iST Institute

Annual Report and Accounts

for the year ending 31 March 2021

Institute of Integrated Systemic Therapy

Company number: 01708301
Registered charity no: 286909

Contents

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


To love others...
first love yourself
JERSEY

Our Vision, Mission and Aims

Our Vision

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

Our Mission

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

We do this through the provision of:

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

Our newest home in Kent, Oakwood, is opened in August 2021.

Our Aims

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

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

We have systematically developed our clinical capabilities and positioning to meet the needs of the most disturbed children and young people, whose needs can be met by very few providers. In recent years, we have begun to have a significant impact on the UK's political and regulatory understanding of the needs of seriously traumatised children.

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

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

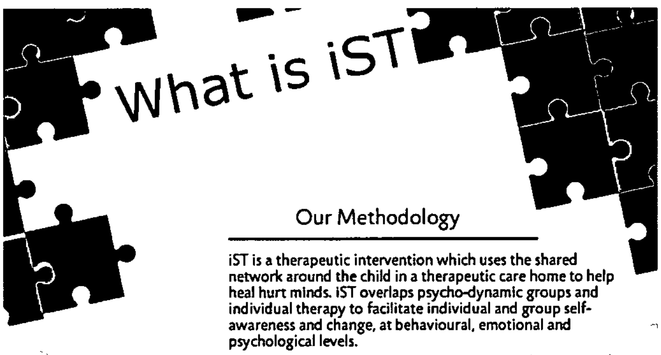
a) Increasing the capacity and number of residential placements and special school places that we provide;
b) Further developing therapeutic services, including our therapeutic foster care provision;
c) Developing cost effective tapered packages of care;
d) Influencing relevant national policies on behalf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

The Charity and Integrated Systemic Therapy

The Charity

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

Integrated Systemic Therapy



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

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

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

The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

Chairman's Introduction

Welcome to our 2020/21 annual report. Like many annual reports the impact of the pandemic, which is woven into all our lives, provides an inevitable context for what an organisation has achieved. In our case, we have had a very successful year. Our homes have been largely full. The operational impact of the pandemic has been manageable and the isolation that lockdowns created has not stopped us deliver the therapy to the children we look after. We are all tested in times of difficulty; and the staff and children at Childhood First are no different. I have been immensely impressed at the resourcefulness and professionalism that have led to a set of outcomes beyond all our expectations.

As reported last year, in order to safeguard our services, children and families during the pandemic, and to release clinical management resources to support contingencies, we took the decision to suspend our fostering service. In its place, we decided to advance our preparations to open Oakwood. This did not open within the financial year but did so in August 2021.

Our other four homes have continued to operate successfully and, because of the high demand, achieved the highest occupancy we have seen for some time. We took the opportunity to further our strategy to become paperless and all key areas now operate in this way. We showed great adaptability in rapidly embracing the "Zoom" culture. Most significantly was how we applied it to our training and research in iST, so that our staff were able to continue to develop throughout the lockdowns and apply their learning to the treatment of the children.

We held a slightly delayed third graduation ceremony at Southwark Cathedral to recognise the qualification of 32 of our staff in Child Psychotherapy. We congratulate them for their hard work and achievement.

At the end of the year Stephen Blunden, who has been our Chief Executive for the past seventeen years, stood down and Gary Yexley became our new CEO from April 2021. Stephen has overseen an incredible transformation of the organisation. He has establish IST as the bedrock that allows us to work therapeutically. He has created the institute which is recognised for its training in child Psychotherapy. He has steered the charity through a business transformation with four (soon to be five) high quality children's homes delivering services which are in great demand. The trustees and I are immensely grateful to Stephen for all he has done for the charity.

I am delighted that Gary is our new Chief executive. Gary has been with the organisation for twenty years working in our Kent homes and was, until this promotion, our Residential Care Director. I am confident that Gary will build on the work that Stephen has delivered and create a legacy of his own.

I have been chairman for the past ten years and now feel this is the time for me, too, to stand down. I am pleased to announce that Henrietta Hughes will become our new chair; I know she will do an excellent job. I will remain on the trustee board for time being.

I believe all these changes will provide a springboard for the charity to deliver better outcomes for the children we care for and extend our influence to help those children who are elsewhere.

John Harrison

John Harrison
Chairman

Trustee' Report

(Vision, Mission and values - see page 2)

Our Achievements and Performance

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

We do this in the following ways:

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

These are reported below. We will be reporting our achievements for 2020/21 against these.

Delivering therapeutic effectiveness

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

Our aims for 2020/21 were to:

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

What we achieved in 2020/21

For the fourth year in a row all four of our homes had an Ofsted rating of Outstanding. However, Ofsted did not undertake any inspections in the period because of the pandemic. We continue to deliver a high quality service because of the effectiveness of the iST methodology coupled with the professionalism of our staff and management.

The capacity of our homes allows us to accommodate 37 children. We set a target to average 30 placements (81%) of capacity. In fact averaged 33.7 placements (91%). Two of our homes remained full all year.

We had already planned to pause our fostering service because of the pandemic which made expansion difficult. The aim in the year was a controlled wind down. This was achieved; the last child left in November 2020 and the remaining staff were redeployed within the charity. The decision to recommence remains an option. We have retained our business centre in Sittingbourne in that expectation.

Sustaining service growth

Our aims for 2020/21 were to:

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

What we achieved in 2019/20

During the year, we prepared Oakwood for opening. We recruited additional staff and have successfully created the necessary culture to accommodate children in the future. The property received all necessary developments to convert it into a home. We spent time ensuring the correct management structure was in place and all regulatory matters were in place. Ofsted gave clearance for it to open in August 2021.

Our internal training continues to thrive. We have 100 students currently training from the Foundation course to Masters.

We held our third graduation ceremony was held in July 2021 having been deferred from November due to the pandemic.

As usual it was held at Southwark Cathedral. As with the first such event, it was a celebration and of the dedication of the many staff who had worked so hard to progress in their therapeutic knowledge and skills. In total, 32 students graduated from the training. One student completed a full masters in iST. Three of these qualified at Masters level as iST Child Psychotherapists.

Fundraising in the current environment continued to be challenging. Consequently, when our Fundraising Director left in November 2020 they were was not replaced. We have continued with a single fundraiser and we have managed to obtain donations from a variety of sources. This is mainly from trusts (81%) since it was not possible to hold any fundraising events. There was no London Marathon in 2020 (except for elite runners) and it is hoped that one will happen in October 2021. In the end we received £189,000 in donations from all sources which is a great achievement given the situation.

It is unclear how much easier the fundraising environment will get in 2021/22. We are therefore particularly grateful to those acknowledged below for their contributions:

- 29th May 1961 Charitable Trust
- Barratt Family Charitable Trust
- Charles Littlewood Hill Trust
- D'Oyly Carte Charitable Trust
- Eastern Counties Educational Trust
- Kent Community Foundation
- Ladham Charitable Trust
- Latham & Watkins LLP
- Marc Harris
- Pamela Champion Foundation
- Peter Harrison Foundation
- Philip Rackham
- R C Snelling Charitable Trust
- Robert Shipton
- Silver Family Charitable Trust
- Sir James Roll Charitable Trust
- Tanya Scott-Adie
- The Beatrice Laing Foundation
- The Clover Trust
- The Elizabeth and Prince Zaiger Charitable Trust
- The Geoffrey Watling Charity
- The HASH Foundation
- The Inverforth Charitable Trust
- The John Black Foundation
- The Joseph & Lena Randall Charitable Trust
- The Martin Laing Foundation
- The Red Hill Charitable Trust
- The Tompkins Foundation
- Whitegates Children's Trust
- Whitehead Monckton Charitable Trust

Applying our external profile and influence

Our aims for 2020/21 were to:

a) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.

b) Develop clinical influence through research, conference attendance and clinical papers.

What we achieved in 2020/21

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

We successfully completed our UKCP reaccreditation process and received very positive feedback. This feedback included a suggestion for the Institute to develop an external practice conversion course, which we are now doing.

We have accredited four new staff members as Child Psychotherapeutic Counsellors, and our very first Institute trained Child Psychotherapist.

As part of our work on Middlesex University Reaccreditation we enhanced our academic program and assessment structure to improve the quality of our clinical practice and expertise.

We have commenced development of a corporate foundation course for staff who are not directly involved with clinical work and also for those specialising in education. This will give all staff an insight into our iST model and our therapeutic method.

One staff member completed their Masters in iST, producing an insightful dissertation on the management and definitions of self-harm in Children's Residential care and graduated with Distinction. We also have two staff members working to complete their Masters.

We have published the paper 'Left behind Reflections of residential care home managers when children leave' in The Scottish Journal of Residential Child Care. We have another paper, 'The complexities and benefits of placement and family support work in children's residential care', pending publication.

Our research programme continues to grow and includes the following:

Completed projects (all Masters Levels)

1) Left behind Reflections of residential care home managers when children leave
2) The complexities and benefits of placement and family support work in children's residential care
3) Is there a way to make outcomes data more accessible?
4) What motivates staff to work within therapeutic communities and what motivates them to leave?
5) An Investigation in to the factors that impact on a child's progress in a therapeutic community
6) An Investigation into the Use of Restrictive

Physical Intervention with Children Living in a Therapeutic Community.

7) An investigation into exploring the understanding and management of self-harm in children in a therapeutic community in order to inform the development of practice.
8) To explore the role of effective succession planning in contributing to the future sustainability of a value-based organisation

Ongoing projects:

Completed projects (all Masters Levels)

1) Perspectives of Life Story Work with Traumatized Children
2) An exploration into the impact of Covid-19 on Group Culture in a Therapeutic Community
3) Referrals of Children into Therapeutic Residential Children's Homes
4) The Voice of Fathers of Children in Care

PhD Level

1) 1.The Capacity for change and growth in a therapeutic community – for an individual, a group and the organisation as a whole
2) 2.How do Therapeutic Care Workers (TCWs) make sense of their informal interactions with the child within a therapeutic community?
3) 3.Exploring the the different views of care leavers, birth families, and professional on how to create positive contacts between LAC and families

These research projects have many uses, both inside and outside the charity (see p16).

Proposed Projects:
We have five new Masters Research students starting this September with exciting and interesting projects involving, life story work, food and eating disorders, and transitions/ leaving care.

We are holding our first Research Colloquium in April 2022 which will be a platform for our researchers to present their projects to an external audience. This is an important part of our programme to widen our influence in child psychotherapy outside the organisation as well as improve our own business practice.

Financial Review and the Results for the Year

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

Fee income summary

	2020/21	2019/20	Change
	£000	£000	£000
East Anglia	4,392	3,863	529
Kent	4,893	3,853	1,040
Residential	**9,285**	**7,716**	**1,569**
Fostering	96	124	(28)
Total	**9,381**	**7,840**	**1,541**

Residential fee income is up £1,569,000 on 2019/20. Average placements increased from 30.0 to 33.7 as the additional places were taken up following last year's expansion. We therefore achieved 91% occupancy (2019/20 81%).

During the year we decided to wind down our activity in Fostering and all activity ceased in January 2021.

Net surplus

	2020/21	2019/20	Change
	£000	£000	£000
East Anglia	691	223	468
Kent	479	89	390
Residential	**1,170**	**312**	**858**
Fostering	(188)	(366)	178
Head Office	312	1	311
Total	**1,294**	**(53)**	**1,347**

The large rise in the surplus has arisen from the better occupancy levels. Overall Residential care achieved a surplus of £1,170,000 up £858,000 from the previous year.

Fostering recorded a net deficit as the activity was brought to a close. We continued made reductions in costs in this area as this activity ceased.

Head office surpluses are a combination of the fundraising results and investment returns. Investments have performed well this year recording a surplus of £366,000 (2019/20 £7,000) as the markets recovered.

Fundraising income was £189,000, significantly down on the down on last year (£337,000). This follows the sector experience where income from this area were significantly lower because of the pandemic. We made significant cost reductions in this area in response. Overall fundraising provided a surplus £33,000 compared to £65,000 in the previous year.

The charity has recorded an impressive surplus largely because of the high placement level achieved and the stability of the placements.

Total costs

Overall costs have grown by £366,000 (4%) during the year. Staff costs have risen by £658,000 and non-staff costs have fallen by £292,000. Staff numbers have increased by 7% which explains the majority of this increase. The falls in non-staff cost reflect the reduced fostering activity, lower travel and office costs. The scaling back of fundraising also reduced the marketing spend during the year. These changes reflect the impact of lockdown during the year.

Fixed assets

There were minor investments in the Merrywood property.

Debtors and Creditors

Debtors are down 34% on last year despite the increase in turnover. This reflects better collections.

Trade creditors remain consistent at £300,000 and represent around six weeks of purchases.

Cash position

The cash position has increased significantly reflecting the large surplus achieved and the reduction in debtors. There has been little capital investment during the year.

Provision for liabilities and charges

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though these schemes were replaced with defined contribution schemes some years ago for all new employees. The poor performance of these Local Authority Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £361,000. Full details of these schemes are included in the notes to the accounts.

Investments

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

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

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

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £3,315,712; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £366,000.

Financial reserves

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

1. to provide working capital to manage fluctuations in its cashflow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;

4. to provide capital growth for imminent developments; and
5. to provide development of our service quality

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

Based on the accounts, total reserves are £10,446,000. Excluding fixed assets (£5,251,000) and restricted funds (£487,000) the unrestricted reserves amount to £4,708,000. However this total has been arrived at after recognising the £361,000 pension deficit which is a long term liability. Short term unrestricted reserves are therefore £5,069,000. The charity aims to apply excess reserves in further expansion of its residential care provision and other projects.

Our Future Plans

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

Therapeutic Effectiveness

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

Sustainable Service Growth

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

External Profile and Influence

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

Our response to Covid 19

Covid 19 and its impact began in the latter part of the previous financial year (February 2020). In last year's report which covered the period to September 2020, we gave an extensive explanation of the measures we had undertaken.

The key points were:

- Our homes continued to operate normally but applied all government restrictions as required.
- All head office staff moved to home working. We had sufficient systems and infrastructure in place to continue to deliver our business services.
- Our professional training moved on-line and all students continued to receive training.
- Our fundraising activity was curtailed in line with much of the charity sector.
- We maintained the quality of our work, although Ofsted ceased home inspections during this time.
- Our customers are exclusively local authorities and we experienced no fall in demand for our services or payment for them.

For the latter part of the year we continued to operate at close to full. We were able to maintain sufficient staffing to allow this to happen.

In the latter half of the year we experienced a Covid outbreak in one of our Kent homes. However, we had built up staff numbers sufficiently to have adequate cover whilst they self-isolated.

We continued to monitor the staff absence rates during this period. We found that there was relatively little issue with Covid except as noted above.

The level of visits from outsiders (Ofsted, social workers) remained low and all necessary contact was delivered through conference or telephone calls.

Greenfields School which did not close in the early stages of the pandemic, remained open throughout the year.

We completed the shutdown of the fostering service and the remaining staff were redeployed; there were no redundancies.

Our head office continued to operate remotely but we established a series of on-line meetings as part of the communication and team building strategy. Having gone fully paperless we were able to work with our auditors for them to complete the 2020 audit of our accounts. This went smoothly and no audit issues were identified.

We completed a further Information Systems development programme with additional back up and business continuity arrangements to add resilience to our infra structure.

Our professional training (previously delivered face to face) moved on-line and all students were able to access an uninterrupted delivery of iST. The group analysts still delivered their therapy in group meetings. In the latter part of the year we used some PPE in these meetings and some were delivered remotely when national infection levels were high.

As the vaccines became available, our staff were able to receive these early due to their work status. We have experienced a very high take up rate which has allowed us to dispense with the use of facemasks sooner than otherwise. This has helped with our clinical delivery to the children.

During the year we prepared Oakwood, the home we acquired in 2019, for opening. Staff numbers were built up and the property conversion process completed. We have now opened the home in August 2021 and have taken the first children into the community.

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

Fundraising has been scaled back and staffing reduced to reflect the scope available to the charity.

Looking forward, it is likely that some practices which were established during the pandemic would remain. We are planning to return to head office but with a mixture of home and office working. We will continue to operate paperlessly and use Zoom for some meetings to contain travel costs. At the same time the organisation has been clear of the critical value of face to face meetings – especially in an organisation which is rooted in therapeutic working.

Risk and Uncertainties

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

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

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

OFSTED rating system

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

Safeguarding

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

Recruitment and retention of appropriate skilled staff

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

Shortfall in fee income

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

Shortfall in voluntary income

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

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

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

Structure, Governance and Management

Governing document

The Institute of Integrated Systemic Therapy is a charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008. To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.
The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

Recruitment and appointment of Trustees

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

Trustees' induction and training

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

Organisational structure

Dr Henrietta Hughes OBE our new Chair of Trustees

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

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

Committee Membership

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

* external member; **until December 2020.

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

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

As mentioned in the chairman's introduction, John Harrison who has been the chair of trustees for the past ten years, is standing down in September 2021 and Henrietta Hughes will take up the role.

Management and core activities

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

As mentioned in the chairman's introduction Stephen Blunden retired on 31 March 2021 and Gary Yexley became the new CEO. During the year a number of the management team moved on and were replaced (see p38). These changes had been carefully planned for and we are pleased at the seamless way the incoming directors have taken up their roles. The new team will now build on the successes of the previous one.

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

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

The communities are:

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

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

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

Remuneration Policy

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

Our Approach to Fundraising

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

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

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

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

Public Benefit

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

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

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

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

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

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

Statement of Responsibilities of the Trustees

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

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

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

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

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

Going concern

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

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

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

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

Disclosure of Information to Auditors

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

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

On behalf of the Board of Trustees

John Harrison
Chairman

14 September 2021

Katie Ervine, winner of the Stephen Blunden Award for outstanding achievement.

Our research projects have many uses.

a) They can provide academic insight, that is, they build on existing psychotherapy analysis presented by other authors.
b) They can lead to organisational improvements via service developments, practice enhancement and improving children's outcomes.
c) They can have a wider social impact through the based research and recommendations for improving clinical practice.

A research project can often deliver in more than one of these categories (see below)

completed projects

- ●● Left behind reflections of residential care home managers when children
- ●●● Making Children's Outcomes data more accessible
- ●●● Exploring the management and definitions around self-harm
- ●● What motivates people to work within therapeutic communities and why people leave?
- ● Factors that impact on a child's progress in a therapeutic community
- ●● Use of Restrictive Physical Intervention with Children Living in a Therapeutic Community
- ●●● The role of effective succession planning in contributing to the future sustainabitlity of a value-based organization
- ●●● The complexities and benefits of placement and family support work

ongoing projects

- ●●● Referrals of Children in Residential Care
- ●● The Voice of Fathers of children in Care
- ●● How do Therapeautic Care Workers make sense of their informal interactions
- ●●● The Impact of Covid-19 on the Group Culture
- ●● Capacity for change and growth in a therapeutic
- ●● How to create positive contacts between LAC and families
- ●● The Impact of Life Story Work

key - research aims

● **Academic insight** ● **Local service improvement** ● **Organisational improvement** ● **External/ wider social impact**

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the (consolidated) statement of financial activities, the (consolidated) balance sheet, the (consolidated) 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 Group and Parent 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 Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the 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 Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

DocuSigned by:
BDO LLP
2CA02FD38C43456...

Richard Willis (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor London, UK

Date: 7 October 2021

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

Consolidated Statement of Financial Activities

for the Year Ended 31 March 2021

		2021				2020
	Notes	Unrestricted £	Restricted £	Endowment £	Total £	Total £
Income and endowments from						
Donations and legacies		76,566	112,297	-	188,863	337,454
Charitable activities		9,381,008	-	-	9,381,008	7,840,464
Investments		24,681	-	-	24,681	70,469
Other		12,833	-	-	12,833	5,111
Total income		**9,495,088**	**112,297**	-	**9,607,385**	**8,253,498**
Expenditure on						
Raising funds		145,516	-	-	145,516	273,237
Charitable activities						
Therapeutic residential care		7,828,111	10,043	-	7,838,154	7,200,289
Fostering		284,158	-	-	284,158	490,998
Placement and family support		83,601	-	-	83,601	283,008
Training		327,783	-	-	327,783	66,469
Total expenditure	2	8,669,169	10,043	-	**8,679,212**	**8,314,001**
Net income/(expenditure) before investment gains		825,919	102,254		928,173	(60,503)
Gains on Investments		365,987	-	-	365,987	7,464
Net income/(expenditure)		**1,191,906**	**102,254**	-	**1,294,160**	**(53,039)**
Transfers between funds		-	-	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	187,000	-	-	187,000	(140,000)
Net movement in funds		**1,378,906**	**102,254**	-	**1,481,160**	**(193,039)**
Total funds brought forward		8,096,595	384,710	483,947	8,965,252	9,158,291
Total funds carried forward		**9,475,501**	**486,964**	**483,947**	**10,446,412**	**8,965,252**

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2020 comparatives are shown in Note 19a.

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

Consolidated and Company Balance Sheet

as at 31 March 2021

Company number: 1708301

	Notes	Group 2021 £	Group 2020 £	Group 2021 £	Company 2020 £
Fixed assets					
Tangible assets	7	5,251,933	5,380,593	4,206,508	4,279,475
Investments	8	3,315,712	2,937,322	3,315,712	2,937,322
		8,567,645	8,317,915	7,522,220	7,216,797
Current assets					
Debtors	10	506,321	718,271	141,053	134,639
Cash at bank		2,496,742	1,150,526	2,380,350	1,073,541
		3,003,063	1,868,797	2,521,403	1,208,180
Creditors:					
Amounts falling due within one year	11	(763,296)	(642,460)	(3,439,052)	(1,885,222)
Net current assets/(liabilities)		2,239,767	1,226,337	(917,649)	(677,042)
Total assets less current liabilities		10,807,412	9,544,252	6,604,571	6,539,755
Creditors:					
Amounts falling due after one year	12	-	-	-	-
Pension liability	13	(361,000)	(579,000)	(363,000)	(863,000)
Net assets		**10,446,412**	**8,965,252**	**6,241,571**	**5,676,755**
The funds of the charity					
Income funds					
Unrestricted funds					
- General reserves		9,034,308	7,873,402	5,068,989	4,606,427
- Pension reserves		(361,000)	(579,000)	-	-
- Designated funds	15	802,193	802,193	685,618	685,618
Total unrestricted funds		9,475,501	8,096,595	5,754,607	5,292,045
Restricted funds	14	486,964	384,710	486,964	384,710
Capital funds					
Endowment funds	16	483,947	483,947	-	-
Total charity funds		**10,446,412**	**8,965,252**	**6,241,571**	**5,676,755**

The financial statements were approved and authorised for issue by the Trustees on 14 September 2021 and were signed on its behalf by

John Harrison
Chairman

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

Consolidated cash flow statement

For the year ended 31 March 2021

	Notes	2021 £	2020 £
Cash flow from operating activities			
Net income for the reporting period		1,481,160	(193,039)
Depreciation		174,243	181,847
Losses/(gains) on investments	8	(365,987)	(26,361)
Interest (receivable)		(12,403)	(15,706)
Decrease/(increase) in debtors	10	211,950	(94,270)
(Decrease)/increase in creditors	11	120,836	86,350
Actuarial loss/(gain) on defined benefit scheme	13	(218,000)	165,000
Net cash (used in) operating activities		**1,391,799**	**103,821**
Cash flows from investing activities			
Dividend, interest and rents from investments		-	-
Proceeds from sale of property		-	-
(Purchase) of property, plant equipment	7	(45,583)	(1,118,032)
(Purchase) of investments	8	-	933,064-
Net cash provided by financing activities		**(45,583)**	**(184,968)**
Change in cash in reporting period		**1,346,216**	**(81,147)**
Cash at beginning of year		**1,150,526**	**1,231,6737**
Cash at end of year		**2,496,742**	**1,150,526**

Analysis of changes in net debt

	Cash deposits £	Cash £	Total £
Balance at 1 April 2020	440,420	1,150,526	1,150,966
Cash flows	12,403	1,346,216	1,358,619
Balance at 31 March 2021	452,823	2,496,742	2,949,565

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

1 Accounting policies

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

a) Basis for consolidation

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

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

Basis for consolidation

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

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

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,528,509
(2020 - £1,680,861) and the result for the parent charitable company, including unrealised surpluses on investments, for the year was a £567,774 surplus (2020 – £860,195 deficit).

b) Fixed assets and depreciation

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

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

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

c) Leases

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

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

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

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

d) Income and expenses

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

e) Allocation of expenses

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

1 Accounting policies (continued)

f) Investments

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

g) Funds:

• Unrestricted funds

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

• Restricted income funds

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

• Permanent Endowment fund

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

h) Pension costs

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

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

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

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

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

i) Financial instruments

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

j) Cash and cash equivalents

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

k) Going concern

The impact of the pandemic resulted in new ways of working, but did not result in a reduction in the demand for our key residential services. The 2020/21 results show this very clearly and these results are the best ever recorded by the charity. The organisation has recorded a surplus of £1.5m in 2020/21 and we forecast a surplus in 2021/22 of between £1.6m and £0.6m. The variation relates to capacity of the homes and the timing of Oakwood opening. We have stress tested our assumptions and believe that these results represent a realistic picture.

The majority of the negative effects (caused by the pandemic) are reflected in our current results and our forecast. Fundraising income which was never a significant income stream has been set at an extremely prudent level. We have also cut costs in this area. Likewise, our fostering service has been wound down and this loss-making area has now ceased. The organisation has restructured and is able to work remotely or non-remotely as the conditions dictate. Our staff arrangements and technical infrastructure is now adaptable to either situation. All key investment to improve resilience has been completed. The majority of our staff are fully vaccinated and so the likelihood of a Covid-19 infection level of sufficient scale for a home to suspend operations remains low.

Our fees are structured so that they deliver a surplus. We do not face a counterparty debt risk as all customers are local authority. At an operational level we have a successful track record of recruiting and training staff to deliver our service. Our investment strategy is conservative and aims to preserve the real value of the charity's assets. There was only a modest impact from the decline in the equity markets at March 2020. The results for March 2021 show a clear bounce-back.

The charity's balance sheet, already strong, has continued to strengthen and we carry excess reserves which are available if needed. There is a strong regular cash flow generated from the residential care service and the overall liquidity level is high; net current assets plus investments represent 53% (2020:46%) of net assets. The group has £2.5m (2020: £1.2m) in cash as well as £3.3m (2020: £2.9m) of investments; this represents sufficient funds to cover six months of expenditure.

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

2 Analysis of total expenditure

	Basis of allocation	Raising funds	Therapeutic Residential care	Fostering	Training	Placement and Family support	2021 Total	2020 Total
		£	£	£	£	£	£	£
Costs directly allocated to activities								
Staff costs	Direct	98,996	5,374,968	90,973	232,684	83,601	**5,881,222**	**5,263,473**
FRS 102 pension adjustment	Direct	-	122,000	-	-	-	**122,000**	**138,000**
Consultancy	Direct	-	16,113	42,270	-	-	**58,383**	**84,898**
Travel	Direct	-	104,180	1,275	3,575	-	**109,030**	**193,807**
Office costs	Direct	5,223	229,983	6,818	1,381	-	**243,405**	**325,034**
Marketing	Direct	(8,928)	6,701	792	-	-	**(1,435)**	**69,052**
Premises	Direct	-	337,092	16,168	-	-	**353,260**	**362,192**
Household	Direct	-	119,510	-	-	-	**119,510**	**111,636**
Provisions	Direct	-	147,825	-	-	-	**147,825**	**131,004**
Education	Direct	-	310,266	-	-	-	**310,266**	**370,252**
Personal care	Direct	-	70,020	-	-	-	**70,020**	**46,027**
Social activities	Direct	75	127,957	-	-	-	**128,032**	**163,822**
Other	Direct	-	45,215	10,690	30,145	-	**86,050**	**68,022**
Depreciation	Direct	-	174,243	-	-	-	**174,243**	**181,847**
Finance charges	Direct	-	653	-	-	-	**653**	**1,267**
Insurance, legal, professional	Direct	-	141,211	13,964	-	-	**155,175**	**186,738**
Audit and accountancy	Direct	-	23,871	-	-	-	**23,871**	**20,443**
Total		95,366	7,351,808	182,950	267,785	83,601	**7,981,510**	**7,717,710**
Support costs allocated to activities								
Premises and office costs	Staff time	19,696	29,545	9,848	29,545	-	**88,634**	**68,688**
Finance and HR staff	Staff time	24,515	367,712	73,542	24,514	-	**490,283**	**436,974**
Other	Staff time	5,939	89,089	17,818	5,939	-	**118,785**	**91,229**
Total		50,150	486,346	101,208	59,998	-	**697,702**	**596,891**
Total expenditure		**145,516**	**7,838,154**	**284,158**	**327,783**	**83,601**	**8,679,212**	**8,314,001**

Further details on comparatives are shown in note 19b.

Marketing costs include a £14k refund of a deposit with Claridges for a fundraising event. This event was cancelled because of the pandemic.

3 Net (expenditure)/income

Net (expenditure)/income for the year is stated after charging:	2021 £	2020 £
Auditor's remuneration: Group	23,871	20,040
Depreciation of tangible fixed assets	174,044	181,847
(Profit) on sale of fixed assets	-	-
Rentals payable under operating leases:		
Land and buildings	96,800	92,000
Other	37,565	37,246
Trustees professional indemnity insurance	2,025	2,025

4 Staff numbers and costs

The average number of persons employed by the group during the year was 174 (2020 - 163). The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	5,345,719	4,709,500
Social security costs	481,495	392,704
Other pension costs	269,608	248,283
FRS 102 pension adjustment (see note 6)	122,000	138,000
	6,218,822	4,889,844

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

	2021	2020
£60,001 - £70,000	-	-
£70,001 - £80,000	1	3
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,000 - £150,000	1	-

Pension payments for the above members of staff amounted to £70,355 (2020 - £77,081). The combined remuneration of these staff was £445,485 (2020: £558,951).

No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £631 (2020 - £960).

5 Related party transactions

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

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

	Princess Mary's Trust £	Childhood First (Midlands) £	Childhood First (South) £	Childhood First (East Anglia) £	Total £
Charge to subsidiary					
Management charge	-	-	375,090	353,253	**728,343**
Institute training	-	-	105,600	115,200	**220,800**
Rental	-	-	169,600	100,000	**269,600**
Total	-	-	650,290	568,453	**1,218,743**
Donations to subsidiary	-	-	3,759	3,841	**7,600**
Donations from subsidiary	-	-	-	-	-
Intercompany balances					
As at 31 March 2020					
Owed to parent	21,073	-	-	-	**21,073**
Owed by parent	-	55,059	1,385,076	1,810,788	**3,250,923**

5 **Related party transactions** (continued)

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

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

6 **Pensions**

(a) **Surrey Pension Scheme**

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

The actuarial deficit attributable to the company at 31 March 2021 was estimated to be £363,000 (2020: £863,000). 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 (2020 - £94,744). There were outstanding contributions of £6,484 due at the end of the financial year (2020 - £9,389). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

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

Financial	**2021**	**2020**
Pension increases	**2.85%**	2.0%
Salary increases	**3.75%**	2.9%
Discount rate	**1.95%**	2.3%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% 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:

2020	**Males**	**Females**
Current pensioners	22.1 years	24.3 years
Future pensioners	22.9 years	25.7 years
2021	**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:	**2021** £	**2020** £
Equities	4,687,000	3,695,000
Bonds	1,000,000	849,000
Property	437,000	350,000
Cash	125,000	100,000
Totals	6,249,000	4,994,000

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

6 **Pensions** (continued)

	2021 £	2020 £
Net pension assets and liabilities		
Estimated employer assets	6,249,000	4,994,000
Present value of scheme liabilities	(6,612,000)	(5,857,000)
Present value of unfunded liabilities	-	-
Net pension liability	(363,000)	(863,000)

Changes in the fair value of plan assets, defined benefit obligation and net liability	2021 £	2020 £
Reconciliation of Funded liabilities		
Opening position	5,857,000	6,095,000
Current service cost	63,000	87,000
Interest cost	132,000	144,000
Contributions by members	19,000	20,000
Benefits paid	(291,000)	(309,000)
Expected closing position	5,780,000	6,037,000
Remeasurements		
Changes to financial assumptions	832,000	(180,000)
Total remeasurements	832,000	(180,000)
Closing position	6,612,000	5,857,000

Reconciliation of fair value of employer assets	2021 £	2020 £
Opening position	4,994,000	5,709,000
Interest income	113,000	135,000
Employer contributions	125,000	91,000
Contributions by members	19,000	20,000
Benefits paid	(291,000)	(309,000)
Expected closing position	4,960,000	5,646,000
Remeasurements		
Return on assets	1,289,000	(652,000)
Total remeasurements	1,289,000	(652,000)
Closing position	6,249,000	4,994,000

Analysis of amounts credited/(charged) to the statement of financial activities	2021 £	2020 £
Current service costs	(63,000)	(87,000)
Interest cost	(19,000)	(9,000)
Interest income	-	-
Net credit/(charge) to statement of financial activities:	(82,000)	(96,000)
Actual Return on assets	1,289,000	(652,000)
Actuarial gains/(losses) arising on scheme liabilities	(832,000)	180,000
Actuarial (losses)/gains charged to the statement of Financial Activities	457,000	(472,000)

6 **Pensions** *(continued)*

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

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

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

There was one members in the company and two pensioners. The contributions of the charitable company during the year were 22.6% of pensionable salary and amounted to £nil (2020 - nil). There were no outstanding contributions at the end of the financial year (2020 - nil). The charity intends to exit the Norfolk pension scheme during 2020 and at the year end there were no employees in the scheme which is now closed. The employer contribution for the year beginning 1 April 2020 has therefore not been established (2020 – 22.6%). There is no deficit contribution.

The major assumptions at 31 March 2021 as used by the actuary were:

Financial	**2021**	**2020**
Pension increases	**2.85%**	1.9%
Salary increases	**3.55%**	2.6%
Discount rate	**2.0%**	2.3%

Mortality

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

2020	**Males**	**Females**
Current pensioners	**21.7 years**	**23.9 years**
Future pensioners	**22.8 years**	**25.5 years**
2019	**Males**	**Females**
Current pensioners	21.9 years	24.3 years
Future pensioners	23.2 years	26.2 years

Commutation

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

Assets - solely Childhood First (East Anglia) Limited

The market value of the scheme's assets and their current allocation are:	**2020** £	**2019** £
Equities	-	-
Bonds	1,410,000	1,378,000
Property	44,000	44,000
Cash	15,000	29,000
Totals	1,469,000	1,451,000

Total investment returns for the year to 31 March 2021 was 0.8%.

6 **Pensions** (continued)

	2021 £	2020 £
Net pension assets and liabilities		
Estimated employer assets	1,469,000	1,451,000
Present value of scheme liabilities	(1,467,000)	(1,167,000)
Total value of (liability)/asset	2,000	284,000
Net pension asset	2,000	284,000

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

	2021 £	2020 £
Reconciliation of Funded liabilities		
Opening position	1,167,000	1,408,000
Current service cost	46,000	41,000
Past service	-	-
Interest cost	27,000	34,000
Contributions by members	13,000	9,000
Benefits paid	(34,000)	(33,000)
Expected closing position	1,219,000	1,459,000
Remeasurements		
Changes to financial assumptions	248,000	(292,000)
Total remeasurements	248,000	(292,000)
Closing position	1,467,000	1,167,000

Reconciliation of fair value of employer assets	2021 £	2020 £
Opening position	1,451,000	1,380,000
Interest income	33,000	33,000
Employer contributions	28,000	22,000
Contributions by members	13,000	9,000
Benefits paid	(34,000)	(33,000)
Expected closing position	1,491,000	1,411,000
Remeasurements		
Return on assets	(22,000)	40,000
Total remeasurements	(22,000)	40,000
Closing position	1,469,000	1,451,000

Analysis of amounts credited/(charged) to the statement of financial activities	2021 £	2020 £
Current service costs	(46,000)	(41,000)
Interest cost	(27,000)	(34,000)
Past service	-	-
Interest income	33,000	33,000
Net (charge) to statement of financial activities:	(40,000)	(42,000)
Actual Return on assets	-	40,000
Actuarial gain/(loss) arising on scheme liabilities	(270,000)	292,000
Actuarial gain/(loss) charged to the statement of Financial Activities	(270,000)	332,000

6 **Pensions** (continued)

McCloud Ruling

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2021 (as per the 2020 accounting approach).

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

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

	2021	**2020**
	£	£
Current service cost	(109,000)	(128,000)
Past service	-	-
Interest cost	(46,000)	(43,000)
Interest income	33,000	33,000
Net credit to statement of financial activities (note 2)	**(122,000)**	**(138,000)**
Remeasurements		
Return on assets	1,289,000	(612,000)
Actuarial liabilities	(1,102,000)	472,000
Actuarial (loss)/gain charged to statement of financial activities	**187,000**	**(140,000)**
(Increase) in liability in the year	218,000	(165,000)
(Deficit) in schemes at beginning of the year	(579,000)	(414,000)
(Deficit) in schemes at end of year	**(361,000)**	**(579,000)**

6 **Pensions** (continued)

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

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

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

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

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

Total pension costs during the year were £36,939 (2020 - £37,761). There were outstanding contributions of £4,171 due at the end of the financial year (2020 - £4,869).

(e) **Group Personal Pension Plan**

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

The pension charge for the year represents contributions payable by the group to the fund and amounted to £272,884 (2020 - £203,035). There were outstanding contributions of £36,215 due at the end of the financial year (2020 - £2,558).

7 **Tangible fixed assets**

Group	**Freehold properties**	**Furniture and equipment**	**Motor vehicles**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 April 2020	5,499,092	377,613	244,617	6,121,322
Additions	35,687	-	9,896	45,583
Disposals	-	-	(61,778)	(61,778
At 31 March 2021	5,534,779	377,613	192,735	6,105,127
Depreciation				
At 1 April 2020	331,549	195,215	213,966	740,730
Charge for year	113,408	42,738	18,097	174,243
Disposals	-	-	(61,778)	(61,778)
At 31 March 2021	444,957	237,953	170,285	853,195
Net book value				
At 31 March 2021	**5,089,822**	**139,660**	**22,440**	**5,251,932**
At 31 March 2020	5,167,543	182,398	30,651	5,380,592

Company	**Freehold properties**	**Furniture and equipment**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2020	4,497,550	92,711	4,590,261
Additions	9,938	-	9,938
At 31 March 2021	4,507,488	92,711	4,600,199
Depreciation			
At 1 April 2020	256,132	54,654	4,600,199
Charge for year	67,478	15,426	82,904
At 31 March 2021	323,610	70,080	393,690
Net book value			
At 31 March 2021	**4,183,878**	**22,631**	**4,206,509**
At 31 March 2020	4,241,418	38,057	4,279,475

8 Fixed asset investments

(a) Group and Company

	2021			2020
	Cash deposits £	Investment funds £	Total £	Total £
Balance at 1 April	440,420	2,496,901	2,937,321	3,828,318
Additions	12,403	-	12,403	15,706
Disposals	-	-	-	(933,064)
Loss/Gain on revaluation	-	365,987	365,987	26,361
Market value at 31 March	**452,823**	**2,862,888**	**3,315,711**	**2,937,321**

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

(b) Subsidiary undertakings

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

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

Subsidiary summary results

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	4,896,218	-	4,409,000	-
Expenditure	4,413,452	-	3,971,680	(6,700)
Surplus/(loss) for the year	482,766	-	437,320	(6,700))
Reserves brought forward	919,290	606	1,791,137	580,423
Reserves carried forward	1,402,056	606	2,228,457	573,723

9 Unapplied total return

At both 1st April 2020 and 31st March 2021 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

10 Debtors – due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	396,810	636,778	19,491	39,536
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	87,034	69,240	83,811	67,576
Other debtors	22,477	12,253	16,677	6,453
	506,321	**718,271**	**141,053**	**134,639**

11 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed to group undertakings	-	-	3,250,925	1,766,637
Trade creditors	331,947	299,105	62,834	32,456
Other creditors	133,486	88,053	44,907	36,430
Taxation and social security	123,270	116,047	27,766	30,645
Accruals and deferred income	174,593	139,255	51,620	19,054
	763,296	**642,460**	**3,439,052**	**1,885,222**

12 Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other	-	-	-	-
	-	-	-	-

13 Pension liability

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Pension costs				
Balance brought forward	579,000	414,000	863,000	386,000
Transferred from subsidiary	-	-	-	-
Increase/(decrease) in FRS102 pension liability during the year - see note 6(c)	(218,000)	165,000	(500,000)	477,000
Balance carried forward	**361,000**	**579,000**	**363,000**	**863,000**

14 Restricted income funds

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

	Balance at 1 April 2020 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2021 £
Other projects	384,710	112,297	(10,043)	-	486,964
Total	**384,710**	**112,297**	**(10,043)**	**-**	**486,964**

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

15 Designated funds

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

	Company £	Group £
Balance at 1 April 2020	685,618	802,193
Balance at 31 March 2021	**685,618**	**802,193**

16 Endowment Funds

	Group £
Balance at 1 April 2020	483,947
Balance at 31 March 2021	**483,947**

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

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

17 Commitments

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

	2021 £	2020 £
Equipment leases	37,565	37,246
Property leases	197,280	168,000
Total	**234,845**	**205,246**

Property leases relate to rental leases on head office (expires January 2022), Merrywood House (expires September 2025) and Sittingbourne (expires May 2023).

18 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	4,767,985	-	483,948	5,251,933
Investments	3,315,712	-	-	3,315,712
Current assets	2,482,047	487,629	-	2,969,676
Current liabilities	(729,909)	-	-	(729,909)
Pension liability	(361,000)	-	-	(361,000)
Total net assets	**9,474,835**	**487,629**	**483,948**	**10,446,412**

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

19 Comparative information relating to 2020

a) Consolidated statement of Financial activities

	Notes	2020			
		Unrestricted £	Restricted £	Endowment £	Total £
Income and endowments from					
Donations and legacies		143,622	193,832	-	337,454
Charitable activities		7,840,464	-	-	7,840,464
Investments		70,469	-	-	70,469
Other		5,111	-	-	5,111
Total income		8,059,666	193,832	-	8,253,498
Expenditure on					
Raising funds		273,237	-	-	273,237
Charitable activities					
Therapeutic residential care		7,166,154	34,135	-	7,200,289
Fostering		480,962	10,036	-	490,998
Placement and family support		283,008	-	-	283,008
Training		64,258	2,211	-	66,469
Total expenditure	2	8,267,619	46,382	-	8,314,001
Gains on Investments		7,464	-	-	7,464
Net (expenditure)/income		(200,489)	147,450	-	(53,039)
Transfers between funds	16	-	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(140,000)	-	-	(140,000)
Net movement in funds		(340,489)	147,450	-	(193,039)
Total funds brought forward		8,437,084	237,260	483,947	9,158,291
Total funds carried forward		8,096,595	384,710	483,947	8,965,252

19 Comparative information relating to 2020 (continued)

b) Analysis of total expenditure

2020	Basis of Allocation	Raising Funds	Therapeutic Residential Care	Fostering	Training	Placement and Family Support	2020 Total
	£	£	£	£	£	£	£
Costs directly allocated to activities							
Staff costs	Direct	143,585	4,619,288	223,116	211,015	66,469	**5,263,473**
FRS 102 pension adjustment	Direct	-	138,000	-	-	-	**138,000**
Consultancy	Direct	-	16,316	68,582	-	-	**84,898**
Travel	Direct	473	151,634	29,621	12,079	-	**193,807**
Office costs	Direct	37,744	276,420	9,809	1,061	-	**325,034**
Marketing	Direct	47,194	10,780	11,078	-	-	**69,052**
Premises	Direct	-	344,624	17,568	-	-	**362,192**
Household	Direct	-	111,636	-	-	-	**111,636**
Provisions	Direct	-	131,004	-	-	-	**131,004**
Education	Direct	-	370,252	-	-	-	**370,252**
Personal care	Direct	-	46,027	-	-	-	**46,027**
Social activities	Direct	658	163,164	-	-	-	**163,822**
Other	Direct	-	41,992	10,760	15,270	-	**68,022**
Depreciation	Direct	-	181,847	-	-	-	**181,847**
Finance charges	Direct	-	1,267	-	-	-	**1,267**
Insurance, legal, professional	Direct	-	154,090	32,648	-	-	**186,738**
Audit and accountancy	Direct	-	20,042	-	-	-	**20,042**
Total		229,654	6,778,380	403,182	239,425	66,469	**7,717,110**
Support costs allocated to activities							
Premises and office costs	Staff time	17,173	25,757	8,586	17,172	-	**68,688**
Finance and HR staff	Staff time	21,849	327,730	65,546	21,849	-	**436,974**
Other	Staff time	4,561	68,422	13,684	4,562	-	**91,229**
Total		43,583	421,919	87,816	43,583	-	**596,891**
Total resources expended		**273,237**	**7,200,289**	**490,998**	**283,008**	**66,469**	**8,314,001**

19 Comparative information relating to 2020 (continued)

c) Restricted income funds

	Balance at 1 April 2019 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2020 £
Other projects	237,260	193,832	(46,382)	-	384,710
Total	**237,260**	**193,832**	**(46,382)**	**-**	**384,7100**

d) Analysis of assets between funds

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

Reference and administrative detail

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

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

Chief Executive
Stephen Blunden (to 31 March 2021)
Gary Yexley (from 1 April 2021)

Company Secretary
Greg Whelan FCA

Senior Management team
Stephen Blunden (Chief Executive to 31 March 2021)
Greg Whelan FCA (Corporate Services Director)
Gary Yexley (Residential Services Director)
Barbara O'Reilly (Clinical Director - left 15 September 2020)
Lace Jackson (Clinical Director – appointed 7 July 2020)
Roger Stephenson (Business Development Director)
Jane Franklin (Fundraising Director - left 30 November 2020)

Roger Stephenson left the charity on 30 June 2021.

As at 14 September 2021 the Senior Management team were:

Gary Yexley (Chief Executive)
Greg Whelan FCA (Corporate Services Director)
Lace Jackson (Clinical Director)
Dan Lansley (Business Development Director)

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

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

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2021. The Trustees have adopted the provisions of the Financial Reporting Standard 102 and Statement of Recommended practice (FRS 102) in preparing the annual report and financial statements.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