

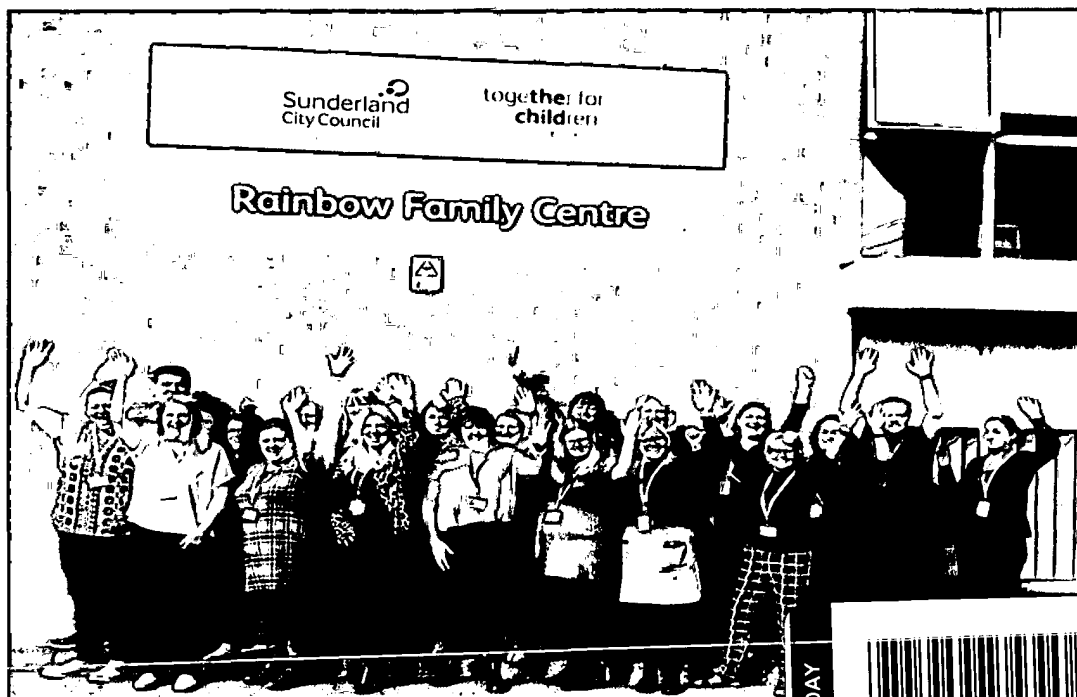
together for children SUNDERLAND

Strategic Report, Report of the Directors
and Financial Statements

For the year ended 31 March 2020

for

Together for Children Sunderland Limited



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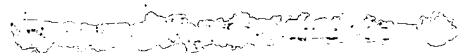
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TOGETHER FOR CHILDREN SUNDERLAND LIMITED

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FOR THE YEAR ENDED 31 MARCH 2020**

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TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020**

DIRECTORS:

Ms C E Auld
Ms S D Carty
Ms J P Colbert
Ms D M Exley
Mr D J Gallagher
Ms C M Hearne
Mr S P Mason
Ms S E Mitchell
Mr P Moffat
Mr S G Renwick

REGISTERED OFFICE:

Stanfield Business Centre
Addison Street
Sunderland
SR2 8SZ

REGISTERED NUMBER:

10085290 (England and Wales)

SENIOR STATUTORY AUDITOR: Michael Moran BA FCA

AUDITORS:

Robson Laidler Accountants Limited
Statutory Auditor
Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
Tyne and Wear
NE2 1TJ

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020.

Our Context

Together for Children Sunderland (the Company), a Company limited by guarantee, delivers Children's Services on behalf of Sunderland City Council (the Council) by whom it is owned; it is controlled by an independent board to ensure operational independence.

Children's Services in Sunderland remain under "Direction" from the Department for Education (DfE) and the considerable progress of the Company continues to be externally monitored and evaluated against the recommendations made by Ofsted.

Since its inception, the Company has invested significantly to improve case-loads for staff, the timeliness of responses, strengthened performance management arrangements and oversight. Self-assessment and external scrutiny, including six monitoring visits completed by Ofsted demonstrated steady progress in social care provision.

In the spring of 2018 Ofsted undertook a full re-inspection of Children's Services. The outcome of that was that whilst the overall rating remained as Inadequate, children's social care had improved overall performance against three criteria, achieving one Good and two Requires Improvement ratings.

As a result of the 2018 outcome, social care remained subject to monitoring visits; during 2019/20, visits have taken place in May 2019 and February 2020. Both visits showed improvement with the February 2020 summary comments noting:

Since the last inspection, there have been improvements made to the services for children in care in need of permanence. Inspectors saw better social work improving the experiences of children and young people in care. Senior management oversight has considerably improved since the last monitoring visit, and this has further ensured that children in care progress to permanence promptly.

The Company remains firmly committed to achieving a "Good" overall rating for children's social care services, which would complement the existing high quality of provision in our service areas.

Third Outstanding Ofsted Result for Sunderland Children's Home.

Pictured below: (rear left to right) The Colombo Road Team: Michael More, Shelley Tillmouth (centre),

Alan Liddle, Donna Collier with Therapy Dog Bo, Phil Crossley.



TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Vision

Our strategic vision is simple, in everything we do, **putting the child first!**

In practice this means supporting the children, young people, parents, carers and guardians at all stages of their lives as they move towards adulthood. The photographs below illustrate this well:



Sunderland Change Council Trial Recipes for Care Leavers' Cook Book
Pictured: Together for Children Care Leavers' and Rob Stewart, chef at Sunderland College



Footballing Hero Helps Celebrate Foster Carers
Pictured: Former professional footballer, Gary Bennett pictured with the Company's foster carers.

Business Objectives

In addition to the Mission and Vision, the Company's Business Plan 2018-21 sets out five key priorities to improve the life chances of children:

1. To improve the quality of all services for children in Sunderland and build trust with partners.
2. To develop partnerships across Sunderland and beyond to support children and families.
3. To optimise investment in early help and edge of care services in order to safely reduce demand for statutory services.
4. To improve efficiency, both within Together for Children and across the partnership.
5. To grow Together for Children so that it can become a force for improvement and innovation.

TOGETHER FOR CHILDREN SUNDERLAND.LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Company aims to be a great place to work. Some of the recent achievements are illustrated in the undernoted infographic:



The 2019 engagement survey captured the response of 175 Company staff; responses included:

I am motivated to see Together for Children succeed	91% agreed
I always know what my work responsibilities are	80% agreed
My role allows me to make good use of my skills and abilities	73% agreed
I intend to be working here in the next 12 months	69% agreed

"The Company has made real strides in the last 6 months and is starting to show what it can do as a service completely committed to families... Together for Children is an employer that has integrity and a moral purpose, and I love working here!"

"I am a new member of staff to Together for Children and have been very struck by how, generally speaking, positive and motivated people are. It is very early days for me but I am genuinely excited to be working here, there is a very strong desire to improve services and the working environment, which in turn will result in improved outcomes for children and families. I am so happy I made the move to Together for Children and am excited about my future with the Company".

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Company provides a range of services to meet the education, early help and social care needs of Sunderland's children, but we can't do this on our own. We work with statutory and community partners in everything we do.

This includes the most fundamental responsibility for the safeguarding and protection of children, including cared for children and those for children with special educational needs and disabilities.

Our City: The Demography of our Care

General

- 54,563 children and young people under the age of 18 years live in Sunderland and this is 20% of the total population in the area; 28,213 are male and 26,350 are female.
(Data Source: This is based on latest mid-year pop. statistics 2018 released summer 2019)
- Approximately 24% of children aged under 16 years in Sunderland are living in relative low-income families.
(Data Source: March 2020 <https://www.gov.uk/government/statistics/children-in-low-income-families-local-area-statistics-2014/15-to-2018/19>)
- The proportion of children entitled to free school meals in Sunderland is 15% in primary schools and 11% in secondary schools.
- Children from minority ethnic groups account for 8% of all statutory schools age children attending a school in Sunderland and the largest minority ethnic group across statutory school age children in Sunderland is Asian/Bangladeshi
- The proportion of children and young people with English as an additional language in Sunderland is 3.4% in primary schools and 2.2% in secondary schools.
(Data Source: School 2020 Spring Census (Jan 2020))

Children Looked After (CLA) and Children In Need (CIN):

- Rate of CLA per 10,000 of children in Sunderland as at March 2020 was 108.1 (English March 2019 comparator was 65)
- Rate of Child Protection per 10,000 of children in Sunderland as at March 2020 was 67.8
- Rate of CIN per 10,000 of children in Sunderland as at March 2020 was 412.6
- Rate of referrals per 10,000 of children in Sunderland as at March 2019 was 820.2
(Data Source: <https://www.gov.uk/government/collections/statistics-children-in-need>)

Early Help Plans:

- Rate of children on early help plans per 10,000 of the population as at March 2020 was 322.75

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

OUR SERVICES

Together for Children works with Sunderland City Council and other partner organisations to ensure that children's services across Sunderland are delivered by a suitably qualified and experienced workforce and deliver optimum value for money.

The specific services provided by The Company are detailed within the Service Contract agreed between the Company and Sunderland Council. In summary these are:

Early Help <ul style="list-style-type: none">▪ Childcare▪ Early years education▪ Children's Centres▪ Family support▪ Substance misuse services▪ Youth Offending services
Children's Social Care <ul style="list-style-type: none">▪ Integrated Contact and Referral Team▪ Statutory assessments and care planning▪ Services for looked after children and care leavers▪ Family Time services▪ Fostering▪ Adoption▪ Emergency Duty Team
Corporate and Commercial <ul style="list-style-type: none">▪ Legal Services▪ Performance analysis▪ Commissioning▪ Workforce development▪ HR Advice and Guidance▪ Marketing and communications▪ Child protection conferencing▪ Independent Reviewing Officers
Education <ul style="list-style-type: none">▪ School improvement▪ School leadership development▪ Alternative education provision▪ Governor Support▪ Apprenticeships and access to employment▪ Educational Psychology▪ Special Educational Needs▪ Integrated services for children with disabilities
Finance <ul style="list-style-type: none">▪ Financial strategy development and operational planning▪ Information Governance lead▪ Management Accounting▪ Schools' finance support▪ School funding oversight▪ Risk Management oversight▪ Company Secretary and Corporate Governance Lead

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

SECTION 172(1) STATEMENT

A new reporting requirement relates to a directors' duty to promote the success of the Company, which is prescribed in Section 172 of the Companies Act 2006. This duty states that:

- A director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - the likely consequence of any decision in the long term;
 - the interests of the Company's employees;
 - the need to foster the Company's business relationships with suppliers, customers and others;
 - the impact of the Company's operations on the community and the environment;
 - the desirability of the Company maintaining a reputation for high standards of business conduct;
 - the need to act fairly as between members of the Company

In regard to the Company during 2019/2020, the accompanying Annual Report demonstrates clearly its operating context, employee considerations/engagement, partnership ethos and high standards as a corporate parent, business partner and neighbour.

A brief summary under the heading of the Act include:

- the likely consequence of any decision in the long term;
 - The Company remains under direction from the Department for Education and operates under a Services Contract with its Sole Member, Sunderland City Council, which is a maximum of ten years starting from 01 April 2017 therefore long term decision making is tightly regulated.
 - In addition, the Company's Articles of Association stipulate that any decisions with a longevity beyond the Services Contract is a Matter Reserved for the Council.
- the interests of the company's employees;
 - Narrative elsewhere in this Annual Report demonstrates how the Company values and engages with its staff. The informatic included in the report demonstrates a real desire to reduce reliance on Agency staff and to create a strong, engaged and stable workforce at all levels from management across the Company.
 - The Company's management team regularly meets with Trade Union colleagues to discuss key matters especially those relating to staff, terms and conditions (which are tied to those of the Sunderland City Council per the Services Contract).
- the need to foster the company's business relationships with suppliers, customers and others;
 - Again, the accompanying Report shows a keen desire to create and optimise key strategic partnerships in providing high quality services to all service users and unashamedly putting the child first!
 - In a practical sense, the company's two most recently published Payment Terms reports demonstrate a desire to help the Company's supply chain by prompt payment, >90% paid within 30 days and an average of just 6 days.
- the impact of the company's operations on the community and the environment;
 - The Company is very community engaged with regular liaison events designed, for example, to support and recruit Foster Carers and potential adoptive parents. The Company's Third Sector interface is strong with active support to the Cared for Children Christmas Party by a superb local charity, Hopesprings, as but one example.
 - An ongoing review of the Company estate anticipates reducing the Company's carbon footprint and the installation of an electric vehicle charging point demonstrates commitment to lowering tailpipe emissions when travelling.
- the desirability of the company maintaining a reputation for high standards of business conduct;
 - The Company strives to be utterly professional in its business conduct and adopts high standards of conduct in all operations.
 - As already alluded to above, payment terms are prompt and not exploitative, and any changes to contract terms and conditions are carefully articulated and discussed rather than being unilaterally introduced.
- the need to act fairly as between members of the company
 - Sunderland City Council is the Sole Member, therefore equity and fairness is not an issue.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

PARTNERSHIPS IN THE COMMUNITY

The Company strives to engender partnership working wherever possible to the benefit of Sunderland's children. A highly visible example is an event sponsored by a range of partner organisations, the annual Young Achievers awards. This special event is high profile and seeks to both recognise children of achievement and also to boost the self-esteem of the children.

The schematic below captures some key partnerships:

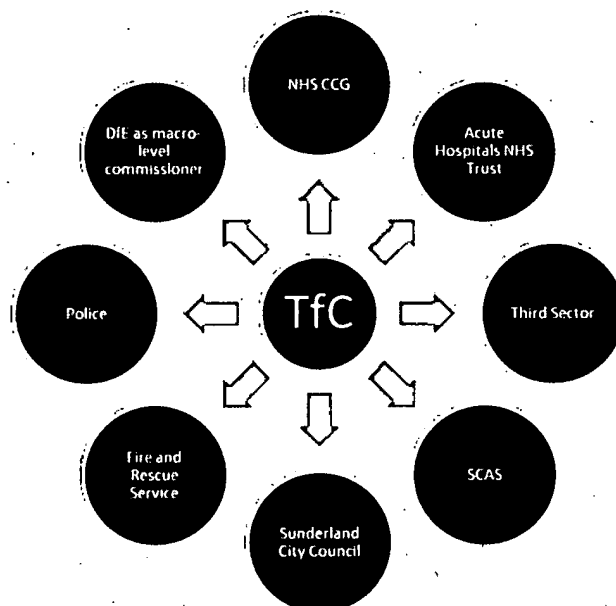


Figure 1: Key partnerships.

SCAS - Sunderland Care and Support Limited

Young people in Sunderland have improved access to mental health services thanks to a new online resource co-funded by the Clinical Commissioning Group. Pictured: Jill Colbert, Chief Executive of Together for Children with David Gallagher, Chief Officer of Sunderland Clinical Commissioning Group and young people involved in the Kooth project.



TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

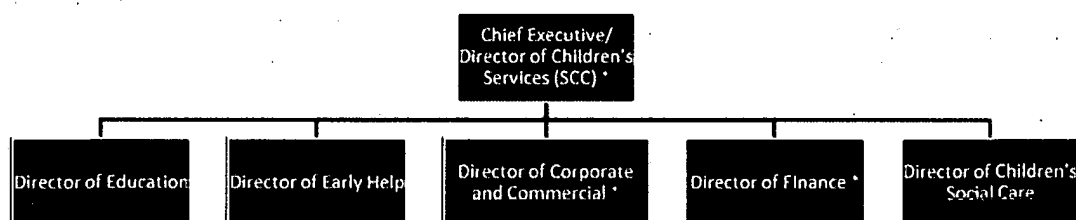
GOVERNANCE STRUCTURE

The Company is overseen by its Board of directors, it has an Audit and Assurance Committee.

Board and Committee Attendance (Actual/Possible):

Board Member	Board Meetings	Board Tele-Conferences (non-quorate)	Audit and Assurance Committee
Ms C E Auld (from July 2019)	5/6	2/2	2/2
Mr D M Blake (to June 2019)	2/3	N/A	N/A
Ms S D Carty	7/9	2/2	N/A
Ms J P Colbert	9/9	1/2	N/A
Mr M H Dillon	8/9	2/2	2/2
Ms D Exley (from November 2019)	4/4	1/1	N/A
Professor P M Fidler (to September 2019)	5/5	N/A	N/A
Mr D Gallagher (From February 2020)	2/2	N/A	N/A
Ms D M Jenkins	9/9	2/2	N/A
Ms S E Mitchell	4/9	1/2	N/A
Mr S G Renwick	9/9	2/2	2/2
Mr P S Wilson (to July 2019)	2/4	N/A	N/A

The Senior Leadership Team structure shown below manages the business on an operational basis, directors meet regularly with their direct reports both individually and as an Extended Senior Leadership Team.



(* = Company Board Members registered with Companies House)

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Principal Risks

The Board of the Company owns the Risk Architecture and Appetite for the Company and has delegated oversight of the Strategic and Operational Risk Registers to its Audit and Assurance Committee with material risks being escalated to the Board as and when appropriate. Operational risks are actively managed by the Senior Leadership Team of the Company through a regular review of the Strategic and Operational Risk Registers.

At the end of March 2020, there were eight strategic risks under surveillance all of which are considered as either quantitatively or qualitatively material namely there is a risk that:

1. The Company is unable to live within its contract sum.
2. The Company doesn't achieve stability in the workforce both at management level and frontline teams to deliver improved services.
3. The Company doesn't have the strength of the relationships it needs with key partners which could lead to opportunities to pool resources strategically and in practice not being exploited.
4. Maintaining a positive reputation for the Company given the Company remains under direction and on an improvement journey.
5. The lack of capacity in the residential care placement market both drives children out-of-area and increases costs.
6. The transitional process required to move to the hub and spoke Regional Adoption Agency, and associated demands on staff time and capacity, undermines continued good performance and service delivery.
7. The stability of the Company's Board given the recent resignations and new appointments.
8. The current property estate occupied by the Company has an impact on staff morale as it is not wholly fit for purpose in relation to being able to deliver effective services.

As 2019/20 drew to a close, the Company, as with wider society, was heavily impacted by the emergence of the Coronavirus and the ensuing lockdown. Close work has been engendered with the Council in the period between the end of 2019/20 and the date of this report to gauge both service impact and cost.

The Audit and Assurance Committee accordingly required an additional risk to be added to the Corporate Risk Registers covering the future cost implications on the business especially in 2021/22 and noted the potential impact also on Superannuation contributions at the next revaluation. These risks were raised at the Board also under Risk escalation measures in May 2020.

RESULT FOR THE YEAR

This was the third year of operation for the Company, delivering Children's Services on behalf of the Council. Turnover of £117m was received during the period, of which £109m was received from Sunderland City Council in the form of contract income and contributions. The main contract income from Sunderland City Council totalled £71.8m.

The Company spent £107m on cost of sales, providing services to children. The Company also spent £13m on administration expenses during the period. Pension costs totalled £7.3m and includes £3.3m of costs as a result of the required defined benefit pension scheme disclosures and £4.0m contributions paid during the year in relation to the 785 employees of the Company, not all of whom are in a Pension Scheme.

Overall income and expenditure in the next financial period is expected to be similar with no significant fluctuations. Sunderland City Council has agreed that it will continue to support the Company financially for the next 12-month period, to ensure the Company can continue to trade.

ON BEHALF OF THE BOARD:

Mr P Moffat - Director

Date: 17/08/2020

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the Company for the year ended 31 March 2020.

The Company is limited by guarantee and has no share capital.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during either the whole or part of the period from 1 April 2019 to the date of this report.

Ms C E Auld – appointed July 2019
Ms S D Carty
Ms J P Colbert
Ms D Exley – appointed November 2019
Mr D Gallagher – appointed February 2020
Ms S E Mitchell
Mr P Moffat – from April 2020
Mr S G Renwick

Other changes in directors holding office are as follows:

Mr D M Blake – resigned June 2019
Mr M H Dillon – resigned March 2020
Professor P M Fidler – resigned September 2019
Ms D M Jenkins – resigned March 2020
Mr P S Wilson – resigned July 2019

EMPLOYEES

The Company is an equal opportunities employer. It is the Company's policy to develop and apply procedures and practices which are designed to ensure that equal opportunities are provided to employees, or those who seek employment. All employees are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability.

It is the Company's policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Company) and to comply with all current legislation.

The gender pay gap analysis is based on headcount which showed 597 females and 151 males. Comparison of mean pay in the Company shows a gap in favour of women of 4.94%. Comparison of median pay in the Company shows a gap in favour of men of -3.18%. 87% of people in the lower pay quartile are women.

The Company has also approved during the year a Modern Slavery Policy which covers practices within the Company and also its supply chain.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
Mr P Moffat - Director

Date: 17/08/2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED

Opinion

We have audited the financial statements of Together For Children Sunderland Limited (the 'Company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of directors' Responsibilities set out on page twelve, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

M Moran

Michael Moran BA FCA (Senior Statutory Auditor)
for and on behalf of Robson Laidler Accountants Limited
Statutory Auditor
Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
Tyne and Wear
NE2 1TJ

Date: 17/08/2020

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER	4	116,611,900	110,156,723
Cost of sales		<u>106,634,271</u>	<u>101,102,577</u>
GROSS PROFIT		9,977,629	9,054,146
Administrative expenses		<u>13,315,309</u>	<u>14,961,593</u>
		(3,337,680)	(5,907,447)
Interest receivable and similar income		<u>43,680</u>	<u>22,447</u>
		(3,294,000)	(5,885,000)
Other finance costs	13	<u>755,000</u>	<u>662,000</u>
LOSS BEFORE TAXATION	6	(4,049,000)	(6,547,000)
Tax on loss	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4,049,000)</u>	<u>(6,547,000)</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
LOSS FOR THE YEAR		(4,049,000)	(6,547,000)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Opening pension deficit			
Actuarial gains/(losses) on pension scheme		(6,381,000)	1,631,000
Income tax relating to other comprehensive (loss)/income		<u>1,212,390</u>	<u>(309,890)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(5,168,610)</u>	<u>1,321,110</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(9,217,610)</u>	<u>(5,225,890)</u>

The notes form part of these financial statements

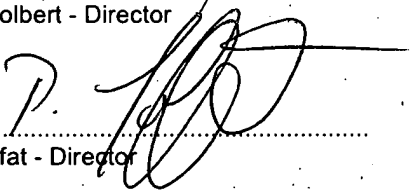
TOGETHER FOR CHILDREN SUNDERLAND LIMITED (REGISTERED NUMBER: 10085290)

**BALANCE SHEET
31 MARCH 2020**

	Notes	2020 £	2019 £
CURRENT ASSETS			
Debtors	8	11,848,612	8,960,946
Cash at bank and in hand		<u>2,279,505</u>	<u>5,450,917</u>
		14,128,117	14,411,863
CREDITORS			
Amounts falling due within one year	9	<u>8,649,847</u>	<u>10,145,983</u>
NET CURRENT ASSETS		5,478,270	4,265,880
TOTAL ASSETS LESS CURRENT LIABILITIES		5,478,270	4,265,880
PENSION LIABILITY	13	<u>(42,576,000)</u>	<u>(32,146,000)</u>
NET LIABILITIES		<u>(37,097,730)</u>	<u>(27,880,120)</u>
RESERVES			
Retained earnings	12	<u>(37,097,730)</u>	<u>(27,880,120)</u>
		<u>(37,097,730)</u>	<u>(27,880,120)</u>

The financial statements were approved by the Board of directors and authorised for issue on 17/08/2020 and were signed on its behalf by:


.....
Ms J P Colbert - Director


.....
Mr P Moffat - Director

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Retained earnings £	Total equity £
Balance at 1 April 2018	(22,654,230)	(22,654,230)
Changes in equity		
Total comprehensive loss	<u>(5,225,890)</u>	<u>(5,225,890)</u>
Balance at 31 March 2019	<u>(27,880,120)</u>	<u>(27,880,120)</u>
Changes in equity		
Total comprehensive loss	<u>(9,217,610)</u>	<u>(9,217,610)</u>
Balance at 31 March 2020	<u><u>(37,097,730)</u></u>	<u><u>(37,097,730)</u></u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(3,215,092)</u>	<u>(861,617)</u>
Net cash from operating activities		<u>(3,215,092)</u>	<u>(861,617)</u>
Cash flows from investing activities			
Interest received		<u>43,680</u>	<u>22,447</u>
Net cash from investing activities		<u>43,680</u>	<u>22,447</u>
Decrease in cash and cash equivalents		<u>(3,171,412)</u>	<u>(839,170)</u>
Cash and cash equivalents at beginning of year	2	<u>5,450,917</u>	<u>6,290,087</u>
Cash and cash equivalents at end of year	2	<u><u>2,279,505</u></u>	<u><u>5,450,917</u></u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before taxation	(4,049,000)	(6,547,000)
Defined benefit scheme adjustments	3,294,000	5,885,000
Finance costs	755,000	662,000
Finance income	(43,680)	(22,447)
	(43,680)	(22,447)
Increase in trade and other debtors	(1,675,276)	(1,392,947)
(Decrease)/increase in trade and other creditors	(1,496,136)	553,777
Cash generated from operations	<u>(3,215,092)</u>	<u>(861,617)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>2,279,505</u>	<u>5,450,917</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>5,450,917</u>	<u>6,290,087</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>5,450,917</u>	<u>(3,171,412)</u>	<u>2,279,505</u>
Total	<u>5,450,917</u>	<u>(3,171,412)</u>	<u>2,279,505</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. STATUTORY INFORMATION

Together for Children Sunderland Limited is a private Company, limited by guarantee, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

The financial statements are presented in UK Sterling which is the functional currency of the Company and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Significant judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the recognition of contract income from Sunderland City Council and the disclosures in respect of the defined benefit scheme. The assumptions relating to the pension scheme are disclosed at note 13.

Turnover

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover consists of income from various grants and contracts and is recognised in accordance with the terms of those grants and contracts. Any unbilled work at the year-end is accrued and recognised as turnover and any income that should rightly be recognised in the following year is deferred at the year end.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2020

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The Company operates a defined benefit pension scheme for the benefit of certain of its employees, as a member of the Tyne & Wear Pension Fund. The assets of the scheme are held separately from those of the Company in an independently administered fund.

FRS102 requires the Company to disclose certain information in relation to the pension scheme, concerning assets, liabilities, income and expenditure related to the scheme. These disclosures have been prepared by AON Hewitt, the actuary for the Tyne & Wear Pension Fund.

The liabilities of the pension scheme attributable to the Company are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.

Assets have been valued at bid value in accordance with FRS102.

The net pension liability is analysed into the following components:-

Current service costs

The increase in liabilities as a result of years of service earned this year, is allocated to the Statement of Comprehensive Income.

Past service costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

Interest costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

3. ACCOUNTING POLICIES - continued

Expected return on assets

The annual investment return on the fund assets attributable to the Company based on an average of the expected long term return.

Actuarial gains and losses

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Contributions paid to the pension fund

Cash paid as employer's contributions to the pension fund.

Other pension schemes

Certain employees of the Company are members of the following pension schemes:

- Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme.

The arrangements for these two schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to Together for Children Sunderland Limited. These schemes are, however, accounted for as if they were defined contribution schemes but, no liability for future payments of benefits is recognised in the Company's Balance Sheet. Employer contributions into these schemes are charged to the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no interest rate which are receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised immediately in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and current balances with banks and other institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. This definition is also used for the cash flow statement.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by class of business is given below:

	2020 £	2019 £
Contract income	71,783,948	68,376,294
Educational income	43,298,345	40,267,642
Other income	1,529,607	1,512,787
	<u>116,611,900</u>	<u>110,156,723</u>

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	116,611,900	110,156,723
	<u>116,611,900</u>	<u>110,156,723</u>

5. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	24,351,891	21,837,239
Social security costs	2,319,093	2,081,700
Other pension costs	7,317,750	9,564,497
	<u>33,988,734</u>	<u>33,483,436</u>

The average number of employees during the year was as follows:

	2020	2019
Service delivery	689	666
Administration	96	90
	<u>785</u>	<u>756</u>

During the year, key management personnel compensation of £819,590 (2019: £652,140) was paid. Key management personnel encompasses the wider Company management team.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

5. EMPLOYEES AND DIRECTORS - continued

Pension costs

Employees of Together for Children Sunderland Limited are admitted to the Tyne & Wear Pension Fund, under the regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that Together of Children Sunderland Limited and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets.

In 2019/20 the Company paid £3,962,000 into the Tyne & Wear Pension Fund, which provides members with defined benefits relating to pay and services. The Fund Actuary determines the employer's contribution rate based upon triennial actuarial valuations, the last review being 31 March 2019. Under Pension Regulations, overall contribution rates are set to meet 100% of the overall liabilities of the Fund over the defined period.

The above pension costs include £3,294,000 as a result of adjustments relating to costs associated with the defined benefit scheme.

	2020	2019
	£	£
Directors' remuneration	<u>335,288</u>	<u>296,835</u>

The number of executive directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>3</u>	<u>3</u>
-------------------------	-----------------	-----------------

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>110,965</u>	<u>104,771</u>

6. LOSS BEFORE TAXATION

The loss is stated after charging:

	2020	2019
	£	£
Auditors' remuneration	<u>14,100</u>	<u>12,950</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2020 nor for the year ended 31 March 2019.

Tax effects relating to effects of other comprehensive income

	Gross £	2020 Tax £	Net £
Opening pension deficit			
Actuarial gains/(losses) on pension scheme	<u>(6,381,000)</u>	<u>1,212,390</u>	<u>(5,168,610)</u>
	<u>(6,381,000)</u>	<u>1,212,390</u>	<u>(5,168,610)</u>

	Gross £	2019 Tax £	Net £
Opening pension deficit			
Actuarial gains/(losses) on pension scheme	<u>1,631,000</u>	<u>(309,890)</u>	<u>1,321,110</u>
	<u>1,631,000</u>	<u>(309,890)</u>	<u>1,321,110</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	759,453	1,484,592
Amounts owed by group undertakings	142,529	539,459
Other debtors	24,856	7,907
Deferred tax asset	5,478,270	4,265,880
Prepayments and accrued income	<u>5,443,504</u>	<u>2,663,108</u>
	<u>11,848,612</u>	<u>8,960,946</u>

Deferred tax asset

	2020 £	2019 £
Tax losses carried forward	(2,611,170)	(1,841,860)
Other timing differences	<u>8,089,440</u>	<u>6,107,740</u>
	<u>5,478,270</u>	<u>4,265,880</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	591,284	682,907
Social security and other taxes	3,220,699	3,277,725
Accruals and deferred income	4,837,864	6,185,351
	<u>8,649,847</u>	<u>10,145,983</u>

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	535,500	568,500
Between one and five years	2,006,836	2,247,836
In more than five years	853,000	1,378,500
	<u>3,395,336</u>	<u>4,194,836</u>

11. DEFERRED TAX

	£
Balance at 1 April 2019	(4,265,880)
Deferred tax on tax losses	769,310
Pension scheme movements	(1,981,700)
Balance at 31 March 2020	<u>(5,478,270)</u>

12. RESERVES

	Retained earnings £
At 1 April 2019	(27,880,120)
Deficit for the year	(4,049,000)
Deferred tax on pension deficit	1,212,390
Actuarial gain/(loss)	<u>(6,381,000)</u>
At 31 March 2020	<u>(37,097,730)</u>

13. EMPLOYEE BENEFIT OBLIGATIONS

The disclosures below relate to the funded liabilities within the Tyne & Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Together for Children Sunderland Limited and its employees to pay contributions into the Fund, calculated at a level intended to balance the pensions liabilities with investment assets.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

13. EMPLOYEE BENEFIT OBLIGATIONS - continued

- The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	7,147,000	6,350,000
Net interest from net defined benefit asset/liability	2,305,000	2,053,000
Past service cost	109,000	3,086,000
	<u>9,561,000</u>	<u>11,489,000</u>
Actual return on plan assets	<u>(3,712,000)</u>	<u>2,490,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	91,684,000	78,500,000
Current service cost	7,147,000	6,350,000
Past service cost	109,000	3,086,000
Contributions by scheme participants	1,383,000	1,265,000
Interest cost	2,305,000	2,053,000
Actuarial losses/(gains)	2,669,000	859,000
Benefits paid	(446,000)	(429,000)
	<u>104,851,000</u>	<u>91,684,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	59,538,000	51,270,000
Contributions by employer	3,962,000	3,551,000
Contributions by scheme participants	1,383,000	1,265,000
Interest income on assets	1,550,000	1,391,000
Actuarial gains/(losses)	(3,712,000)	2,490,000
Benefits paid	(446,000)	(429,000)
	<u>62,275,000</u>	<u>59,538,000</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

13. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Asset gains/(losses) arising during the period	(3,712,000)	2,490,000
Liability gains/(losses) arising during the period	<u>(2,669,000)</u>	<u>(859,000)</u>
	<u>(6,381,000)</u>	<u>1,631,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
Equities	54.80%	65.00%
Government Bonds	4.10%	4.10%
Corporate Bonds	15.30%	11.70%
Property	9.00%	8.80%
Cash	2.30%	2.70%
Other	14.50%	7.70%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	2.30%	2.50%
Future salary increases	3.30%	3.60%
Future pension increases	1.80%	2.10%
CPI inflation	1.80%	2.10%
Pension accounts revaluation rate	1.80%	2.10%

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2020

13. EMPLOYEE BENEFIT OBLIGATIONS - continued

The pension liability as shown on the Balance Sheet is calculated by deducting the closing fair value of the scheme assets from the closing present value of the defined benefit obligation as follows:-

	2020 £	2019 £
Present value of the defined benefit obligation	104,851,000	91,684,000
Fair value of the scheme assets	<u>62,275,000</u>	<u>59,538,000</u>
Pension liability	<u>42,576,000</u>	<u>32,146,000</u>

The latest actuarial valuation of Together for Children Sunderland Limited's liabilities took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Employer's assets and liabilities for FRS102 purposes are shown above.

In addition to the March 2019 revaluation, the Company has taken advice from AON Hewitt relating to the economic impact of the current pandemic on pensions and this advice is reflected in the accompanying notes.

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	31 March 2020	31 March 2019
Males		
Member aged 65 at accounting date	21.8	22.2
Member aged 45 at accounting date	23.5	23.9
Females		
Member aged 65 at accounting date	25.0	25.3
Member aged 45 at accounting date	26.8	27.2

Expected return on assets

The approximate split of assets for the fund as a whole is shown in the table above. Also shown are the assumed rates of return adopted by the employer for the purposes of FRS102.

In December 2018, the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement, which found that the transitional protection arrangements put in place when the firefighters' and judges' pensions schemes were reformed, were age-discriminatory. The Government has announced that it accepts the judgement of the courts, however there is still significant uncertainty over the remedy that will apply. The ruling will have implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

In relation to the LGPS, all members of the 2008 scheme were moved into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin promise, that their benefits would be at least as valuable in terms of amount and when they could be drawn, as they would if they had remained in the 2008 scheme.

For the purpose of reporting a contingent liability it would be prudent to assume the remedy would be equivalent to extending the underpin promise to all members.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2020

13. EMPLOYEE BENEFIT OBLIGATIONS - continued

The Company recognises that a liability may therefore arise as a result of the above proceedings, but at this stage, it is not practical or cost effective to estimate this liability, particularly at employer-level. This is because the calculations required are not straight forward, as they would require re-calculation of the benefits payable in the pre-formed schemes in relation to members who moved to the new scheme, and decisions would need to be made over what remedy should be assumed to apply in the circumstances and what approximations can be made to limit the cost of the exercise.

14. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Sunderland City Council.

15. RELATED PARTY DISCLOSURES

Included in turnover is £71,783,948 (2019: £68,376,294) in contract income, which includes £6,347,102 (2019: £4,837,000) of grants received from Sunderland City Council, the sole member of the Company; and £37,214,444 (2019: £36,176,079) in contributions also received from Sunderland City Council.

Services contracted from Sunderland City Council include £2,358,688 (2019: £2,500,181) in administrative expenses and £853,528 (2019: £744,791) in cost of sales.

Partnership Agreement Funding received by Sunderland City Council of £1.737m (2019: £Nil) was passed to the Company and the Company paid the Council £0.460m (2019: £Nil) in relation to Partnership Agreement Funding.

As agreed under the terms of the contract, Sunderland City Council has met redundancy costs totalling £0.288m (2019: £0.078m).

At the year end, Together for Children Sunderland Limited owed Sunderland City Council £1,340,755 (2019: £2,351,956) and the Council owed the Company £5,398,840 (2019: £3,083,724).

16. GOING CONCERN

The Company has recorded net liabilities at the year end, by virtue of having to include the pension deficit in the accounts in accordance with FRS102. The Company's pension deficit of £42.6m is recognised in full in the financial statements. The liability is being addressed on a going concern basis, with the Company having up to 25 years to address the pension fund projected deficit. If this liability had not been included in the accounts, the accounts would have recorded a break-even position, which is in line with the Company's expectations.

The use of the going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Company to continue as a going concern. Sunderland City Council has confirmed that it will financially support the Company for a further 12 months from the date the financial statements are signed by the directors and the auditor. The directors have reviewed the Company's forecasts for the next financial year from the date of formally approving the financial statements and consider preparation of the financial statements on a going concern basis to be appropriate.