



Kids Company Annual Report & Accounts

year ending 31 December 2012





OUR MISSION AND VISION



Kids Company's vision is to stabilise, nurture, and ultimately foster the resilience of children and young people, reintegrating them into society.

Children are our primary clients, whose needs we always put first.

Parents and carers are our secondary clients, whose needs we address in order to facilitate their support of the child.

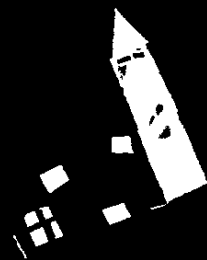
We recognise children's vulnerabilities without attributing blame.

We see challenging behaviour in the context of emotional hurt.

We encourage children to recognise their rights and their responsibilities.

We aim to help children grow into gentleness and compassion through our own example of care and empathy towards others.

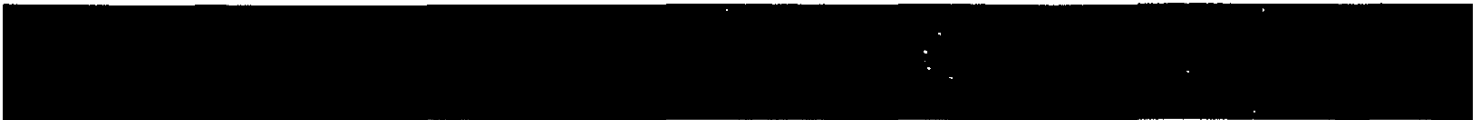
We recognise that every child has a talent, which we help develop and express.





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keeping Kids Company¹

TRUSTEES AND ADVISERS

TRUSTEES

Alan Yentob (Chairman)
Richard Handover (Vice Chairman)
Sunetra Atkinson
Erica Bolton
Susan Chinn
Vincent O'Brien
Francesca Robinson
Jane Tyler

CHIEF EXECUTIVE

Camila Batmanghelidjh

DIRECTOR OF FINANCE

Mozhy Chipperfield (left July 2013)
Ruth Jenkins

SECRETARY

Sachin Mevada

COMPANY REG NO.

03442083

CHARITY REG NO.

1068298

REGISTERED OFFICE

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BANKERS

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SOLICITORS

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London EC4A 1BD

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Atlantic House,
50 Holborn Viaduct,
London EC1A 2FG

AUDITORS

Kingston Smith LLP,
Chartered Accountants and Statutory
Auditors,
Devonshire House,
60 Goswell Road,
London EC1M 7AD

¹ Also known as Kids Company



LETTER FROM THE CHIEF EXECUTIVE

Kids Company stands by its commitment to strengthen, supplement or completely substitute the care given to children by parental carers.

Seventeen years ago, when Kids Company first opened its doors to some 400 profoundly disturbed children and young people, I used to go home at night baffled by their aggressive and violent behaviour by the little girl who would lie on her stomach and slam her head into concrete, for hours, by the boys sitting across from me, as they considered, aloud, when and why they had first stabbed someone

Convinced that there was a logical explanation for their terrorising behaviours, I turned to the British Medical Society for help. I begged them to put together a group of experts who could look at these children from a perspective of care and curiosity, as opposed to moral dismissiveness

Now the results are flowing in. Some of the country's leading minds have carried out extensive neuropsychiatric research: the Department of Developmental Psychiatry at the University of Cambridge, University College London's Risk and Resilience Unit, the Institute of Psychiatry at King's College Hospital, and the Anna Freud Centre – all have worked collaboratively to piece together the puzzle

The data that has emerged from the research is even more shocking than I had anticipated. Of those assessed:

- Half have seen someone being shot at and/or stabbed in their community within the past year
- 1 in 4 has seen a friend or relative shot at/ stabbed within the past year
- 1 in 5 report having been shot at/stabbed in their lifetime

And, compared to other participants, Kids Company's clients are

- 13 times more likely to have experienced severe to extreme levels of sexual abuse

- 12 times more likely to have experienced and/or witnessed severe to extreme levels of community adversity, including acts of violence – being beaten up, being chased, witnessing stabbings/shootings/death¹

It is clear that chronic childhood adversity is having an impact on how the brain develops. The biology of terror takes over these children, limiting their world to that of perpetrator and victim. Their every effort becomes focussed on survival; rarely do they get a chance to dream, or aspire to a more positive future.

The children say the worst parts of their maltreatment are not the scars left on their skin, but the indignity and humiliation of being made to feel small, worthless, or discarded. Ultimately, the deepest pain of all is loneliness.

We know from our work with thousands of children every year that it is possible for a child, previously mastered by trauma, to achieve mastery over trauma. We can never erase harm done, but we can stop its repetition in the mind, and its manifestation as vengeful behaviour towards the self and others. It is in this context that Kids Company staff and clients have, side by side, pioneered a unique recovery programme. Our reparation is unashamedly delivered through love. It is not sentimental, weak, or failing love, but robust, unrelenting, and patient. Our love expresses itself in four meals a day provided at our centres, in the companionship of our staff, in the diverse and challenging activities on offer for our young people, and in, above all, our power of imagination.

¹) Preliminary Evidence from Cecil, McCrory, Viding. Neurocognitive Correlates of Developmental Adversity: Differences in Baseline Functioning and Response to Therapeutic Intervention, University College, London. 2012 (in Progress)

We help our children to imagine themselves beyond the dark spaces they have heretofore inhabited, to see their own potential, and to be helped in identifying a genuine pathway to success

We are dogged in our determination to continue to learn and improve, and we endeavour to support our love through disciplined and discerning accountability our children are monitored, and our outputs and outcomes are rigorously captured. The results of our two-year Department of Education contract illustrate that, of the highest-risk 839 children and young people supported, over 90% were helped back into education and employment, with many achieving university degrees to be proud of. For some of these young people, their graduation was celebrated and shared with Kids Company staff, in place of parents unavailable to attend. Every milestone in these young people's lives has a particular poignancy, as their achievements must be balanced against the depletions incurred by childhood maltreatment.

Children appreciate our ability to weather the truth of their emotional turbulence without rejecting or judging them. This is what has made Kids Company a genuine home, and safety net, for so many. With us, the complexities of their troubled lives are accepted, their courage and dignity respected.

Kids Company's ability to remain a compassionate companion alongside its children is the gift of our extraordinary supporters. Each gives from the heart and, through their kindness, helps to transform lives for the better. I cannot think of a greater privilege than watching the miracle of human camaraderie unfold, on so many levels, in so beautiful a way.

So, it is with great gratitude to all of you - our Trustees, our supporters, the amazing children we work with, and our outstanding staff - that we step into another year hoping for the very best, and using our children's courage as our inspiration.



Camila Batmanghelidjh portrait by one of the young people

Camila Batmanghelidjh
Chief Executive

KEY PRIORITIES AND PRINCIPLES

The trustees and directors of Kids Company submit their annual report in partnership with the executive staff. Included are the financial statements of Keeping Kids Company for the year ended 31st of December 2012. Please note that the children of Kids Company chose its name - however, when we went to get registered at Company's House, there was a clothing company registered under the same name. Therefore, for legal purposes, we are registered as Keeping Kids Company, but refer to the organisation as Kids Company to honour the children's choice.

Kids Company continues to be deeply indebted to Coldplay, to Sigrid Rausing, to Sofronie and to the Harvey McGrath Trust for their ongoing and generous support. Kids Company gratefully acknowledges, too, the Lancashire Group and Morgan Stanley for their significant patronage, and the Summer School and work experience opportunities they offer our young people. During Morgan Stanley's partnership with Kids Company, their staff have volunteered on a range of projects and raised over £1.6 million to buy Kids Company a new therapy house - the Morgan Stanley Heart Yard, which will open in 2013. Thousands of exceptionally vulnerable children will be offered specialist trauma recovery programmes thanks to the generosity of this amazing bank.

'Our employees have helped to provide a permanent base in which Kids Company can continue to deliver its vital work with thousands of children, and we are proud and honoured to have contributed to such an invaluable and important cause.'

Colm Kelleher, President of Institutional Securities, Morgan Stanley

The trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document, and the provisions of the Statement of recommended Practice (SORP) 'Accounting and Reporting by Charities' (revised 2005). The trustees of Kids Company are happy to report that the organisation continues to maintain and uphold the original ethos and philosophy with which it was conceptualised in 1996.

Objects

The charity has been established to

- Enhance the emotional health of young people through counselling, practical support and therapeutic use of the arts
- Support schools and other educational institutions in addressing the emotional and social needs of young people appropriately
- Undertake any other charitable activity

These objectives are pursued through a number of services, some of which are funded by central government and local authority grants, but the bulk of which are made possible through the generosity of charitable trusts, companies, and individuals, including a large number of volunteers.





Our Agenda

Our aim has always been to learn from traumatised children how best to help them. In the last seventeen years, they have taught us that the most important ingredient ensuring their success is the ability to feel safe and cared for. So, we understood that our primary task was to re-parent children and young people whose own carers were surviving childhood difficulties. Where we can, we endeavour to strengthen the child's biological carer. At times, we have to supplement that care because the parent has fluctuating capacities and, sadly, often we completely substitute parenting. Each child is different, therefore we hope to meet their needs with an individually tailored package of help across health, mental wellbeing, social care, education, and employment. Children can rely on us for as long as they need. We pledge to remain a thoughtful safety net in their lives, whilst being ambitious for their potential.

Ninety-seven percent of children and young people self-refer, or are brought to us by similarly vulnerable young people. We always do a home visit where possible, and encourage parents to use our provision too. Due to children asking for help directly, in the last sixteen years we have had no local authority funding for social care or health (although some local authorities pay for their most at-risk young people to be educated at Kids Company). Our services are predominantly delivered through street-level centres, some of which are open seven days a week, from nine o'clock in the morning until ten o'clock at night. We also have therapeutic and social work programmes in forty-eight schools across London and Bristol. At our head office we co-ordinate research and evaluation, safeguard the children, and recruit and train volunteers. Kids Company has a rigorous partnership with a range of neuropsychology departments, with whom we collaboratively carry out research into the implications of childhood maltreatment. Despite dealing with severe trauma and high levels of neighbourhood risks, we are, as an organisation, fun-loving, creative, and delighted to be working with children and young people who have complex needs.

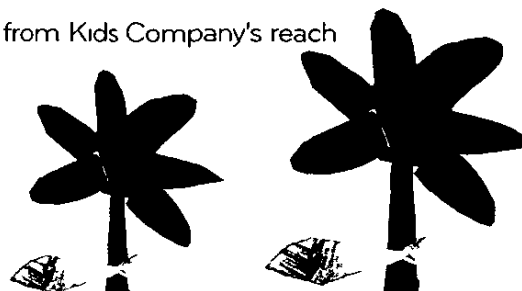
We share our learning with other providers of care, and initiate improvements in the delivery of social care and mental health services for children and families who present with multiple risks.

Kids Company's client-driven system of service delivery for the hardest to reach and hardest to help children and adolescents challenges current social care policies and practice. This client-driven system should inform social care and mental health strategies for young people.

Our aim is to replicate the Kids Company model by integrating two additional services (shown overleaf) to complement the current social care and child mental health services in local authorities:

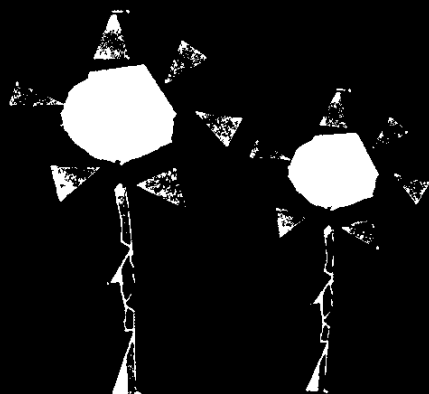
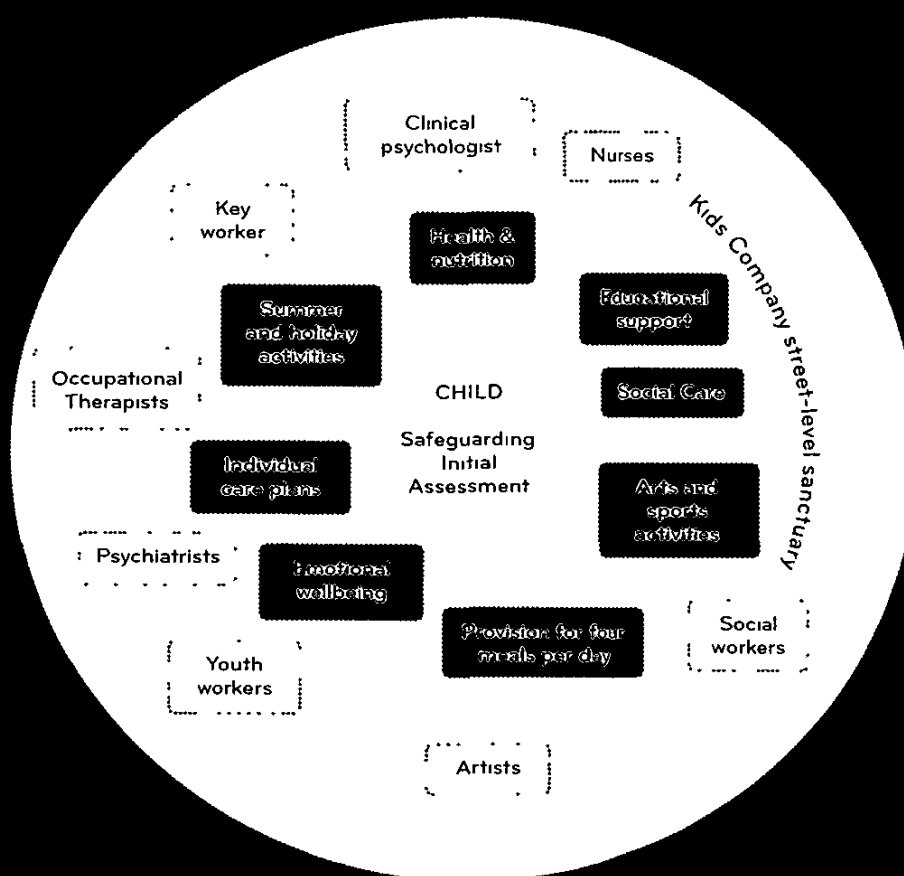
- 1 A children sanctuary, this would be a replication of the Kids Company drop-in centres, staffed by a wide range of professionals who function like additional parental figures, whilst providing an environment of fun, friendship and education.
- 2 A therapeutic schools programme, we have already piloted this within the 48 schools that we work with. The programme uses trainees, volunteers and mentors alongside professionals to provide an opportunity to support vulnerable children before they are excluded from the school system due to their challenging behaviour.

In 2012, some 36,000 children, young people and carers benefitted from Kids Company's reach.



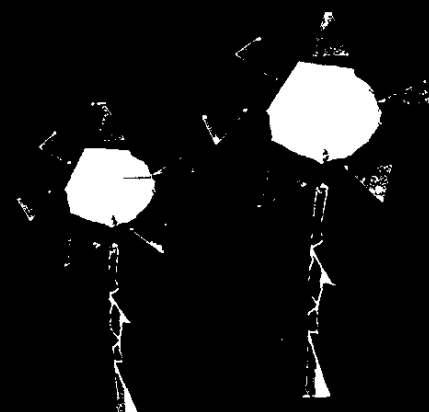
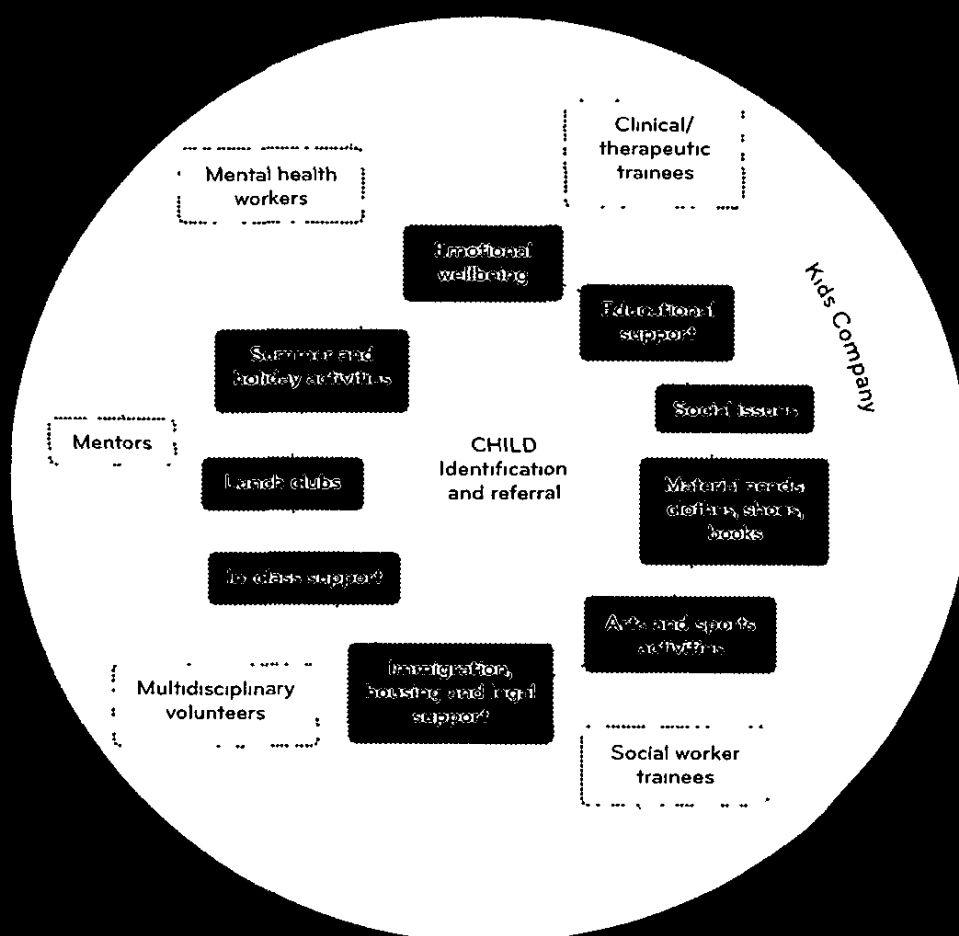
A Children's Sanctuary reaching 5,000 children and young people.

A secure base open seven days a week until 10pm. A place where multi-disciplinary staff function as additional parental figures, strengthening, supplementing or substituting the care offered by parents.



A therapeutic Schools Programme reaching 11,500 children and young people.

A team comprising a social worker, mental health worker and clinical therapists support volunteers and clinical trainees to meet the needs of vulnerable children, reducing harm, in some 48 schools across London and Bristol.



WE EMBRACE THE FOLLOWING IN THE PURSUIT OF OUR AIMS:

SUSTAINABLE DEVELOPMENT

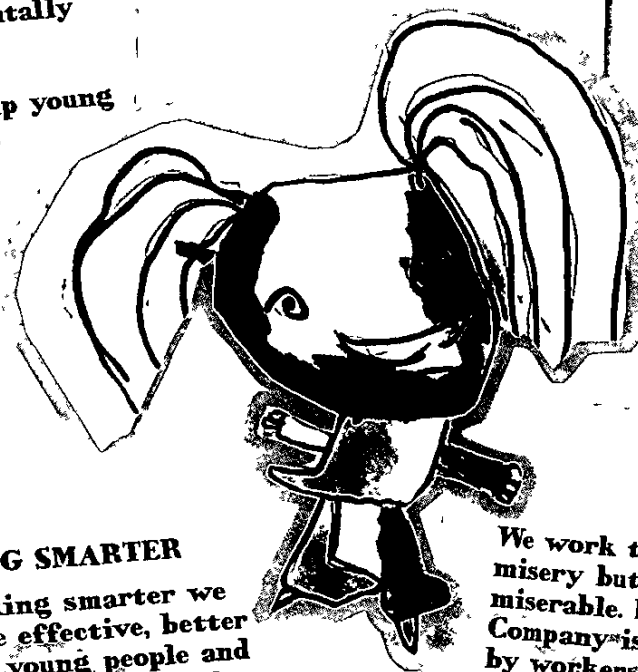
By focussing on services that are financially, socially and environmentally sustainable, we strengthen our capacity to help young people in need.

CENTRE FOR EXCELLENCE

Advocating for disadvantaged, vulnerable young people, influencing government, developing outstanding services and engaging with communities.

EXCELLENCE IN SERVICE

Striving for best practice in service development by involving the client group, professionals from all backgrounds and communities, we deliver better outcomes for disadvantaged and vulnerable children and young people.



WORKING SMARTER

By working smarter we are more effective, better serving young people and delivering excellent value for money for all our stakeholders.

We work to alleviate misery but we are not miserable. In fact, Kids Company is described by workers and children as a joyous space, full of colour, laughter and brimming with a Can Do attitude.

Without a family you would be alone in the world, and it's
such a big world. And such a little amount of you.

Kane, aged 13





ARTS AND HEALTH AWARD 2012



**In recognition for innovative &
outstanding contributions to the
field of Arts and Health practice
with children and young people.**

**Canterbury Christ Church University
13 September 2012**

WHY WE ARE NEEDED

Social care and child mental health professionals confidentially share their concerns with Kids Company. They describe their agencies as struggling to cope: demand for child protection and child mental health services outweighs resources. In poor areas, this often means that children who need help are denied it. Those who do receive help aren't always given the care they deserve. In these flawed structures, workers and children are suffering, both feel betrayed.

For the year ending 31 March 2011, some 612,600 children were referred to child protection services. For the same period, only 42,330 became the subject of a child protection plan.² Many of these children are prematurely removed from a plan, because when a social work department makes a child subject to a child protection order, they have to follow strict protocols of care. This costs money, and local authorities are keen to keep costs down so that they can sustain themselves within budgets. 2012 was the year in which a lot of services and charities had to make significant cuts. This has resulted in less care being available for the most vulnerable. Simultaneously, there were changes in the benefit system and an escalation of unemployment.

Cumulatively, a toxic combination of child maltreatment, poverty, family breakdown, and neighbourhood depletion generate multiple assaults on children, young people, and their families. Chronic and unresolved stress can trigger a biology of distress which impacts neurodevelopment and wellbeing. We know from research that childhood adversity can be modified if children are helped to be resilient. The best source of resilience is the availability of loving care – ideally from a biological carer. However, in the absence of family care, Kids Company is able to step in and function as a substitute community family. Children in our organisation have access to a wide range of professionals from psychiatrists, social workers, lawyers, doctors, nurses, teachers, and arts as well as sports workers. These adults are constantly available to the young people, within their schools and at the street level centres. Through daily interactions, care is continuously adapted to maintain its relevance and to meet the differing developmental requirements of children as they grow up. We stay with our young people into their early thirties, and longer if they continue to have special needs. So although, for the purposes of this report, we have identified categories of services to describe, we are best understood as a seamless, wraparound source of care for the child in need.

As our expertise is enhanced by what we learn from our children and families, we share this learning through a programme of training, for our own staff as well as staff in other agencies. We also provide an outreach programme of assessment and advice for young people who may not be able to access our services, and who may be supported by other providers. Our dream is for Kids Company provision to be available in all local authorities with high levels of disadvantaged families. We see our provision as supportive and complementary to statutory agencies, and hope that one day, through collaboration, we can collectively honour the trust children place in our respective agencies. Every child, no matter how challenged they may have been, has a talent which can be nurtured, leading to their flourishing within the community.

Our ultimate aim is to help children and young people feel less lonely, and more

2) Department for Education, 2011, Statistical Release 28 September 2011 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/219455/osr18-2011.pdf



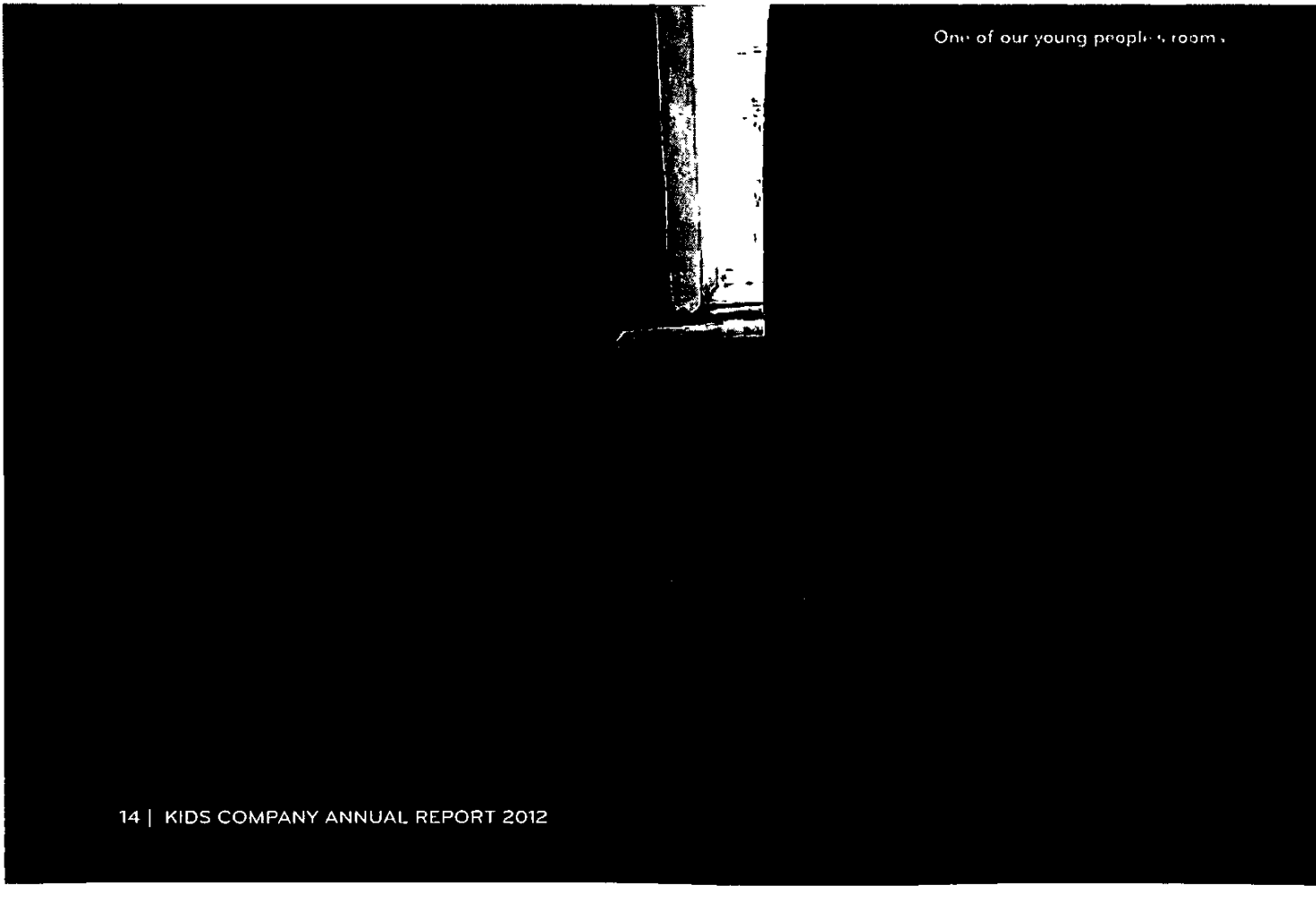
cherished

Our Greatest Asset - Our Staff

Our workers recommend us to others: we have benefitted from the best staff team an organisation could hope for. Our keyworkers are encouraged to develop a range of skills across diverse disciplines of wellbeing. They are supervised once a week by a mental health professional in order to ensure that their stress levels are managed appropriately, and that they too are being looked after emotionally. This clinical supervision with a bias to regulate the worker is different from their line management supervision, where they are audited for outputs and outcomes. Keyworkers have access to peer support and the sharing of knowledge via small group meetings called 'hubs'. They also have an opportunity to attend a morning or evening de-brief where they can raise the alarm about any concerns. Supporting the individual keyworkers are safeguarding teams made up of highly experienced social workers and solicitors. There is also a 'right to health' team constituted by psychiatrists, psychiatric nurses, family therapists and child protection advisors, to which keyworkers have access. In effect, a keyworker can 'shop' across the organisation for any clinical or practical intervention that their children and families may require.

The keyworker relationship is not solely about solution-focussed interventions. They are required to build relationships with their clients using soft therapeutic skills, so in effect there is lots of 'corridor therapy' (conversations which take place in informal settings, both on and off Kids Company premises) in order to help children and young people address emotional barriers to recovery. As time goes on, and trust builds up, young people make a transition from therapeutic keyworking to accessing formal clinical psychology, psychotherapy, and/or psychiatric interventions at Kids Company.

A keyworker also provides hope by acting as a role model and inspirational/motivational figure who doesn't give up on the young person. There is unquestioned belief in clients' abilities. Children are encouraged to build tools which help them to reach their own potential.



One of our young people's rooms.

Research recently carried by a team from the London School of Economics reveals

'very high overall job satisfaction amongst Kids Company's staff and volunteers. Very high satisfaction was found in relation to the following items, with respondents strongly agreeing or agreeing to

- Pride in work (97%)
- Job dynamism (94%)
- Staff capacity in doing a good job (96%)
- Kids Company's organisational participatory approach (95%)
- Being proactive (92%)

Overall results indicate that staff and volunteers

- Take pride in the contribution they make
- Feel stimulated by the dynamic demands of their work³

And research conducted by Professor Briggs' team from the Tavistock Clinic identifies that

'The language of love was a particularly striking aspect of the way that these young people talked about their keyworkers. "I love my keyworker, she's great" (Patricia), and Idill was fond of her first keyworker – "I loved her very much". The depth of this feeling can be thought of as providing reparation for previous damaged and damaging relationships and hope for the future, which promote investments in the relationship⁴

3) Concha and Jovchelovitch 'Kids Company: A Diagnosis of the Organisation and its Interventions – A Preliminary Study of Findings', London School of Economics 2013 (pp 3-4)

4) Briggs, Linford, Ainscow, Mulla and Whittaker 'A Qualitative Evaluation of Kid's Company's 'Legit Living' Programme – Final Report', Tavistock Clinic 2013 (p 66)

A SNAPSHOT OF SERVICES AT KIDS COMPANY

Street-Level Centres

Kids Company maintains four London-based street-level centres (Arches II, Urban Academy, Treehouse and Heart Yard) and one Bristol based centre (The Island). The centres offer education therapy, health interventions, after school sports, art, music and drama clubs, and arrange trips in evenings and holidays. All services provided at the centre are assessed, designed and delivered according to the individual service user.

Kids Company seeks to replicate the comfort and support of a strong, loving family environment for children and young adults experiencing, or at serious risk of, neglect, abuse and trauma. Every child or young person who walks through our door receives an in-depth assessment of their individual needs and circumstances, which are divided into five main categories, represented by statutory services:

- emotional wellbeing (including safeguarding and child protection),
- mental and physical health,
- education, employment and training,
- housing, and
- 'Get Legit' (comprising immigration, criminal justice, legal documentation etc)

Safeguarding

The Kids Company Safeguarding Team is a multidisciplinary team who work to support frontline staff and assist children or families in crisis. We recognise the importance of working in partnership with statutory services and with parents, and seek to promote trust and best practice in these areas. An integral part of the work that Safeguarding undertakes is relationship management between statutory partners and children with their families.

Education

Post-16 education is offered through Kids Company's Urban Academy - an educational facility specifically designed to meet the needs of young people who reject or have been rejected from other educational facilities due to their complex emotional or behavioural needs. The Urban Academy aims to give the young people a real chance to succeed through individual tailor-made provisions.

Each street level centre offers alternative educational facilities aimed at assisting 11-16-year-olds with their return to mainstream education.

Higher Education

In 2012, Kids Company offered students from 46 educational institutions the opportunity to join a community of inter-disciplinary practitioners advocating children's right to health. For all these students, a comprehensive training plan is arranged within a Kids Company establishment, with an emphasis on child protection and safeguarding, attachment theory and the effects of trauma and neglect.

Kids Company has both established and developing partnerships with clinical and educational organisations and is committed to participating in, promoting and disseminating research to achieve the best possible outcomes.

Further to the work with external institutions, Kids Company has developed an innovative professional development certificate Therapeutic Communications Skills for Work with Children, validated by The London Metropolitan University. It is designed for the purpose of applying and disseminating more widely the wealth of knowledge and expertise in emotional literacy and creative and relational approaches from the field of psychological therapies. The course aims to increase access to essential information and skills that can inform and underpin any interventions with children and young people.



6 o'clock evening meal at one of our centres

Material needs and Aspirations

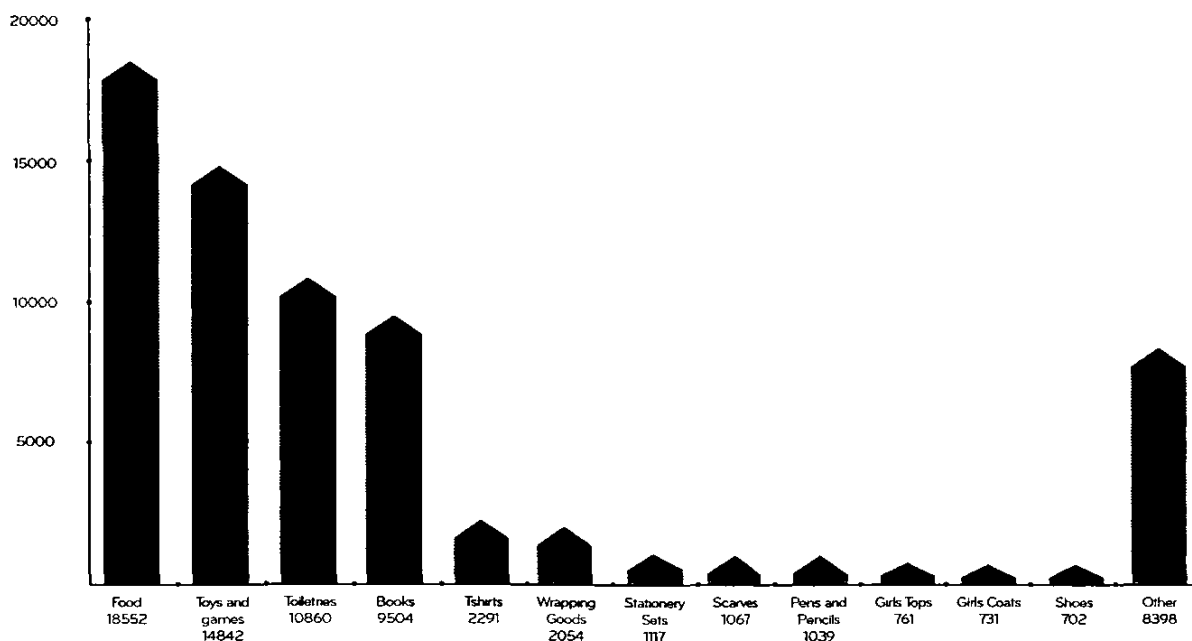
Poverty Busting

Kids Company set up the Poverty Busting initiatives in response to the high numbers of children arriving at our street-level centres suffering severe material deprivation. We were frequently visiting homes where children slept on dirty mattresses on the floor, without sheets or towels, and struggled to obtain coats in winter, school uniform, underwear or toiletries. Children and families living in poverty often suffer a range of challenges and deprivations. Recent (2012-2013) home visits to 200 households of new arrivals aged under 14, by Kids Company nurses and psychologists demonstrated the following levels of need:

- 47% Child health issues
- 37% Need clothes
- 35% Need books
- 28% Need a bed
- 27% Need toys
- 26% Need cleaning products
- 25% Have no tables/chairs
- 23% Need food
- 23% Need cooking equipment

(Data predominantly in relation to children under 12)

Total Poverty Busting Items 2012



Positive Experiences

The main aim of the Positive Experiences Department is to replicate the 'soft skills' a family would impart through exposing a young person to a variety of 'positive experiences' on the transition from adolescence into adulthood

The Department strives to provide young people with a plethora of opportunities for engagement into their community, education and work. In collaboration with key workers, they help young people develop strategies which will enable them to fulfil their personal and professional aspirations. The team works in partnership with individuals and organisations to create accessible opportunities and encourage integration into mainstream society.

Volunteering

In 2011, Kids Company achieved the 'Kitemark' from the UK's quality standard for good practice in volunteer management, 'Investing in Volunteers'. In 2012, our total number of volunteers has risen to 11,000.

Each year we work with thousands of volunteers, all with their own unique combination of skills and experience. Whatever they have to offer, we can always find a way of drawing on their talents to make amazing things possible for vulnerable children.

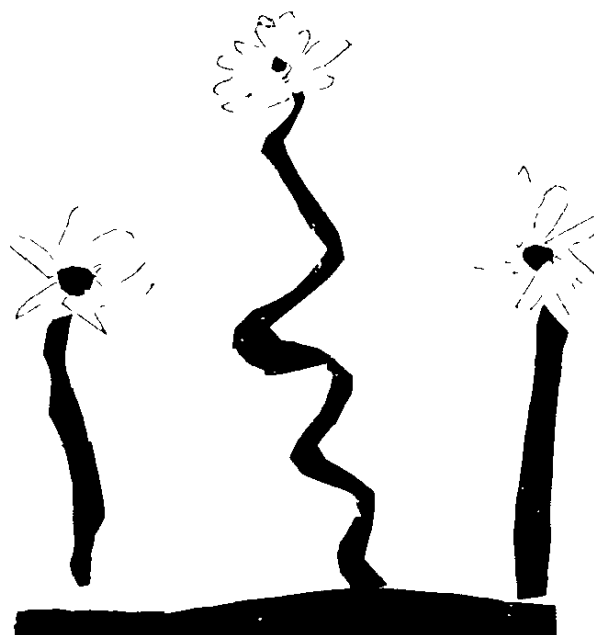
The Kids Company community of volunteers ranges from teachers to TV presenters. Volunteers make a huge impact on the lives of thousands of children and young people. We are enormously dependent on their contributions and are very grateful for their dedication.

Volunteering at Kids Company produces a tangible return for society, not only in terms of reduced crime and violence but also in terms of permitting children to flourish.

Schools Programme

The Kids Company Schools Programme is presently established in 48 schools in London and Bristol. The service offers a wide range of support, including a variety of approaches to psychotherapy and art-based therapies. This support includes art-based workshops, lunch-time and after-school clubs, learning support, complimentary therapies, drama and dance therapy, massage in schools, day trips, family therapy, social work, parenting groups, key-working for parents & reflective practice for teachers.

The aim of the Kids Company Schools Programme is to support the schools in meeting the requirements of OFSTED for emotional wellbeing and extended school provision, so that there can be an emphasis on personal, social and emotional development that enhances academic learning. Kids Company Schools Programme presents interdisciplinary work in partnership with education, alongside inclusion managers, special educational needs co-ordinators and all other support services to ensure that the hard to reach children are not excluded. The Schools Programme seeks to promote resilience and the fulfilment of human potential.



Kids Company Bristol

Kids Company has begun providing services in Bristol, the first replication of our model of youth work outside of Greater London. Bristol City Council has invited us to fulfil the Alternative Education Provision for the Local Authority. Furthermore, Bristol academies have independently approached us to replicate our London schools programme at their sites.

The Island

The Island is a replica of the Arches and we support two hundred young people from here. It is a multi-disciplinary hub in the centre of Bristol, through which Kids Company supports children and young people aged between 0 and 23. The centre provides a comprehensive package of care to exceptionally vulnerable young people, most of whom refer themselves or are referred by their peers. The services provided at the centre are assessed, designed and delivered according to the individual service user.

South Wood and Tree Tops (Alternative Education for under Sixteens)

The aim of Tree Tops and South Wood is to provide children with an experience of sustained care. This care helps repair their sense of abandonment and enables them to work through the trauma many have experienced through physical and sexual abuse. These are the children that local authorities struggle to manage, because their behaviour is so disturbed and their needs so complex. At present we support 45 young people in education at these two centres. The centres are designed to meet the needs of children and young people at Key Stage 2, 3 and 4 who are

- Permanently excluded from school, or
- Excluded from school on a fixed-term basis, or
- At risk of disengaging from mainstream education and/or being excluded from school, or
- Require additional support during a negotiated transfer between mainstream schools, or
- Otherwise require alternative education provision to meet their educational entitlement (in line with a Statement of Special Educational Needs, or other appropriate provision should a child be in care)



OUR YEAR IN VIEW

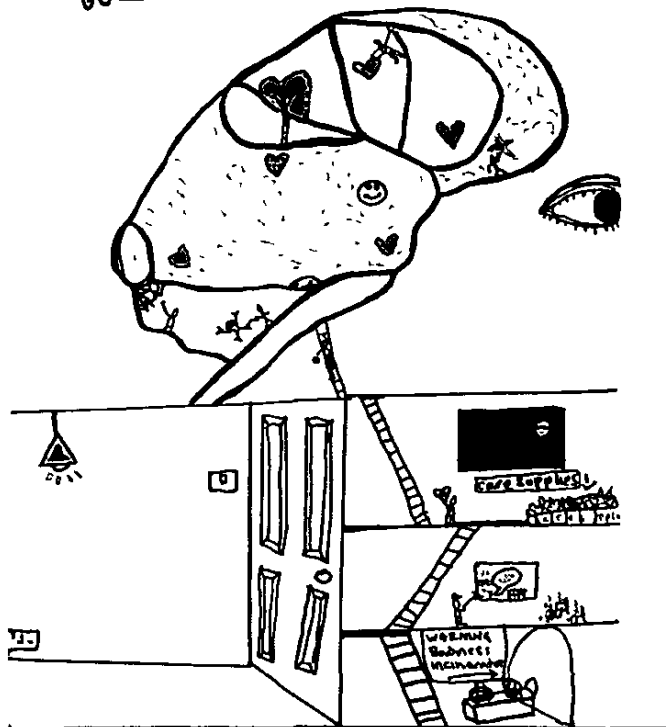
Plasticine Brains – Neuroplasticity: How Care Shapes the Brain and Our Behaviour

Current neurobiological studies demonstrate brain development to be strongly affected by experience. Key developmental processes are sequentially guided by childhood experience. This environmental experience, whether positive or negative, essentially becomes the organising framework for a child's developing brain. Therefore the infant, baby then child requires adequate levels of nurture, safety and stimulation to develop along healthy lines.

Using the expertise of leading child and adolescent psychiatrist Prof Ian Goodyer of the University of Cambridge and Prof Alessandra Lemma, a clinical psychologist and director of the Psychological Therapies Unit at the Tavistock and Portman Trust, the Plastic Brains Conference explored how care shapes the brain and our behaviour and how we can best support young people in our care in their emotional development.

We would like to thank Reta Lila Howard Foundation and the Waterloo Foundation for making this possible.

PLASTICINE BRAINS NEUROPLASTICITY



Big Lottery Fund

In 2012 Kids Company received its first large grant from the Lottery. Channel 4 had teamed up with the Big Lottery Fund (BIG) to ask the nation to decide which five themes were their priorities for funding during the current financial climate. The results were used by BIG to decide the five exciting and innovative projects across the UK to get a share of £10million of Lottery money. Kids Company key workers worked alongside Gok Wan, with the Big Lottery Fund secretly monitoring progress, to teach Kids Company young adults self-discipline and skills for the workplace while creating a range of T-shirts as a pilot social enterprise. The successful completion of this project led to Kids Company achieving a BIG grant of £2million over 2 years, in November 2012.

Child Hood The Real Event

More than 1,000 of our children and young people had their art, sculptures, poetry and film exhibited in one of the UK's most prestigious galleries. In a unique collaboration, the Royal Academy gave us the use of five galleries in its Burlington Gardens building for a six-week exhibition entitled Child Hood The Real Event.

The exhibition explored the challenges and triumphs of children who have overcome immense challenges to survive their childhood.

The work was created throughout this year in one-to-one sessions and workshops with our staff and Royal Academy artists, who helped our children bring their vision to fruition.

Creativity is one of the ways in which our children process their traumatic experiences. The challenges they have not been able to voice are compassionately witnessed by our artists and therapists.

We have become famous for our art exhibitions, which have been held in the Southbank Centre, the Saatchi Gallery, Tate Modern, the Serpentine and the Home Office, among other venues. Some 1.6 million people have visited Kids Company's programmes and exhibitions over the past year.

'The kids' artwork is incredible...it shows how important it is to give kids a visual voice when all else fails.'

Damien Hirst

'A triumph indeed'

The Daily Telegraph ★★★★★

'Groundbreaking exhibition'

The Guardian



Graffiti Workshop with Coldplay and Paris

When Coldplay produced their album 'Mylo Xyloto', they worked with the graffiti artist Paris who taught them how to make their own graffiti wall which was to become the album cover. This was auctioned for Kids Company, raising a spectacular £650,000.

The continued support Kids Company has received from Coldplay is phenomenal and their support has continued this year by the band arranging for the artist Paris to visit Kids Company.

Paris came to The Treehouse to lead a graffiti workshop with our kids. The graffiti workshop was a great success and The Treehouse kids were completely enthralled by Paris's graffiti and totally involved in the activity. They are delighted to count Coldplay as their extended family.



Summer Residentials

Most children look forward to the end of school each year because it gives them the time and space to explore their own curiosity, thus enabling them to develop a stronger sense of self-identity. Unfortunately, many of our kids simply do not have the support at home to fully realise this opportunity for personal growth. They become consumed by instability and chaos with no escape, which denies them the chance to simply be a child.

While various reasons contribute to this reality, Kids Company seeks to restore the balance. Our 'Summer Residentials Programme' gives children the ability to detach themselves from their surroundings and delve into healing their own spirits. Our exceptional team of staff and volunteers dedicate all of their energy to not only making our 'Summer Residential Programme' fun and exciting but therapeutic as well.

Kids Company is such a joyful place

Amy, 10

Festival of Life and Death

A giant phoenix, glowing skulls and hand painted costumes were created and displayed in a celebration of life and death on the Southbank in the Spring. They were accompanied by the sombre tones of award-winning London-based jazz musician Abram Wilson and his quartet as part of Death Southbank's Festival for the Living.

Working with professional artists – including fashion designer Matthew Williamson – the children spent months creating the elaborate costumes and the parade culminated in readings of their poetry at the Royal Festival Hall.

Speaking after the performance, Jude Kelly OBE, said:

"I just want to remind you that this whole weekend is about looking death in the face."



Samsung

The opening of the Samsung Digital Studio at our Urban Academy last year marked the continuation of a successful partnership with Samsung following the London 2012 Olympic and Paralympic Games. The studio features a host of Samsung products and is a safe haven for young people without a school place, to learn and be inspired by innovative digital technology. It will leave a lasting legacy as part of the 'Samsung Hope for Youth' campaign. The campaign provides expertise, technology and resources for the most vulnerable and disadvantaged.

The partnership between Samsung and Kids Company started in May 2012, allowing our children and young people to take part in London 2012 and enjoy the buzz of the summer sporting events. Our young ambassadors were invited to carry The Olympic Flame during The Olympic Torch Relay, children attended a football day at the Samsung sponsored football club Leyton Orient, and some were lucky enough to attend Olympic events in Stratford. 2012 footballs were also donated to Kids Company after consumers scored hat-tricks on an augmented reality football game at the Samsung Olympic Pin store at the Olympic Park.

Kids Company was also a beneficiary of the hugely popular Hope Relay app. For every mile completed by walking, running or cycling, Samsung donated £1 to charities! Team Samsung athletes took part, as did Zara Philips and Sally Brown, to contribute to the staggering 500,000 miles completed in the UK alone!

Christmas Day

In 2012 our children and young people faced an exceptionally bleak prospect at Christmas. Rising fuel and food prices disproportionately affect the poor and in 2012 we witnessed a tangible increase in poverty that left many of our children dreading the onset of the "festive" season. For many children the devastating thought that they would be left out while their peers celebrate in abundance produces a sense of shame and despair that can become entrenched. To combat this we honour the trust that our children place in us by creating a huge "community Christmas" where every year we bring the magic of Christmas to children and their families within the safety of a Kids Company space.

Christmas at Kids Company 2012 started in September when we began the plan for mobilising and inspiring our broad community of supporters to help us with the enormous task of not just meeting but exceeding the expectations of our children, young people and their families. Through our Christmas campaigning we managed to attract from supporters over 60,000 items, including presents for children, food for our crisis food parcels, clothing and essential household items. Donors contributed £66,000 via our Make A Christmas To Remember campaign that helped provide presents and support, and Compass generously donated the cost of all the meals on Christmas Day. Nearly 2500 volunteers collected presents and food, wrapped all the presents, supported us on Christmas Day and helped us clean up afterwards. Our achievements were greater than ever. We helped over 4000 children, young people and their families enjoy Christmas Day together with volunteers at the Oval. The range of activities, fun and games we organised was greater than ever too and the day proceeded without a single incident. We supported another 4000 families in their own homes, with presents and essential crisis food parcels. Our safeguarding team operated a duty hotline 24-7 over the entire Christmas and New Year period, providing vital child protection and emergency response to children and young people in crisis. The sight of so many vulnerable, marginalised and disadvantaged children laughing and playing together on Christmas Day makes us aspire to achieve even more in 2013.





Food and nutrition

Providing a hot nutritious meal in a safe and caring family environment has always been at the heart of Kids Company's service to vulnerable children and young people. Good nutrition is a basic right and provides the foundation upon which we work to restore children to dignity and well being. In 2012 we significantly enhanced our food and nutrition services through the success of our "PLATE PLEDGE" appeal.

Launched in March 2012 the appeal was the result of eighteen months of development and research to help us understand and communicate the growing problem of hungry and malnourished children who turn to us for help. Between 2011 and 2012 we experienced a 233% increase in children self-referring to us, primarily because they were hungry. We found that 85% of children depended on us for their main meal of the day and that 64% were going to bed hungry because there wasn't any food at home. We mobilised our resources to create the appeal, with no budget, and designed it to help supporters pledge meals easily.

We worked with *The London Evening Standard* to launch the campaign with a double page feature "London 2012 and thousands of children are starving on the streets". The media responded with the BBC, CH4, Sky News and ITV and numerous other newspapers, national and local all covering the plight of hungry children in London and the UK. CBBC Newsround came to our Arches II Centre and created a special report featuring some of the children we support who told them how mealtimes at Kids Company had transformed their achievements at school. Donors responded in their thousands to our call to "Help Stop Hunger Ruining a Child's Life" with the appeal film watched by over 10,000 people. The appeal generated £309,431 in 2012 making a significant contribution towards covering the costs of all of the 2000-plus meals a week that we provide in our centres. In addition to the hot meals we served at our centres, we delivered £450,000 of food vouchers to young people and families experiencing severe hardship. Individual donors have pledged over £8,000 per month in direct debits and the appeal has attracted fifteen new corporate partners with whom we have developed ongoing funding relationships.

With our commitment to developing our nutrition programme we were able to increase the cooking workshops we deliver and created a cookery club to improve children's understanding of nutrition and provide them with cookery skills, social skills, and confidence. We also formed a partnership with the Children's Food Trust and developed a unique therapeutic cookery outreach programme to help disadvantaged families learn to cook and budget. As well as providing hot meals and nutrition education, our Plate Pledge has been a catalyst in helping us and others to challenge policymakers, creating much-needed awareness of this growing problem. We lobbied for action with the School Food Plan, the London Food Board and Local Government to create momentum towards finding a solution to ensure that all children in the UK get enough to eat. We are committed to continuing our PLATE PLEDGE for as long as children turn up at school or our centres hungry and malnourished.



University Attainment

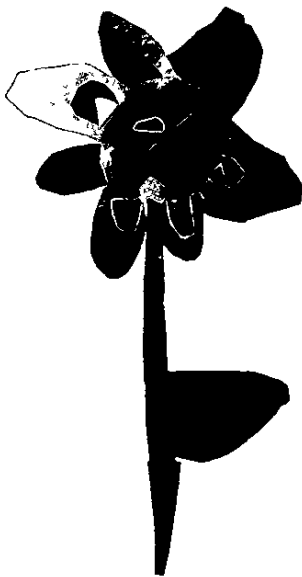
We provide academic, financial and emotional support for our young people through and beyond university

Kids Company's young people are encouraged to aspire, attend and graduate from university or Higher Education academic, financial and emotional support is provided throughout, and beyond. A variety of life experiences and support which we offer broaden young people's scope of possibilities after graduation. Work placements have been organised at Morgan Stanley, a company which also provides mentors for our students, and schemes such as Raleigh International enable our young people to volunteer overseas as well as in the UK.

We provide a 'wraparound' service for our young people, synthesising academic support with the softer, social skills which many of our young people lack. We have produced a booklet detailing all the information required by new or current students, and have created an Academic Mentors scheme, partnering each of our students with an individual who can provide academic support on a regular basis for at least one year. We have also developed relationships with Goldsmiths, Greenwich and London South Bank Universities and the London School of Economics, affording our young people direct access to a variety of courses once they have attended the 'Open Book' project devised in partnership with and provided by Goldsmiths University. This year we have had 77 young people out of some 200 attend University, with 15 graduating. Katie's story is just one example of the amazing achievements of these young people.

Katie had a baby in her first year at university, and was also diagnosed with a muscular skeletal complaint. Kids Company provided her with financial support, including food vouchers and travel expenses, and an academic mentor to assist her in completing her dissertation. At the same time our Colour a Child's Life team re-decorated her flat. Katie's severe financial concerns and housing issues were resolved by Kids Company in collaboration with external agencies. She has now successfully gained a 21 degree in Youth Work from Goldsmiths University, and is taking up a post as a case worker with homeless young people in Lambeth at the end of September.

Social Media Platforms



This year our social media presence has exploded. From tentatively dipping our toe in the water in November 2009, our social media presence has reached the point where we have almost 10,000 followers on Facebook and almost 7,000 on Twitter. We are able to respond immediately to questions our supporters have, share their interests and activities and launch 'calls to action'.

It means we are much more engaged with our supporters and followers. We are branching out to use other social media platforms, including the photo sharing and blogging sites Pinterest and Tumblr.

Highlights this year include winning £100,000 for the Plate Pledge campaign from Sports Relief through Netmums – helped by a campaign via Facebook and Twitter encouraging supporters to vote for us. We are hoping this platform will help us raise a lot more money for Kids Company through the Mobiles for Meals campaign, also run by Netmums. The campaign asks people to donate their old mobiles to Orange or T-Mobile stores in exchange for Kids Company Funds.

THE YEAR AHEAD

In 2013 we will continue to refine and improve our services for children and young people:

We will share our neuropsychiatric findings in relation to childhood maltreatment with other service providers and stakeholders, to promote greater understanding of traumatised children and their needs

We will campaign in order to galvanise the public in support of vulnerable children

We will develop our services in Bristol, and work with Liverpool to create a provision for vulnerable young people there

We will generate wider partnerships to create greater resources in order to address the impact of poverty on our children and their families

Using the Arts, we will inspire our children, and communicate their concerns as well as their aspirations to the wider public

We will continue to refine our evaluative and data-gathering systems so that our outcomes can be made visible

We will increase our clinical student placements, and develop a bespoke keyworker training programme, generating a multi-disciplined skills base in individual workers

We will continue to learn from our children how best to care for them

COMPANY INFORMATION

Company Status

Kids Company began operating in November 1996. Keeping Kids Company (known as 'Kids Company') was constituted as a company limited by guarantee on 30 September 1997 under a memorandum of association and is governed by its articles of association. The liability of the members in the event of the company being wound up is limited to £1. The company was registered as a charity on 25 February 1998 and acts entirely as a non-profit-making organisation.

Public Benefit

The trustees have complied with their duty in Section 17 of the Charities Act 2011 and have paid due regard to public benefit when preparing this report. As well as improving outcomes for vulnerable young people, the charity benefits the wider public by enabling young people to access education services and practical and emotional support, thus preparing them to make a positive contribution to society. In addition, crime is reduced and public spaces become safer, friendlier environments.

None of our young people are ever charged for any of the services or support provided by Kids Company, nor are they ever restricted from accessing the provisions they need. The benefit to the wider public is consistent with the charitable aims of Kids Company. Further detail on the benefits and public impact of our actions in 2012 can be found below.

Structure, Governance and Management

We anticipate that the next leg of our journey will be an intense and powerful one focussed on key outcomes and the generation of new ideas.

The trustees of the charity are also directors for the purposes of company law. The Board of Trustees (referred to in the company's articles as the "management committee") consists of not more than ten and not less than five members. At present, the board of Trustees comprises eight members from a variety of professional backgrounds relevant to the work of the charity and meets at least six times per year.

The board is also underpinned by its sub-committees, which support its decision making. The Finance and Governance committees meet at least ten times per year.

The trustees are advised by a clinical board, consulted as required.

Day-to-day management is delegated to the Chief Executive Officer and Charity Founder Ms Camila Batmanghelidjh.

Recruitment and Appointment of Trustees

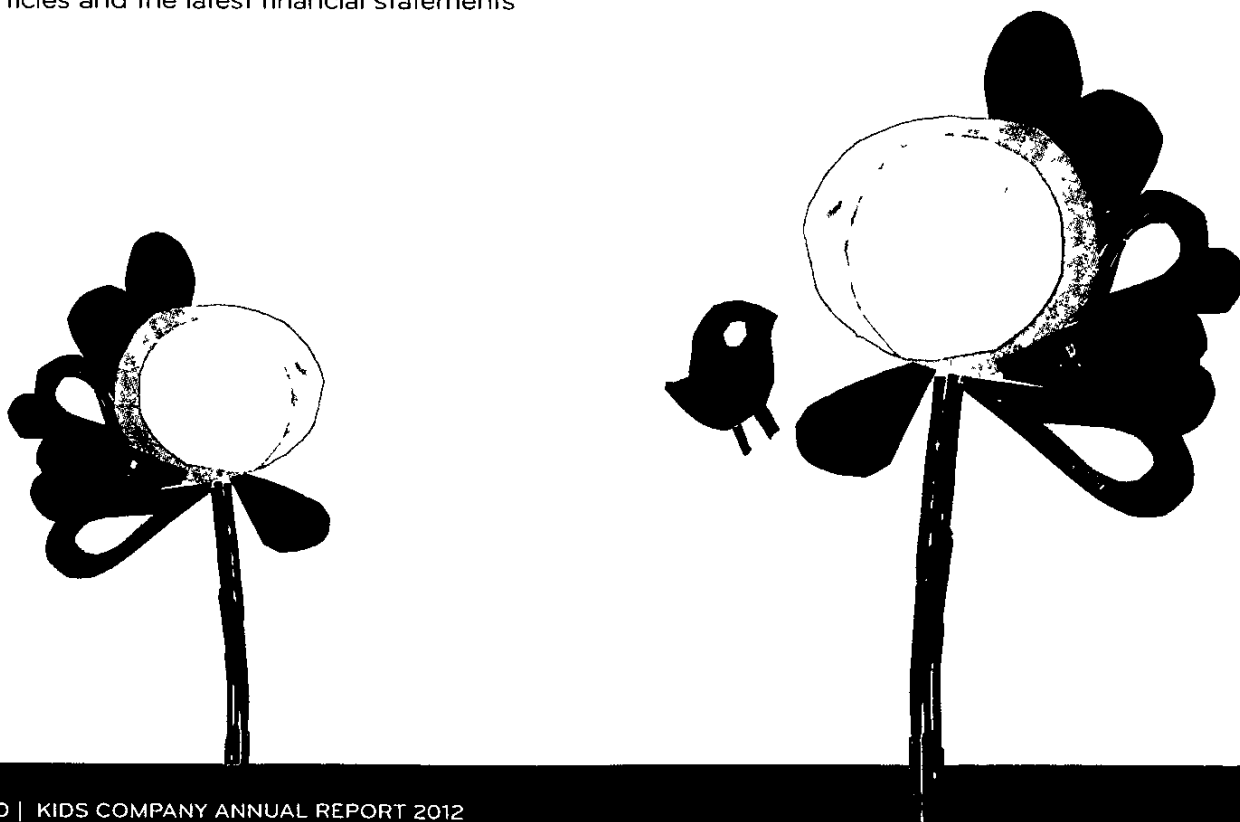
Trustees are appointed either by the members of the company in general meeting or by the management committee. At each annual general meeting all must retire and are eligible for re-election. The more traditional business and care skills are well represented on the management committee. In an effort to maintain this broad skill mix and in the event of particular skills being lost due to retirements, individuals with appropriate qualities are approached to offer themselves for election to the management committee.

Trustee Induction and Training

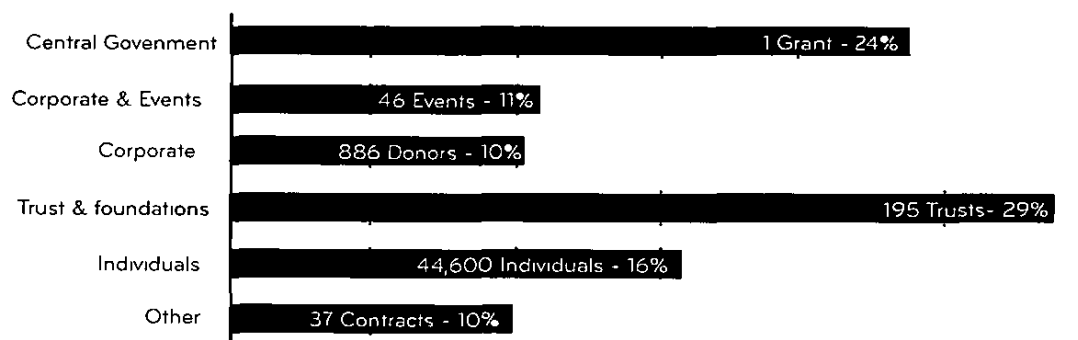
New trustees are invited to familiarise themselves with the charity and the context within which it operates. Briefing sessions jointly led by the chairman of the management committee and the chief executive cover:

- The obligations of management committee members
- The main documents which set out the operational framework for the charity, including the memorandum and articles
- Resourcing and the current financial position as set out in the latest published accounts
- Future plans and objectives

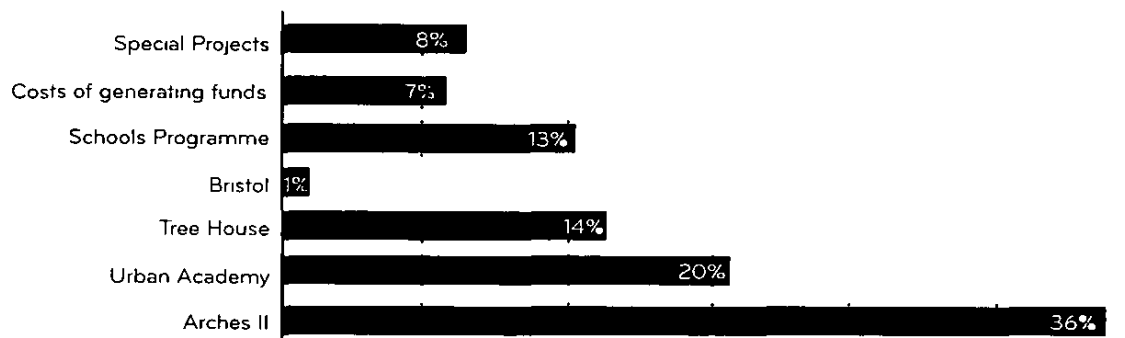
Information from the various charity commission publications, signposted through the Commission's guide 'The Essential Trustee', is distributed to new trustees, together with the Memorandum and articles and the latest financial statements.



Who supported us



Where our income was spent



GOVERNMENT FUNDED OUTCOMES

Data based on 854 young people

Social Care

Level of need

In terms of housing, young people presented with significant and complex social care deficiencies 47% had experienced unstable accommodation ie having nowhere to live 30% lived in temporary accommodation, 16% were in and out of hostels, 14.5% experienced multiples of the above in unstable housing

Outcomes

Kids Company re-housed 275 young people (32%), and a further 223 (26%) are currently in the process of being re-housed 212 received specialist legal advice

Young people living at home experienced poor conditions 60% experienced disrepair, overcrowding, and/or lack of necessities Almost 1 in 5 had no bed

Kids Company carried out 462 home visits and organised the renovation of 204 homes, of which 142 have been completed

28% of young people required a range of material interventions ie clothing, towels, toiletries, and food

10,000 items of clothing were issued in 2012 295 were issued with household furniture and essential appliances 282 food vouchers were issued weekly to address food poverty

Mental Health and Social Care Safeguarding

The client group presented with high levels of trauma and safeguarding risks 25% experienced domestic violence, 10% sexual abuse, 18% physical abuse, 79% suffered trauma or diagnosed mental health issues, 41% suffered from anxiety, 38% suffered from physical illnesses

176 were referred for mental health assessments, 323 were referred for psychological therapy, 253 were referred for complementary health treatments 51% were helped with substance misuse, 328 have been helped to register with a GP, 299 received sexual health advice, 193 were engaged in gym-based activities

Level of need

A range of independent neuropsychological assessments were carried out in partnership with UCL and the Anna Freud clinic, which involved some of the cohort in Legit Living, as well as other children who are not part of this selected group. The results from those studies demonstrate the following levels of need:

Kids Company children had experienced 13 times the levels of sexual abuse compared to controls in their neighbourhood, 1 in 5 had been shot at, and/or stabbed in their lifetime, with 50% witnessing shootings and stabbings in the last year, 41% suffered from disassociation, 36% from post-traumatic stress disorder.

Outcomes

Kids Company is providing therapeutic interventions by employing keyworkers who are therapeutically trained to work with young people, as well as providing psychiatric and psychotherapeutic interventions.

Education and Employment

Young people impacted by social care and health issues then experienced significant difficulties with educational attainment. At the time of assessment, 40% of the cohort were out of education. 36% had experienced being excluded from school or college.

96% of clients aged under 16 were helped to either return to education, or sustain themselves through our additional support. 95% of clients over the age of 16 were supported into Higher Education, apprenticeships, short courses (3 months or over), or helped to gain employment or work experience. 72% of those who were old enough gained an academic or vocational qualification. Of those who were educated at Kids Company's educational facilities, all those tested demonstrated increased reading ages, averaging at two years. In order to facilitate employment, 184 young people were helped to acquire National Insurance numbers, 242 were helped to obtain birth certificates (unavailable due to chaotic homes), 107 young people eligible for work gained employment.

OUR NUMBERS

97% of clients self-refer

97% of staff take pride in their work

There were 43,497 interventions by Kids Company registered in 2012

11,000 volunteers helped us

80% of young people have experienced stress/ anxiety/ depression/ anger/ trauma or another diagnosed mental issue

3,000 hot meals served every week and £450,000 worth of food vouchers handed out in 2012

Christmas dinner was served to some 4,000 children, young people and their families

72,000 items were handed out as part of our poverty busting campaign to enhance the wellbeing of children and young people

Over 1.6 million people viewed our children's artwork over 2012



FINANCIAL AND BUSINESS REVIEW

The consolidated statement of Financial Activities (SOFA) set out on page 34 shows the financial results for Keeping Kids Company and its trading subsidiary

In 2012, we saw a further reduction in youth and children's services by local authorities. The recession, combined with the public funding cutbacks, have led to far-reaching changes in the provision of financial support for children and young people services. Household income is only one element of support that sustains family life. For most children and young people, particularly the vulnerable, access to effective, efficient and free public services is a basic component of the help they need to become resilient.

2012 saw an increase in demand for Kids Company services which has led to a 24% increase in expenditure on frontline service delivery. We are delighted to say that through the efforts of our Chief Executive and continued support of the public we have increased our income to support this expenditure which has allowed us to build a modest free reserve.

The Morgan Stanley fund raising campaign had surpassed its target by 17% and therefore Kids Company has been able to purchase its first building in June 2012. This building has been refurbished using the surplus monies and came in to operation in early 2013.

The Kids Company Morgan Stanley Heartyard will deliver emotional wellbeing, child and adolescent psychotherapy, counselling and complimentary treatment to our vulnerable and at risk young people.

In November 2012, Kids Company was awarded a grant of £2 million over two years by the BIG Lottery Fund for the "Job Therapy Programme". This is the first major grant that the charity has received from BIG which distributes profits from the United Kingdom National Lottery to appropriate causes and projects.

Kids Company has seen continued growth from legacy income. This now represents 5% of our income for 2012.

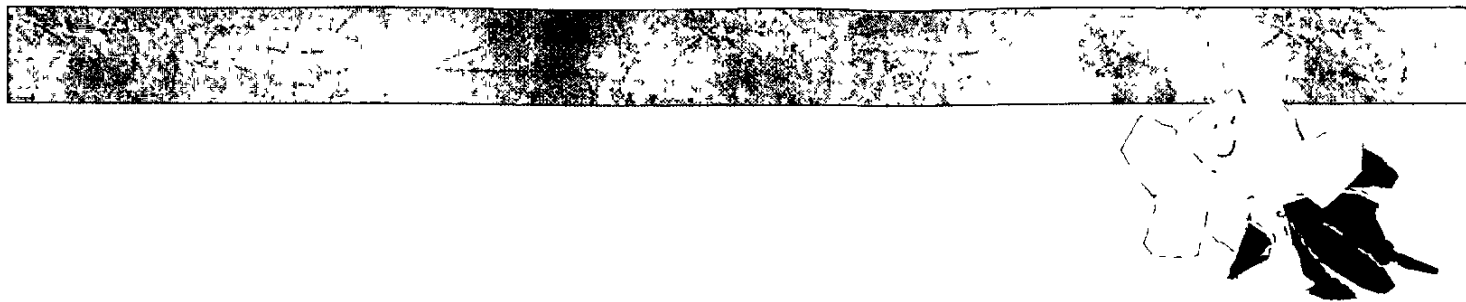
The Capacity Building Grant awarded in 2011 has enabled the charity to develop clinical management information systems such as Aurora, the Intranet and policies and procedures with an aim to facilitate the business and strategic relationships between Kids Company and local authorities, and other statutory commissioners.

In 2012 Kids Company replicated its model of youth work outside of Greater London for the first time and started providing services in Bristol. Kids Company was awarded the Alternative Education Provision contract from Bristol City Council Children's and Young People's Services for the provision of alternative education for young people in Bristol. Kids Company was successful in being awarded 5 out of the 7 lots. This contract started operating from 1st January 2013.

Reserves

Free reserves comprise total reserves to the charity less those reserves which are restricted or else designated for specific purposes.

We are happy to report that Kids Company has been able to turn around its free reserves position from a deficit to a surplus of £272,547 in 2012. Each year the trustees review the policy for maintaining free reserves taking into account the major risks faced by the charity. The likely impact on income and planned expenditure includes a review of the planned expenditure and expected income and an assessment of the ways to mitigate such risks.



The trustees have considered that the most appropriate policy at present is to maintain all surplus funds in the form of bank deposits. This policy is kept under review, having regard to the level of funds available.

Risk Review

Internal controls over all forms of income, assets, commitment and expenditure continue to be refined to improve efficiency. Performance is monitored and appropriate management information is prepared and reviewed regularly by the Finance committee. The charity currently produces an annual budget and reports monthly against that budget, requiring senior management to comment on variances and outline corrective action. Updated financial forecasting is undertaken during the year to reflect changes in the operating environment and their impact on income and expenditure. The governance committee of the board of Trustees meets at least eight times a year and its remit includes clinical governance, training, education, staff development and risk assessment. The governance committee has delegated authority from the board to ensure that an active risk management process is in place and forms part of Kids Company's ongoing organisation activity. Clinical risks are managed through the practice of providing therapeutic supervision for all staff in regular contact with children, in addition to line management. The principal risk facing the charity is the uncertain external economic environment. The trustees confirm that they have identified and fully understand the risks to which the charity is subject and that systems are in place to manage these risks.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without negative discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the charity. Where a current employee or volunteer becomes disabled due to illness or injury the charity, wherever possible and reasonable, will provide assistance with rehabilitation, adaptation to premises, modification of equipment, provision of special aids, job structuring, retraining and/or redeployment opportunities.

Employees

Kids Company is lucky to have an exceptional team of dedicated staff, whose support has been invaluable in navigating through these challenging economic times. Throughout 2012, Kids Company made great efforts to ensure employees were kept informed about and involved in the direction of the charity. Kids Company operates a flat management structure: all staff members have access to senior management and communication is direct and mutually respectful. Kids Company holds regular all-staff meetings to ensure staff members are kept up-to-date on the charity's progress and development. Employees are free to make suggestions at any time and a staff survey was carried out in 2012 to ensure employees were happy and that any concerns were addressed in a timely and thorough manner.

Through the use of the Kids Company intranet, information is communicated and shared including news and forthcoming events. The intranet also contains our core policy and procedure documents for staff members to access. This is a shared resource, where staff members can input suggestions, book meetings and complementary therapy sessions, and communicate with each other.

Statement of Trustees' Responsibilities

Company and charity law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements the trustees have

- selected suitable accounting policies and applied them consistently
- observed the methods and principles in the charities SORP
- made judgements and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the charity will continue in operation)

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which 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 2011. They are also responsible for safeguarding the assets of the charity and for taking subsequent reasonable steps for the detection and prevention of fraud and other irregularities.

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

Statement of disclosure of information to auditors

We, as the directors of the charity who held office at the date of approval of these financial statements as set out on page 3, each confirm, so far as we are aware, that

- there is no relevant audit information of which the charity's auditors are unaware, and
- we have taken all the steps that we ought as directors to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

Kingston Smith LLP have expressed their willingness to continue as auditors for the next financial year and offer themselves for re-appointment.

This report was approved and authorised for issue by the trustees on 25th September 2013 and signed on their behalf by

VGOBne

Vince O'Brien
Trustee

Date 27th September 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEEPING KIDS COMPANY (REGISTERED COMPANY NO. 03442083)

We have audited the financial statements of Keeping Kids Company for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees who are also the directors of the charitable company (for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the companies act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report



Nicholas Brooks, Senior Statutory Auditor

Date 30th September 2013

for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House
60 Goswell Road
London EC1M 7AD





Painting by one of Kids Company young people showcased at the Royal Academy exhibition 'Child Hood: The Real Event'

KEEPING KIDS COMPANY

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account) For the year ended 31 December 2012

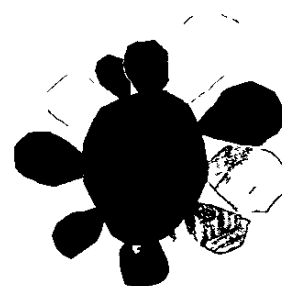
	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	8,527,755	3,709,006	12,236,761	9,569,511
Activities for generating funds	3	2,449,737	-	2,449,737	801,714
Investment income	4	367	-	367	570
Incoming resources from charitable activities	5	5,621,966	-	5,621,966	5,255,193
TOTAL INCOMING RESOURCES		16,599,825	3,709,006	20,308,831	15,626,988
RESOURCES EXPENDED					
Costs of generating funds	7	1,195,199	189,836	1,385,035	1,271,826
Costs of charitable activities	8				
Education		6,009,555	190,748	6,200,303	5,370,977
Social Care and Health		9,007,431	2,348,422	11,355,853	8,782,981
		15,016,986	2,539,170	17,556,156	14,153,958
Governance costs	9	34,589	-	34,589	32,961
TOTAL RESOURCES EXPENDED	10	16,246,774	2,729,006	18,975,780	15,458,745
NET INCOME BEFORE TRANSFERS		353,051	980,000	1,333,051	168,243
TRANSFERS		650,000	(650,000)	-	-
NET INCOME AFTER TRANSFERS		1,003,051	330,000	1,333,051	168,243
TOTAL FUNDS AT 1 JANUARY 2012		250,045	-	250,045	81,802
TOTAL FUNDS AT 31 DECEMBER 2012		£1,253,096	£330,000	£1,583,096	£250,045

These results are derived from continuing activities and all gains and losses recognised in the year are included in the above statement. The Charity's net income for the year was £1,333,051 (2011: £168,243).

The annexed notes form part of these financial statements.

KEEPING KIDS COMPANY


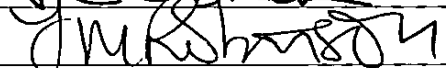
Company Registration Number 03442083



BALANCE SHEET As at 31 December 2012

	Notes	2012 £	The Group 2011 £	2012 £	The Charity 2011 £
FIXED ASSETS					
Tangible assets	15	980,549	260,170	980,549	260,170
CURRENT ASSETS					
Debtors	16	2,945,929	1,710,436	2,941,216	1,710,436
Cash at bank and in hand		182,001	1,010,039	177,565	1,010,039
		3,127,930	2,720,475	3,118,781	2,720,475
CURRENT LIABILITIES					
CREDITORS amounts falling due within one year	17	(2,525,383)	(2,730,602)	(2,516,234)	(2,730,602)
NET CURRENT ASSETS/(LIABILITIES)		602,547	(10,125)	602,547	(10,125)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,583,096	250,045	1,583,096	250,045
NET ASSETS/(LIABILITIES)		£ 1,583,096	£ 250,045	£ 1,583,096	£ 250,045
FUNDS					
Restricted funds	19	330,000	-	330,000	-
Unrestricted funds					
Designated funds	19	980,549	260,170	980,549	260,170
General fund	19	272,547	(10,125)	272,547	(10,125)
TOTAL CHARITY FUNDS		1,583,096	250,045	1,583,096	250,045

The financial statements were approved, and authorised for issue, by the trustees on 27th September 2013 and signed on their behalf by

 VINCE O'BRIEN (TRUSTEE)
 FRANCESCA ROBINSON (TRUSTEE)

The annexed notes form part of these financial statements

KEEPING KIDS COMPANY

CASH FLOW STATEMENT As at 31 December 2012

	Notes	2012 £	2011 £
Net cash flow from operating activities	24	(449,335)	980,461
Returns on investments and servicing of finance		17,887	102
Capital expenditure (purchase of tangible fixed assets)		(813,341)	(242,373)
(DECREASE) / INCREASE IN CASH IN THE YEAR		(1,244,789)	738,191
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH BALANCES			
For the year ended 31 December 2011			
(Decrease) / Increase in cash for the year		(1,244,789)	738,190
Net cash balances at the start of the year		1,010,039	271,849
Net cash balances at the end of the year		(234,750)	1,010,039

The annexed notes form part of these financial statements

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities SORP (Statement of Recommended Practice "Accounting and Reporting by Charities (published February 2005)") and the Companies Act 2006

The effects of events relating to the year ended 31 December 2012 which occurred before the date of approval of the financial statements by the Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2012 and the results for the year ended on that date

Consolidation

The SOFA and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. The charitable company has taken advantage of the exemption from presenting its unconsolidated income and expenditure account available under section 408 of the Companies Act 2006

Company status

Keeping Kids Company is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Where expenditure has been incurred against future secured restricted funds a deficit balance may temporarily arise. To the extent that such balances will be reversed, with reasonable certainty by income secured but not yet receivable, a deficit balance may be carried in the balance sheet.

Income tax recoverable

Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable.

Income tax reclaimed on donations from individuals is included as unrestricted unless the donor requests that it is also restricted as part of the donation.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

All incoming resources, including donations, are included in the Statement of Financial Activities based upon the stipulations made by the donor or provider of that income. Any income which is deferred is deferred based upon the accruals concept.

The Charity accepts money from corporate supporters to cover the costs of volunteer activities carried out by the supporter's employees. As the companies are not receiving any benefit themselves, this is treated as voluntary income.

Gifts in kind donated for distribution are included at market value which we believe represents value to the charity and recognised as income when they are distributed. Donated facilities are included at the value to the Charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately on the basis of number of staff (full time equivalents) allocated to the activities. Governance costs include the costs of servicing Trustees' meetings, audit and strategic planning.

As the charity is not VAT registered, all costs are shown as inclusive of VAT.

Research Expenditure

All research expenditure is written off when incurred.

Operating leases

Payments under operating leases are charged to the statement of financial activities over the period in which the cost is incurred.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	Straight line basis over 3-5 years
Motor vehicles	Straight line basis over 5 years
Leased equipment	Straight line basis over period of lease
Capitalised Building Costs	Straight line basis over period of lease

2 VOLUNTARY INCOME

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Donations				
Individuals	2,975,358	257,962	3,233,320	3,077,187
Trustees	89,561	-	89,561	78,025
	3,064,919	257,962	3,322,881	3,155,212
Trusts and foundations	2,971,425	2,852,581	5,824,006	4,264,361
Corporate	1,514,042	598,463	2,112,505	1,212,598
Gifts in kind (Note 6)	977,369	-	977,369	932,861
Other	-	-	-	4,479
	£ 8,527,755	£ 3,709,006	£ 12,236,761	£ 9,569,511

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Universities placement fees	63,506	-	63,506	49,504
Corporate and events	2,216,152	-	2,216,152	735,654
Income from lectures and conferences	65,715	-	65,715	16,556
Income generated by Kids Company Enterprises	104,364	-	104,364	-
	£ 2,449,737	£Nil	£ 2,449,737	£ 801,714

4 INVESTMENT INCOME

	2012 £	2011 £
Interest receivable from		
Cash at bank	£367	£570

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Central Government	4,854,937	-	4,854,937	4,667,669
Local Government	184,059	-	184,059	211,366
Schools therapeutic support	582,970	-	582,970	376,158
	£ 5,621,966	£Nil	£ 5,621,966	£ 5,255,193

The charity received a Youth Sector Development Fund Grant of £4,854,937 for 2012 (and £4,667,669 in 2011). This was spent supporting identified young people based at both the Arches II and the Urban Academy.

6. GIFTS IN KIND

The Charity receives a number of gifts in kind and gifts in service each year.

During the year the charity undertook a collaborative arts project with the Royal Academy of Arts and accordingly have included 50% of the value of the facilities provided by the Academy in the accounts as a gift in kind.

Gifts in kind in the form of second hand donated goods were valued with second hand resale values, all new donated goods in kind were valued per the suggested value from the donors or per equivalent value from suitable catalogues.

Gifts in service were valued per written advice from the service companies, premises provided rent free were valued by the landlord on the basis of their commercial rental value. Professional gifts in kind (e.g. legal services) have been valued on a reasonable basis and included as income for the year.

The Financial Statements have included an aggregate value of £977,369 (2011: £932,861). Under the Statement of Recommended Practice 2005 ("Accounting and Reporting by Charities (published 2005)") these costs have been included in both incoming and outgoing resources with the exception of £6,000 which was capitalised as a fixed asset under Motor Vehicles. In addition, the Charity receives significant assistance from volunteers, which is not reflected in the financial statements. The Trustees' report refers to the value of this time.

7 COSTS OF GENERATING FUNDS

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Staff Costs	451,813	177,741	629,554	583,634
Fundraising costs	631,101	12,095	643,196	598,474
Allocation of support costs	95,678	-	95,678	89,718
Expenditure in relation to Kids Company Enterprises	16,607	-	16,607	-
	£ 1,195,199	£ 189,836	£ 1,385,035	£ 1,271,826

Types of activities include campaigns, challenge events, fundraising auctions

8 COSTS OF CHARITABLE ACTIVITIES

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Staff costs	9,164,234	2,015,818	11,180,052	8,643,148
Direct costs	4,097,123	523,352	4,620,475	3,970,042
Support costs	1,755,629	-	1,755,629	1,540,768
	£15,016,986	£2,539,170	£17,556,156	£14,153,958

9 GOVERNANCE COSTS

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Staff costs	4,030	-	4,030	3,913
Auditors' remuneration - statutory audit	28,000	-	28,000	26,570
Support costs	2,559	-	2,559	2,478
	£ 34,589	£ Nil	£ 34,589	£ 32,961

10 RESOURCES EXPENDED

	Staff costs £	Direct costs £	Support costs £	Total 2012 £	Total 2011 £
Education					
Urban Academy	2,064,398	1,365,396	314,536	3,744,330	3,238,000
Schools	2,044,706	116,267	295,001	2,455,974	2,132,977
	4,109,104	1,481,663	609,537	6,200,304	5,370,977
Social Care and Health					
Camden	2,038,402	301,049	355,877	2,695,328	2,192,166
Bristol	147,278	18,615	34,792	200,685	-
Arches II	3,785,963	2,425,744	693,212	6,904,919	5,475,194
Special Projects	1,099,305	393,404	62,211	1,554,920	1,115,621
	7,070,948	3,138,812	1,146,092	11,355,852	8,782,981

10 RESOURCES EXPENDED (CONTINUED)

Total charitable expenditure	11,180,052	4,620,475	1,755,629	17,556,156	14,153,958
Costs of generating funds	629,554	659,803	95,678	1,385,035	1,271,826
Governance costs	4,030	28,000	2,559	34,589	32,961
Support costs	863,785	990,081	(1,853,866)	-	-
	£ 12,677,421	£ 6,298,359	£Nil	£ 18,975,780	£ 15,458,745

Details of costs of Generating Funds and Governance are given respectively in Notes 7 and 9. Support costs are apportioned to different projects in proportion to the number of staff (full-time equivalents) attributable to those activities.

11 SUPPORT COSTS

	2012 £	2011 £
Staff	863,785	819,470
Premises	388,767	370,992
Depreciation	81,591	56,167
Interest payable on overdrafts	18,253	468
Other	501,470	385,867
	£ 1,853,866	£ 1,632,964

12 STAFF NUMBERS AND COSTS

	2012 £	2011 £
Wages and salaries	9,365,531	7,318,258
Social security costs	902,947	716,372
Recruitment	40,492	29,098
Training	62,042	72,792
Youth workers, therapists, practice teachers and special project workers	1,668,930	1,383,800
Supervision consultants	622,514	496,313
Other costs	14,965	33,532
	£ 12,677,421	£ 10,050,165

The supervision cost for 2012 includes the cost of supervision for student placements and students studying on the Kids Company Professional Development Course in conjunction with London Metropolitan University.

The average weekly number of employees, calculated as full time equivalents, during the period was

Costs of generating funds	187	181
Charitable expenditure	3431	3108
Governance costs	05	05
	3623	3294

Two employees received remuneration of more than £60,000. One received remuneration in the £70,000-£80,000 band (2011-1) and one received remuneration in the £80,001-£90,000 band (2011-1).

13 TRUSTEES

During the year, no member of the Board of Trustees received any remuneration (2011 - £Nil). No member of the Board of Trustees received reimbursement of expenses (2011 - £Nil).

14. INDEMNITY INSURANCE

During the year, £703 (2011 - £700) indemnity insurance premium has been paid to indemnify the Trustees against damages and legal expenses for mistakes made in the actual running or governance of the organisation

15 TANGIBLE FIXED ASSETS

	Capitalised Building Costs	Leasedhold Improvements	Equipment	Motor vehicles	Total
Cost					
At 1 January 2012	-	121,190	287,523	156,558	565,271
Additions	755,144	-	52,197	6,000	813,341
Disposals	-	-	-	(30,742)	(30,742)
At 31 December 2012	£ 755,144	£ 121,190	£ 339,720	£ 131,816	£ 1,347,870
Depreciation					
At 1 January 2012	-	1,143	187,282	116,676	305,101
Charge for the year	-	24,238	44,166	13,187	81,591
On disposals	-	-	-	(19,371)	(19,371)
At 31 December 2012	-	£ 25,381	£ 231,448	£ 110,492	£ 367,321
Net book value					
At 31 December 2012	£ 755,144	£95,809	£ 108,272	£ 21,324	£ 980,549
At 31 December 2011	-	£120,047	£ 100,241	£ 39,882	£ 260,170

16 DEBTORS

	The Group		The Charity	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	147,238	54,765	135,995	54,765
Donations receivable & Accrued Income	2,598,815	1,469,932	2,598,815	1,469,932
Other debtors	76,473	75,915	76,474	75,915
Prepayments	123,403	109,824	123,403	109,824
Balance with Subsidiary	-	-	6,529	-
	£ 2,945,929	£ 1,710,436	£ 2,941,216	£ 1,710,436

17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Charity	
	2012	2011	2012	2011
	£	£	£	£
Overdrafts	416,751	-	416,751	-
Loans (Note 8)	350,000	50,000	350,000	50,000
Trade creditors	546,885	341,424	539,467	341,424
Social security and other taxes	531,393	211,237	529,662	211,237
Accruals	340,849	446,311	340,849	446,311
Deferred income (below)	338,655	1,617,033	338,655	1,617,033
Other creditors	850	64,595	850	64,595
	£ 2,525,383	£ 2,730,600	£ 2,516,234	£ 2,730,600
Deferred income				
Balance at 1 January 2012	1,617,033	243,630	1,617,033	243,630
Amount added in the year	1,665,051	9,399,896	1,665,051	9,399,896
Amount released to the SOFA	(2,943,429)	(8,026,493)	(2,943,429)	(8,026,493)
Balance at 31 December 2012	£ 338,655	£ 1,617,033	£ 338,655	£ 1,617,033

18 LOANS

	The Group		The Charity	
	2012	2011	2012	2011
	£	£	£	£
The loans are repayable as follows				
Within one year	£ 350,000	£ 50,000	£ 350,000	£ 50,000

All the loans are unsecured, 6% is payable on the loan of £ 350,000



19. STATEMENT OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers	Carried Forward
	£	£	£	£	£
DESIGNATED FUND					
Fixed Assets Fund	260,170	132,599	(62,220)	650,000	980,549
RESTRICTED FUNDS					
Sports and Social Work		1,000	(1,000)	-	-
Camden	-	680,300	(680,300)	-	-
Therapy House	-	170,060	(170,060)	-	-
Urban Academy	-	29,875	(29,875)	-	-
Arches II	-	91,600	(91,600)	-	-
Bristol	-	5,325	(5,325)	-	-
Schools	-	115,550	(115,550)	-	-
Special Needs	-	102,357	(102,357)	-	-
Christmas	-	37,965	(37,965)	-	-
Special Project	-	853,197	(853,197)	-	-
Positive Experience	-	18,386	(18,386)	-	-
Volunteers	-	253,956	(253,956)	-	-
Research	-	149,599	(149,599)	-	-
Administration	-	219,836	(219,836)	-	-
Capital Expenditure	-	980,000	-	(650,000)	330,000
Other	-	-	-	-	-
	-	3,709,006	(2,729,006)	(650,000)	330,000
SUMMARY OF FUNDS					
Designated Funds	260,170	132,599	(62,220)	650,000	980,549
General Funds	(10,125)	16,467,226	(16,184,554)	-	272,547
	250,045	16,599,825	(16,246,774)	650,000	1,253,096
Restricted Funds	-	3,709,006	(2,729,006)	(650,000)	330,000
	£ 250,045	£ 20,308,831	£(18,975,780)	£Nil	£ 1,583,096

PURPOSE OF DESIGNATED FUND

Fixed Asset Fund - The fixed assets of the Charity are considered to be not easily realisable. In accordance with SORP 2005, once the funding conditions of the assets have been satisfied, an amount equal to the cost of the assets is transferred to the designated reserve and reduced annually by depreciation. The fund carried forward is equivalent to the net book value of the fixed assets. During the year £650,000 was transferred from the restricted fund to the designated fund to reflect the purchase of the new Heart Yard building.

PURPOSE OF RESTRICTED FUNDS

Urban Academy	Provision of education programmes and staff costs at Sherborne House
Positive Experience	Helps to facilitate young people's dreams
Therapy House	Provide therapy to young people
Social work	Costs of social workers
Arches II	Costs of running the Arches II drop-in centre
Camden	Provision of educational programmes and staff costs at Treehouse House
Schools	Provision of support and therapeutic services
Special needs	Cost of special needs education. This fund is negative at the end of the financial year as the specific grant to meet these costs will be received in 2013
Christmas	Purchase of presents, provision of meals, special outings and extra staff at Christmas time
Special projects	Provision of a music facility and staff and material costs associated with 'Colour a Child's Life'
Volunteers	Cost of managing volunteers resource
Research	Contribution towards the external evaluation and research. This fund is negative at the end of the year as the donations to cover the research costs are anticipated to be received in 2011
Administration	Costs of certain central office staff
Capital expenditure	Cost of acquiring new fixed assets (Motor Vehicle)
Other	Costs of materials and staff associated with various smaller programmes

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
	Designated Funds 2012 £	General Funds 2012 £			
Tangible fixed assets	980,549	-	-	980,549	260,170
Current assets	-	2,797,730	330,000	3,127,930	2,720,475
Creditors due within one year	-	(2,525,383)	-	(2,525,383)	(2,730,600)
	£ 980,549	£ 272,547	£ 330,000	£ 1,583,096	£ 250,045

21 OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Buildings	Equipment	Total	Total
Operating leases which expire				
within two to five years	180,000	-	180,000	320,000
more than five years	33,000	-	33,000	33,000
	£ 213,000	£Nil	£ 213,000	£ 353,000

22 RELATED PARTIES

At the year end, no balances were owed to Trustees (2011 - £NIL). Trustees made, or were associated with, donations in cash or in kind totalling £89,561 (2011 - £58,025). No trustees were reimbursed for expenses. All transactions were made at arms length and full disclosure was made by the trustees of any related party transactions. One child of a trustee was employed by or contracted to the Charity during the year remunerated at £27,278 (2011 - £44,243). Another child of a trustee was employed by or contracted to the Charity during the year remunerated at £8,597 (2011 - £NIL). The decision to engage these individuals was taken without the involvement of the trustees in the best interests of the charity. An organisation associated with a Trustee did not give any money to the charity (2011 - £15,130).

23 GOING CONCERN

As 97% of our kids self refer and we receive no local statutory funding to cover their costs, Kids Company is entirely reliant on raising separate funding. As the charity has no endowed funds, the level of activities in the financial year starting 1 January 2013 will depend almost entirely on its ability to secure continuing grant income. Whilst significant grants have been awarded, the organisation continues to grow very fast to meet needs, and has low reserves relative to its size, since new contracts do not allow for the retention of funds as reserves. The Charity's history of delivering the maximum possible charitable objectives with the resources available have often put a strain on the Charity's cash flow. The Trustees are confident sufficient funding will be secured and are monitoring the situation. The Trustees consider that debts will continue to be paid as they fall due.

24. CASH FLOW STATEMENT

	2012	2011	
	£	£	
Net incoming resources	1,333,051	168,243	
Return on investment and servicing of finance	(17,887)	(102)	
Depreciation of tangible fixed assets	81,591	56,167	
Disposal of Fixed Asset	11,371	-	
Increase in debtors	(1,235,493)	(748,993)	
(Decrease)/increase in creditors	(621,968)	1,505,146	
Net cash flow from operations	£(449,335)	£ 980,461	
Analysis of Net Debt	At 1 Jan 2012	Cash flows	At 31 Dec 2012
Cash at Bank and in Hand	£ 1,010,039	£(1,244,789)	£(234,750)

25 SUBSIDIARY UNDERTAKING - KEEPING KIDS COMPANY ENTERPRISES LTD

The charity owns an additional £1 (2011 - £1) representing the whole of the issued ordinary share capital of Kids Company Enterprises Ltd, a company registered in England. All activities have been consolidated on a line by line basis in the statement of financial activities for the period October 2011 to December 2012. Available profits are gift aided to the charity. A summary of the assets, liabilities and funds is shown below.

	2012 £
Assets	15,679
Liabilities	(15,679)
Funds	£ Nil
Turnover	104,364
Administrative expenses	(16,607)
Operating profit	87,757
Charitable donation	(87,757)
Net profit	£ Nil

Listening to your stories, it is clear that the children who come here - like too many others across the country - face profound disadvantages.

Growing up in very dysfunctional or violent families... often with emotional and mental health difficulties... or facing problems around substance misuse...

...their need for Kids Company could not be more pressing.

Speech by Rt Hon Iain Duncan Smith MP (www.gov.uk/government/speeches/kids-company).

26 MAJOR DONORS

Corporate income

Aberdeen Asset Mgt Plc
Aberdeen
Access To Resources
Alta Advisers Ltd
Aterra Bermuda Limited
Aspen Insurance Uk Services
Limited
Astra Zeneca Uk Ltd
Axis Speciality London
Babson Capital Europe Ltd
Bacon Foundation
Bank Of England
BDO LLP
Berry Bros & Rudd Ltd
CCA Galleries Limited
Catlin Insurance Company Ltd
Clarins UK Limited
Colt Technology
CWL Unrestricted Account
Dales Evans & Co Ltd
Drapers
Folli Follie
Frieda John
Friends Of Herne Hill School
HCC Service Company Inc Uk
Branch
Hindmeck Ltd
HSBC Glob Ass Mg (Uk) Ltd
Icap
Inchcape Management
Incisive Media
JD Sports Fashion Plc
Jenson8 Ltd
J P Boden And Company
Limited
Knight Frank Llp
Numis
Lazard & Co Ltd
Live Nation
Logica
Loveworks
M & G Limited
Marsh Ltd
Mary Howard Sales Ltd
Marylebone Limited
Michael O'Mara Books
Mizuho International Plc
Monmouth Coffee Company
Limited
Mop Fze
Morgan Stanley
Multikulturelles Netzwerk
Orchid Advisory Limited

Penguin
Peter De Haan Charitable Trust
Peters & Peters Solicitors
Rockefeller Philanthropy
Advisors
Roddan J O
Henley-On-Thames
Sacred River Limited
Samsung Electronics UK
Savrow Holdings
Selfridges Retail Ltd
SG Hambros/Halley Invest
Smith & Williamson Investment
Management Limited
Societe Generale
Talbot Underwriting Services
Ltd
Taylor Wessing Llp
The Belgravia Traders
Association
The Light Fund
US Olympic Committee
United Biscuits
Weil, Gotshal & Manges
Westburn Holdings Ltd
Willis Grp Serv
X L Recordings Ltd

Trust income

Impossible Odds Foundation
Anglo American Group
Foundation
Angus Lawson Memorial Trust
Artemis Charitable Foundation
Arts Council
Bertha Foundation
Cisco Systems Foundation
Comic Relief
Damien Hirst
Donald Forrester Trust
Elizabeth & Prince Zaiger Trust
Esmee Fairbairn Foundation
Harvey Mcgrath Trust
Hearn Foundation
Jemina Khan Foundation
Joseph Levy Foundation
Lancashire Foundation
Millenium Grant
Mothers4Children
NPC Foundation
Oak Foundation Ltd
Pimco Foundation Europe
Reta Lila Howard Foundation
S G F
Sherbourne House

Sigrd Rausing Trust
Sofronie Foundation
The David Saunders Family
Charitable Trust
The Dr Mortimer & Theresa
Sackler Foundation
The Elizabeth Frankland Moore
and Star Foundation
The Expat Foundation
The Hands Trust
The Harrodian School
Charitable Trust
The J Van Mars Foundation
The John Booth Charitable
Foundation
The John Young Charitable
Settlement
The Julian Trevelyan Trust
The Kerbascol Trust
The Light Fund
The Moshé Foundation
The MSF Foundation
The Muriel Jones Foundation
The Newhope Trust
The Presidents Club Charitable
Trust
The Rothermere Foundation
The Sten Mortstedt Foundation
The Waterloo Foundation
Trees Michael H Sacher
Charitable Trust
Virgin Foundation
Volant Charitable Trust
William & Katherine Longman
Charitable Trust
William Morris - WME Charity
Grant
Sisley - Foundation France
Rita Lila Weston Foundation
QBE European Operations
Foundation
The Weinstock Fund
The Woodcock Charitable Trust

Individuals income

A Nosseir
A Winch
Adam Dixon
Alain De Botton
Angela Mary Denman
Anita Kaushal
C A J Hobbs & L Hobbs
Caroline Kassar
Cindy Irvin
David Reiss
Deborah Finkler

Dr Ca Cree & Mr Rp Cree
Drusilla Hohenstein
Fergus S J Munro
Ferrari Ltd
George Burrows
Graeme Moore
H Farsi Esq
Henry Liddell
Howard De Walden
J Caven & Janet Taylor
J G G Clarke
J Lahoud
J Spiers
John Hare
Jonathan Davie
Julian Hayward
Julien Hall
K Scott
Karl & Holly Peterson
Kate Silverton And Mike Heron
Kirsty Bendeham
M Abela
M C N & N Mcconachie
M N Maggs & F A Maggs
Matt Renine
Michael McIntyre
Miss A Voller
Mr B H R M Lefebvre Du Prey
Mr Brian & Mrs Clare Linden
Mr James Lupton
Mr Jonathan Joseph
Mr K Burke
Mr Michel R De Carvalho
Mr P Brewer
Mr S & Mrs Roden
Mr U Ross
Mrs C A Luke
Mrs E Smith
Mrs R A Phillips
Mrs S L Ainslie
Nestor Cano Soler
P W Brakspear & C Brakspear
Paul Cartwright
Paul R F Crean
Peter M Harris & S J Harris
R & S Atkinson
Richard Album
Rosemary R C R Airey
Van Breugel Wf

Thank you



