 they have continued to work with senior staff in identifying and managing risks which Childnet might face as well as the responses to these risks. Elements of this are reviewed annually.

To manage elements of potential risk, Childnet can liaise with our solicitor for continuous expert legal advice and ensure that we continued to keep abreast of potential risks and to include periodic monitoring and assessment of these risks in reports to Trustees. In addition, the Childnet staff have worked to strengthen a number of policies and processes to do with financial management and risk analysis including:

- (i) Retained the services of our Honorary Treasurer to review accounts, financial reporting and business management.
- (ii) Further updating and maintenance of Staff contracts.
- (iii) Ensuring that all new Childnet staff and trustees were checked by the Disclosure & Barring Service (DBS), with enhanced clearance where appropriate, and that these are reviewed on a regular basis.
- (iv) Updating annually the Childnet Child Protection Policy in light of Childnet's own advice to others about moderation and online child protection.
- (v) Retaining the services of an Independent Financial Advisor in respect of pension and life assurance arrangements.
- (vi) Ensuring that all contracts signed by Childnet with sponsors or partners are reviewed by the Business Manager and Childnet's solicitor where appropriate to ensure that there are proper safeguards in place for Childnet.

In addition all The Directors and Trustees revisit the risk assessment issues on a regular basis at Board meetings and continue to implement strategies to minimise the risks and ensure best practice.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

OBJECTIVES AND ACTIVITIES

• **POLICIES AND OBJECTIVES**

The principal activity of the charity is the promotion of children's interests in international communications by means of education, training and research.

In all the work undertaken by Childnet it is Childnet's aim to maintain its independence, leadership and reputation.

The charity continues to express its core purpose as "helping to make the internet a great and safe place for children".

(i) Access - Helping children and young people to use the net constructively, access positive online resources and help them create quality content.

(ii) Awareness - Helping children and young people acquire new "net literacy" skills, giving advice to organisations, parents, teachers and carers about internet safety.

(iii) Protection - Helping to protect children and young people and prevent them from being exploited in the online environment provided by new technologies.

(iv) Policy - Helping all sectors develop effective policy responses in line with the rapidly changing communications technology.

• **GRANT MAKING POLICIES**

Under the terms of the project with the Government Equalities Office there was a requirement to disburse some of those funds as a grant to the South West Grid for Learning (SWGfL) who were partners with Childnet in that project.

Under the terms of a grant, supporting our work as part of the UK Safer Internet Centre, from the Internet Watch Foundation (IWF) there was a requirement to disburse some of those funds as a grant to the South West Grid for Learning (SWGfL) who were partners with Childnet in that project.

Very rarely one off small grants may be made from unrestricted or restricted income in strict pursuance of the charity's objectives although none were made during the 2015-16 year.

ACHIEVEMENTS AND PERFORMANCE

• **REVIEW OF ACTIVITIES**

The following gives a quarterly breakdown of the activities carried out by Childnet during April 2015 – 31st March 2016.

Certain key activities take place throughout the year. For example, Childnet's education and outreach work. Childnet's education outreach team presented in Primary and Secondary schools across the country, and also in some nurseries and Sixth Form Colleges, where they ran sessions for children, staff and parents and carers, to empower children and those that support them to be able to use technology safely and responsibly. The team reached approximately 30,000 children over the year, aged between 3-18, as well as assisted in the development of key resources and activities, and keeping all the materials up to date, including the Childnet and UK Safer Internet Centre websites.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

Childnet continued to be active members of the UK Council for Child Internet Safety (UKCCIS). The CEO Will Gardner has been part of the Executive Board since April 2013. Childnet were active members of the UKCCIS Evidence Group, and host the findings of this group, i.e. a summary of the latest research in the area of children's online activity and safety issues on our UK Safer Internet Centre website. Will Gardner and Gareth Cort have been active members of the UKCCIS Education group, recently assisting with the development of guidance for school on handling incidents of sexting or youth produced sexual imagery. Will Gardner also is a member of the Anti-Bullying Alliance Advisory Board and is on the Advisory Board for Internet Matters, a parents' portal established by the four major ISPs. Childnet have done a range of media work, including a range of TV, radio, newspaper and online media interviews. In this work they have been able to help spread awareness messages. It is mentioned later, but on Safer Internet Day, which Childnet organised for the UK, there were over 800 news articles last Safer Internet Day messages on 9th February 2016. Childnet have also been interviewed by and met with several researchers in this area.

Childnet staff have presented at and chaired a number of conferences both in the UK and across the world.

Childnet, with partner organisations the South West Grid for Learning and the Internet Watch Foundation, continued in their role as the UK Safer Internet Centre, a role part funded by the European Commission's Safer Internet Programme. In this role, Childnet form the Awareness Centre, and joins a network of European Safer Internet Centres called INSAFE, with whom we share ideas and best practice. We develop safety resources for the UK, and organise Safer Internet Day in the UK.

April to September 2015:

Childnet staff have attended Safer Internet Centre meetings, run by INSAFE, the coordinator of the network of European Safer Internet Centres that are part-funded by the EC, in order to share good practice, recent trends and issues. Childnet attended the meetings in Prague (May 2015), as well as Warsaw (Dec 2015) and Cyprus (April 2016). We have also shared our educational materials and resources with our colleagues from this European Network, via the Better Internet for Kids platform.

Over this period Childnet developed and released a number of new resources, including a new e-safety calendar for schools, as well as a new family Agreement template, and updated a staff INSET session resource to allow the teaching of e-safety by school staff to school staff. Childnet carried out a number of focus groups with young people, including an LGBT group of young people, to inform and form part of 2 pieces of work, updating guidance for schools on preventing and responding to cyberbullying and developing a toolkit for teaching PSHE around sexting and cyberbullying, work which had funding from the Government Equalities Office and the EU. This enabled young people's voice, experience and perspective to be included in these resources. We also held an Advisory Board for the cyberbullying guidance, bringing together key stakeholders from industry, law enforcement, government, charities, teaching unions and schools and academia.

Will Gardner and other Childnet staff also spoke at several UK conferences, including at the QEII centre in London, and conducted media interviews. Childnet also spoke at events outside the UK, including in Beirut, Lebanon, on addressing the protection of children online.

Childnet's Film Competition took place this year, and the ceremony was held in July at the British Film Institute on the South Bank, where the children (from the short-listed finalist schools) were able to watch the films they had made on the big screen and the winners announced. The BBFC supported this event by acting as judges and rating the film entries. Childnet had additional support this year, from the Premium Rate Services regulator PhonepayPlus and as a result had an additional category in the competition. This category focussed on bill shock and app traps supporting the PhoneBrain campaign. This category was for secondary schools, and added to the existing category for primary and for secondary which supported the theme of the previous Safer Internet Day.

There were record numbers of entries for the competition this year. In July, linked to the Film Competition, we released some research on young people and premium rate services, finding 1 in 10 young people accidentally spent money on in-app purchases.

Childnet's CEO together with the Deputy CEO travelled to Facebook's HQ in Menlo Park, California, for a meeting of Facebook's Safety Advisory Board.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

The Childnet Educators community met in Bradford, discussing education and awareness messages, and agreeing good practice.

Kate Edwards joined the Childnet team as an Education Officer.

During this period, Childnet developed the Digital Leaders programme and platform to support this, taking the learnings from the pilot project, and with support from Facebook and the EC the programme launched in September, for schools to enable young people to be the leaders in their school communities, educating their peers on the safe and responsible use of technology.

October to December 2015:

Childnet held an Advisory Board meeting of the UK Safer Internet Centre, chaired by Childnet's CEO, bringing together key stakeholders from industry, the charity sector, Government, education, academia and more.

At the Mothers Union's offices, Childnet ran two meetings attended by 70-80 organisations planning and preparing for the next Safer Internet Day (9th Feb 2016). Meetings were had with other key stakeholders in the planning for Safer Internet Day, including the BBC, 10 Downing Street, Twitter and Facebook.

Childnet attended 2 government roundtable events: Will Gardner attended one focussed on anti-bullying, chaired by Education minister Edward Timpson, and Hannah Broadbent attended one hosted by the DCMS on online violence against women and girls.

2015 marked Childnet turning 20, and we produced a report to condense the wide range of activities and programmes Childnet had initiated and run over this period, and held an event at Facebook's London HQ, where Rishi Saha, Facebook's Head of Policy and Baroness Shields, Minister for Internet Safety and Security spoke.

Childnet attended the Safer Internet Forum in Luxembourg. Clíodhna Purdue, Education Officer, and Childnet's CEO attended. Childnet also took a young person, and her parent as a chaperone, to be part of the EU youth panel.

Childnet's CEO was a 'document champion' for the Ofcom-led UKCCIS good practice document for social media and other digital services start-ups. This was subsequently launched in December 2015.

Childnet have helped UKCCIS to develop a very short leaflet for parents on social networking, working with NSPCC, Internet Matters, and Parentzone to develop it. This was launched in December 2015.

Childnet's Deputy CEO attended a round table chaired by Home Secretary Theresa May looking at police powers/investigatory powers bill.

The education packs for Safer Internet Day were launched. There packs were for primary and secondary, and they included Assembly plan, lesson plan, quick ideas to teachers, as well as a pack for parents. <http://www.saferinternet.org.uk/safer-internet-day/2015/education-packs>. Yahoo! supported this work. The Welsh Government supported the translation of these resources into Welsh.

Childnet's CEO met with Prince William in December in Birmingham. It was a closed round table hosted by the Diana Awards and the Anti-bullying Alliance. Will Gardner also spoke at a number of conferences, including in London, Birmingham and Manchester, including to health Professionals.

January to March 2016:

Childnet began developing a pilot Digital Leaders programme for primary schools, with support from Microsoft. 13 primary schools were involved.

Childnet's CEO shared Childnet's work and approach to a delegation organised by the British Council from the Middle East and Africa.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

Resources that Childnet had developed with the National Deaf Children's Society for deaf young people were launched on Safer Internet Day 2016, including lesson plans covering sexting, safe social networking and cyberbullying, as well as an information flyer for young people and information for parents and carers <http://www.childnet.com/resources/be-safe-and-smart-online>.

Childnet organised and ran Safer Internet Day in the UK (10th February). We took a collaborative approach to the Day, encouraging and mobilising a large number of organisations and schools to support the Day. This was the biggest Safer Internet Day ever.

Each February for Safer Internet Day hundreds of organisations right across the UK get involved to help inspire the safe and positive use of technology. In 2016 1,140 organisations supported the day, a huge increase from 860 the year before. High profile supporters include the BBC, BT, Disney, Facebook, Google, Instagram, Microsoft, Nickelodeon, NSPCC, Premier League Football Clubs, the Post Office, Twitter, Vodafone, and the UK Government, as well as police services and schools across the UK. All these organisations came together to deliver a range of inspiring activities to encourage the safe and positive use of technology. They joined hundreds of individuals supporting the #SID2016 social media campaign to 'play your part and #shareaheart', which reached over 4 million in a mass tweet.

This nationwide day of action came as Childnet released some new research looking at young people's experiences online – both positive and negative – in particular exploring young people's exposure and attitudes to the topic of online hate targeted at people or communities because of their gender, transgender identity, sexual orientation, disability, race, ethnicity, nationality or religion.

Schools across the UK used the UK Safer Internet Centre's Education Packs, developed by Childnet, and Safer Internet Day TV films to explore these issues. In fact there were over 316,000 downloads of the educational resources prepared for SID, and over 240,000 views of the SID TV films.

Childnet took a group of young people to Number 10 Downing Street before hosting an event at the BT Centre in London where young people's perspectives were shared and heard by policy makers, and online hate and how to tackle it were discussed by young people, police, NGOs and industry. Prominent speakers include Baroness Shields (Minister for Internet Safety and Security) and Edward Timpson MP (Children's Minister).

At the event, the UK Safer Internet Centre and Instagram hosted an InstaMeet with popular vloggers and ambassadors from The Diana Award Anti-Bullying Campaign, capturing photography with creative heart-shaped props as part of the #shareaheart social media activity. Notable young talent supporting the day includes CBBCPresenters and pop stars Molly Rainford and Harvey Cantwell, and for the third year running, former Olympic gymnast and current star of Channel 4's The Jump, Beth Tweddle.

There was a wide range of media attention on the Day, and we achieved 800 news items, including 194 TV Broadcasts and coverage across the BBC, ITV, Sky, the Times, the Guardian, Independent, Telegraph, BuzzFeed and more.

As a result of all of this activity, we reached 40% of UK children and 20% of UK parents in 2016 with Safer Internet Day messages, doubling the reach from 2014. The campaign has a hugely positive impact, affecting behaviour change too, with 68% of the children that heard SID messages talking to a family member about internet safety as a result of hearing about SID, and 87% feeling more confident (65% of parents) about what to do if they are concerned about something online.

Childnet did a range of media interviews during this period, for Safer Internet Day and more, appearing on live TV, as well as radio, national and local.

Childnet completed the GEO project, developing updated guidance for schools on preventing and responding to cyberbullying, and developing a toolkit called Crossing the line, designed for the PSHE classroom, and including 4 short films. The films were BBFC rated, and was given the PSHE Association Quality Assurance accreditation, and were successfully piloted in schools in January. The launch date for this work has to be confirmed by the Government.

The Education team have developed a resource called Trust Me, aimed at secondary schools, to help develop

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

critical thinking skills in young people. Critical thinking skills are a key part of building young people's resilience to online risks. This work will be expanded to cover primary. This work is relevant to a wide range of online risks facing children, including violent extremism.

Ellie Proffitt, who joined Childnet in September 2015 as an Administrator, was appointed on March 1st 2016 as an Education Officer at Childnet. Ellie is a qualified and experienced teacher.

The Digital Leaders programme for secondary, which launched in September 2015, has taken off, with over 100 schools registered, and almost 1000 young people on the platform doing the online training and actively earning badges by leading activities in their communities.

In a challenging economic environment, Childnet has been grateful to receive funding not aforementioned from the Garfield Weston Foundation, Facebook, Ask FM, the Government's Equalities Office, PhonepayPlus, Disney, Sky, Yahoo! and from the four big ISPs (BT, Sky, Talk Talk, Virgin Media) together supporting a range of work, including the development of educational resources and Childnet's role in the UK Safer Internet Centre.

● **FACTORS RELEVANT TO ACHIEVE OBJECTIVES**

Childnet has consistently built its reach and impact of its work and there are several factors involved in this. The staff at Childnet are experts in their areas and absolutely recognise the importance of the work they are doing - as such they are dedicated to the objectives of the organisation. The Board of Trustees provide great oversight of the organisation and their expertise and experience provide an invaluable resource and support.

Childnet builds strong and effective partnerships and sees working in collaboration key to successful implementation of its mission. Building a great coalition of support for Safer Internet Day, with key supporters like the BBC and Disney, has been successful in getting great reach and impact.

FINANCIAL REVIEW

● **GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the principal funding section below.

● **RESERVES POLICY**

For the year ending 31 March 2015, the Directors and Trustees had previously set a reserves policy objective of having a level of unrestricted reserves sufficient to cover 3 months operational costs at any one time. This is estimated currently to be around the region of £90,000. This was reviewed during the year. It was decided that this level should remain in place, although it remains an aspiration to increase it in the future as funding allows.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

● **PRINCIPAL FUNDING**

During the year the total incoming resources of the charity amounted to £929,160 (2015: £632,905) and total resources expended were £914,347 (2015: £603,451). This resulted in a surplus of £14,813 for the year (2015: £29,454). The reserves therefore stood at £151,962 at the year end (2015: £137,149), of which £68,371 was restricted and £83,951 was unrestricted (2015: £44,250 and £92,899 respectively).

Going forward the Directors/Trustees have acknowledged with the Auditors that there is a significant challenge in being able to continue to fundraise, especially for unrestricted income, for Childnet's work as a non-crisis intervention charity. At the date of this report, so long as the assumptions used in preparing forecasts remain valid, there is sufficient funding for the current operations to be maintained for the foreseeable future. The Directors/Trustees and staff are actively reviewing all areas of the charity's activities and future operations, options for reducing costs and securing grants and donations to continue the operations within the funds available.

● **MATERIAL INVESTMENTS POLICY**

Childnet does not currently have sufficient funds to justify a long-term investment policy. However, professional advice is sought on short-term commitment of funds to high interest bearing accounts for appropriate periods which bring the best return for the charity while maintaining liquidity.

Childnet also uses the services of an Independent Financial Advisor in making and implementing pension scheme decisions for its staff.

PLANS FOR FUTURE PERIODS

● **FUTURE DEVELOPMENTS**

Childnet is committed to the highest quality of operations (internal procedures, governance, staff training and development etc). During the next 12 months the organisation is continuing to keep in place and develop procedures which include:

- (i) Continuing to review the make up of the Trustee body and recruit additional trustees
- (ii) Continuing to strengthen our internal monitoring and evaluation processes
- (iii) Ensuring that the organisation continues to have strong reference and participation from children and young people
- (iv) Strengthening the fundraising and promotion of the organisation with the appointment or appropriate outsourcing of fundraising personnel
- (v) Continuing to regularly review the strategic direction of the organisation
- (vi) Developing staff through regular training and supervision and ensure that all internal policies are constantly updated
- (vii) Review Childnet's international strategy.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2016

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Childnet for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

A resolution proposing that Baldwin Scofield Ltd be re-appointed as auditors of the company will be put to the Annual General Meeting.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 28 November 2016 and signed on their behalf by:



Mrs Tink Palmer

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDNET

We have audited the financial statements of Childnet for the year ended 31 March 2016 set out on pages 14 to 24. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 145 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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 2016 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDNET

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Baldwin Scofield Ltd

Chartered Accountants
Registered Auditors

3 Newhouse Business Centre
Old Crawley Road
Horsham
West Sussex
RH12 4RU
28 November 2016

Baldwin Scofield Ltd are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2016

	Note	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Donations and capital grants	2	634,366	100,620	734,986	477,146
Investments	4	-	176	176	71
Charitable activities	3	38,875	155,123	193,998	155,688
TOTAL INCOME		673,241	255,919	929,160	632,905
EXPENDITURE ON:					
Raising funds		-	730	730	490
Charitable activities	7	684,455	229,162	913,617	602,961
TOTAL EXPENDITURE	8	684,455	229,892	914,347	603,451
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	14	(11,214) 35,335	26,027 (35,335)	14,813 -	29,454 -
NET INCOME / (EXPENDITURE)		24,121	(9,308)	14,813	29,454
RECONCILIATION OF FUNDS:					
Total funds brought forward		44,250	92,899	137,149	107,695
TOTAL FUNDS CARRIED FORWARD		68,371	83,591	151,962	137,149

The notes on pages 16 to 24 form part of these financial statements.

CHILDNET
(A company limited by guarantee)
Registered number: 03958416

BALANCE SHEET
as at 31 March 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	11		4,448	3,348
CURRENT ASSETS				
Stocks		5,572	-	
Debtors	12	116,950	53,269	
Cash at bank and in hand		253,455	270,881	
		<u>375,977</u>	<u>324,150</u>	
CREDITORS: amounts falling due within one year	13	<u>(228,463)</u>	<u>(190,349)</u>	
NET CURRENT ASSETS			<u>147,514</u>	<u>133,801</u>
NET ASSETS			<u>151,962</u>	<u>137,149</u>
CHARITY FUNDS				
Restricted funds	14	68,371		44,250
Unrestricted funds	14	83,591		92,899
TOTAL FUNDS			<u>151,962</u>	<u>137,149</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 145 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2016 and of its net incoming resources for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Trustees on 28 November 2016 and signed on their behalf, by:



Mrs Tink Palmer

The notes on pages 16 to 24 form part of these financial statements.

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 INCOME

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

Expenditure is 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 25.00% straight line
Computer equipment	- 33.33% straight line

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.8 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 FINANCIAL INSTRUMENTS

The company 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	106,363	60,620	166,983	171,220
Grants	191,303	40,000	231,303	167,126
Government grants	336,700	-	336,700	138,800
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	634,366	100,620	734,986	477,146
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and legacies, £125,191 was to unrestricted funds and £351,955 was to restricted funds

3. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity incoming resources	38,875	155,123	193,998	155,688
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from charitable activities, £139,584 was to unrestricted funds and £16,104 was to restricted funds.

4. INVESTMENT INCOME

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	-	176	176	71
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £ 71 was to unrestricted funds and £ NIL was to restricted funds.

CHILDNET
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

5. DIRECT COSTS

	Total 2016 £	<i>Total 2015 £</i>
Staff costs	1,547	6,350
Consultancy	19,803	1,613
Hire of premises	2,992	43,402
Design & print	62,627	40,003
Website	46,644	12,481
Motor & travel	28,556	30,382
Depreciation	3,551	2,001
Postage, printing, stationery	1,033	782
Leasing charges	1,867	1,989
Courier services	2,459	2,177
Wages and salaries	381,850	203,360
National insurance	36,176	18,925
Pension cost	28,830	20,390
	<hr/> 617,935 <hr/>	<hr/> 383,855 <hr/>

6. SUPPORT COSTS

	Total 2016 £	<i>Total 2015 £</i>
Publicity & marketing	32,254	7,999
Postage, printing, stationery	3,513	3,359
Telephone & commun's	3,114	3,034
Rent & rates	17,743	18,705
Heating & lighting	1,573	1,422
Repairs & renewals	5,662	4,752
Insurance	2,920	2,457
Legal	6,299	360
Bank charges & interest	1,114	1,059
Meetings	1,105	164
Leasing charges	2,739	2,132
Other	23,057	12,419
Courier services	-	12
Wages and salaries	-	64,294
National insurance	-	5,967
Pension cost	-	6,429
	<hr/> 101,093 <hr/>	<hr/> 134,564 <hr/>

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

7. GOVERNANCE COSTS

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Audit	3,500	3,500	3,500
Trustees' meetings	378	378	152
Legal	911	911	90
	<u>4,789</u>	<u>4,789</u>	<u>3,742</u>

8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	730	730	490
COSTS OF GENERATING FUNDS	<u>-</u>	<u>730</u>	<u>730</u>	<u>490</u>
Charitable activities	446,856	461,972	908,828	599,219
Expenditure on governance	-	4,789	4,789	3,742
	<u>446,856</u>	<u>467,491</u>	<u>914,347</u>	<u>603,451</u>

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	3,551	2,001
Auditors' remuneration	3,500	3,500
Pension costs	<u>28,830</u>	<u>26,819</u>

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

1 Trustee received reimbursement of expenses amounting to £378 in the current year, (2015 - 1 Trustee - £152).

CHILDNET
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	381,850	267,654
Social security costs	36,176	24,892
Other pension costs	28,830	26,819
	<u>446,856</u>	<u>319,365</u>

The average number of persons employed by the company during the year was as follows:

	2016 No.	2015 No.
	<u>12</u>	<u>10</u>

No employee received remuneration amounting to more than £60,000 in either year.

11. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
COST			
At 1 April 2015	14,977	21,128	36,105
Additions	-	4,651	4,651
Disposals	-	(194)	(194)
At 31 March 2016	<u>14,977</u>	<u>25,585</u>	<u>40,562</u>
DEPRECIATION			
At 1 April 2015	14,977	17,780	32,757
Charge for the year	-	3,551	3,551
On disposals	-	(194)	(194)
At 31 March 2016	<u>14,977</u>	<u>21,137</u>	<u>36,114</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>4,448</u>	<u>4,448</u>
At 31 March 2015	<u>-</u>	<u>3,348</u>	<u>3,348</u>

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

12. DEBTORS

	2016 £	2015 £
Trade debtors	38,707	12,805
Other debtors	1,611	600
Prepayments and accrued income	76,632	39,864
	<u>116,950</u>	<u>53,269</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	32,907	26,529
Other taxation and social security	29,457	19,256
Other creditors	2,586	33,945
Accruals and deferred income	163,513	110,619
	<u>228,463</u>	<u>190,349</u>

14. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
UNRESTRICTED FUNDS					
General Funds - all funds	92,899	255,919	(229,892)	(35,335)	83,591
RESTRICTED FUNDS					
Youth IGF	1,092	-	(170)	-	922
UK Safe Internet Centre Phase 3	8,165	193,303	(218,962)	17,494	-
Department for Culture Media & Sport	20,695	336,700	(309,446)	-	47,949
Phonepay Plus	44	28,000	(26,473)	-	1,571
Digital Leaders Programme	14,254	106,783	(108,420)	-	12,617
UK Safe Internet Centre Phase 2	-	-	(5,000)	5,000	-
Film Competition 2016	-	342	(5,949)	5,607	-
Digital Leaders Primary Pilot	-	8,113	(2,801)	-	5,312
Developing Critical Thinking	-	-	(7,234)	7,234	-
	<u>44,250</u>	<u>673,241</u>	<u>(684,455)</u>	<u>35,335</u>	<u>68,371</u>
Total of funds	<u>137,149</u>	<u>929,160</u>	<u>(914,347)</u>	<u>-</u>	<u>151,962</u>

The charity runs projects to develop and distribute training materials and publications dealing with good governance of internet usage. Where grant funding is sought for a project it is recorded in a separate restricted fund. The direct project costs and certain overheads are allocated to each fund as incurred.

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
General funds	92,899	255,919	(229,892)	(35,335)	83,591
Restricted funds	44,250	673,241	(684,455)	35,335	68,371
	<u>137,149</u>	<u>929,160</u>	<u>(914,347)</u>	<u>-</u>	<u>151,962</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	4,449	4,449	3,349
Current assets	68,371	307,607	375,978	324,149
Creditors due within one year	-	(228,465)	(228,465)	(190,350)
	<u>68,371</u>	<u>83,591</u>	<u>151,962</u>	<u>137,149</u>

16. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,830 (2015 - £26,819). Contributions totalling £2,586 (2015 - £33,945) were payable to the fund at the balance sheet date and are included in creditors.