

Charity Registration No. 1018963
Charity Registration No. SC039052 (Scotland)
Company Registration No. 2779751 (England and Wales)

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr M. R. Doyle Mr P. B. Woodman Ms L. Waterman-Glasgow Mrs M. Griffith-Jones Mr O. Evans Mr D. Rankin (appointed 23/09/2020) Mr M. Scott (appointed 23/09/2020) Mr P. Anderson (appointed 26/01/2021) Mrs J O'Connell (appointed 21/09/2021) Mr T, Bingham (appointed 30/11/2021)
Chief Executive	Mr A. Elvin
Secretary	Mr P. Oldfield
Charity number (England and Wales)	1018963
Charity number (Scotland)	SC039052
Company number	02779751
Principal address and registered office	The Courtyard 303 Hither Green Lane London SE13 6TJ
Auditors	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER
Bankers	HSBC Plc Level 3 8 Canada Square London E14 5HQ

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

CONTENTS

	Page
Chairman's Statement	1 - 2
Trustees' Report	3-15
Statement of Trustees' Responsibilities	16
Independent Auditors' Report	17-20
Statement of Financial Activities	21-22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Accounts	25-38

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

When the 2020/21 financial year started, we had just commenced the first lockdown, and I for one thought we would be through it in a few weeks, and that it would be nothing more than a foot note in history. How wrong was I. For my generation and for others, we will in years to come be using the COVID-19 pandemic as the reference point in our lives.

While this has been uprooting for all of us and traumatic on levels none of us has ever experienced, after joining a recent team meeting with our Scottish colleagues, I was left reflecting that this level of trauma, of uprooting and uncertainty, is something that children in the care system go through every day.

The pandemic has forever changed the way that TACT operates. When we started the year, TACT had 12 offices across Wales, Scotland and England and our office working set up was well established. As we end the year, we have closed our offices and moved to a 100% home working environment. I doubt very much we would have ever embarked on such an ambitious transition should we have not been forced into it by the pandemic.

Which leads me to wonder, what other ambitious challenges are out there, that we as an organisation, as a community or as a society, are not tackling because we just aren't thinking big enough?

During the year we welcomed three new board members - Paul Anderson, Michael Scott and David Rankin. Paul, Michael and David have strengthened the team, challenging and supporting not just the management, but the rest of the board to be better. Their positive impact, while at times a little uncomfortable, is making us a better organisation.

Recently the board had the opportunity to talk with two foster families about their experiences, in particular looking after children with highly complex needs. What will stay with me for a long time, was seeing the love that these families had for those children, how they had taken a stranger into their homes and families and given that child the love that only parents can. It was very humbling.

I mentioned earlier TACT's move to organisation wide home working and more flexible working patterns. There have been a number of positive outcomes from this, including improving work life balance, reducing our environmental footprint and reducing our cost base. The last of these is allowing us to use the freed-up resources to invest more in our children, our carers and our people.

Two areas in particular that we as an organisation are proud of, and which we are extending our funding for through the money saved by moving to home workings are:

a. our education service headed by Amanda Savage which in 2020/21:

- Worked on 222 referrals from carers and staff to support the education of young people, ranging from expert advice to securing funding and places at specialist schools.
- Ensured that young people successfully adapted to the biggest disruption to education in living memory, by either guaranteeing them a place in school during the pandemic as a vulnerable child or by ensuring that they are fully supported and equipped to effectively learn from home.
- When schools re-opened - ensured that every TACT child received an appropriate school place or alternative provision suitable for their age, ability and specific needs
- Helped our children have a bumper year in terms of exam results, with over 60% of TACT young people achieving a pass grade in both English and Maths GCSE's.
- Successfully challenged and overturned all permanent exclusions, and in doing so ensured that no vulnerable young person is denied the opportunity to learn
- Reduced fixed-term exclusions through early intervention and engagement with virtual schools

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

CHAIRMAN'S STATEMENT

- b. In 21/22 TACT will invest in a new health service, which will work to improve outcomes in children's health in the way we have successfully achieved with the education service above

As you will see from our annual accounts, our financial position has improved on last year, this has allowed us to invest in the initiatives I have already noted and others that provide better outcomes for the children in our care.

However, the macro-economic outlook is uncertain, we are in times of unprecedented government debt, with the likelihood of high inflation, an economy impacted not just by COVID but also by Brexit, and our civil society is divided. All this means that while TACT continues to go from strength to strength, the environment in which we operate will continue to be difficult, and we will need the support of all our stakeholders to continue to support our amazing staff, who support our incredible carers, to give our children the best possible childhood.

Matthew Doyle
Chair

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board presents its report with the accounts and the auditor's report for the financial year ending 31 March 2021. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (FRS102) (effective 1st January 2019)

LEGAL STATUS

The Adolescent and Children's Trust (TACT) was incorporated as a company limited by guarantee, on the 14 January 1993, under the Companies Act 1985 and 1989. On the 19 March 1993, TACT sought and obtained charitable status.

TACT is described as an 'incorporated' charity with company registration number of 277951 and charity registration number 1018963. On the 8 April 2008, TACT was formally registered as a charity in Scotland (Reg No: SC039052).

THE ORGANISATIONAL AND DECISION-MAKING STRUCTURE

The Board of Trustees

The Trustees who served during the year were:

Name	Occupation	Appointed	Resigned
Matthew Robert Doyle	Company Director	04/08/2016	
Philip B. Woodman	Accountant	26/09/2012	
Lisa Waterman-Glasgow	Communications Director	30/06/2015	
Mary Griffith-Jones	Retired Social Worker	27/09/2017	
Owen Evans	Charity CEO	27/03/2019	
David Rankin	Accountant	23/09/2020	
Michael Scott	Retired	23/09/2020	
Paul Anderson	Social Worker	26/01/2021	
Jennifer O'Connell	Lawyer	21/09/2021	
Tom Bingham	Marketing and Communications Director.	30/11/2021	
Leanne Ellis	Artist	28/06/2017	26/08/2020
Matthew Horton	Social Work Manager	30/01/2019	26/01/2021
Martine Bond	Banker	27/09/2017	30/04/2021
Andrew White	Company Director	27/03/2019	23/09/2021

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

Structure

At the 31 March 2021, the Board of Trustees' comprised ten members. During the year we were pleased to welcome to the Board Michael Scott, David Rankin and Paul Anderson. Since the year end the Board has been further strengthened with the additions of Jennifer O'Connell and Tom Bingham. They bring fresh thinking and insight to the Board and we welcome their experience and contribution across a range of issues. We wish Matthew Horton, Leanne Ellis and Martine Bond, Andrew White well in their future endeavours and thank them for their valued contribution to the Board during their tenure.

Throughout the last year, the Board of Trustees governed the Charity and managed its resources so that it could meet its charitable objectives. They review the mission, vision and values regularly and have concluded that they are still relevant.

To effectively undertake its governance responsibility, the Board delegates detailed scrutiny to: (i) the Finance, Audit and Risk Committee; (ii) the Safeguarding and Children's Services Committee. The membership of each Committee is as follows:

Finance, Audit and Risk (FARC) Committee	Safeguarding and Children's Services Committee
P. B. Woodman (Chair) M. Bond (resigned 30 th April 2021) M Scott (from 23 rd September 2020) O Evans D Rankin (from 19 th October 2021)	M. Griffith-Jones (Chair) L. Ellis (resigned 26 th August 2020) D Rankin (from 23 rd September 2020) P Andersen (from 26 th January 2021)

The Chair of each Committee reports to the Board and this informs the decision making at that level. All **new** Trustees undergo an induction process, which includes TACT's governance arrangements, and clarifies the Trustees duties and responsibilities and sets out its key organisational policies.

The Board of Trustees is always keen to evaluate its effectiveness and to find varying ways to add value to the Charity. Every year, the Trustees undertake an 'Away Day'. The intent is to enable them to consider their inter-relationships at Board level, the degree of cohesiveness and how these factors influence 'decision making', especially on matters of critical strategic significance.

SENIOR MANAGEMENT STRUCTURE

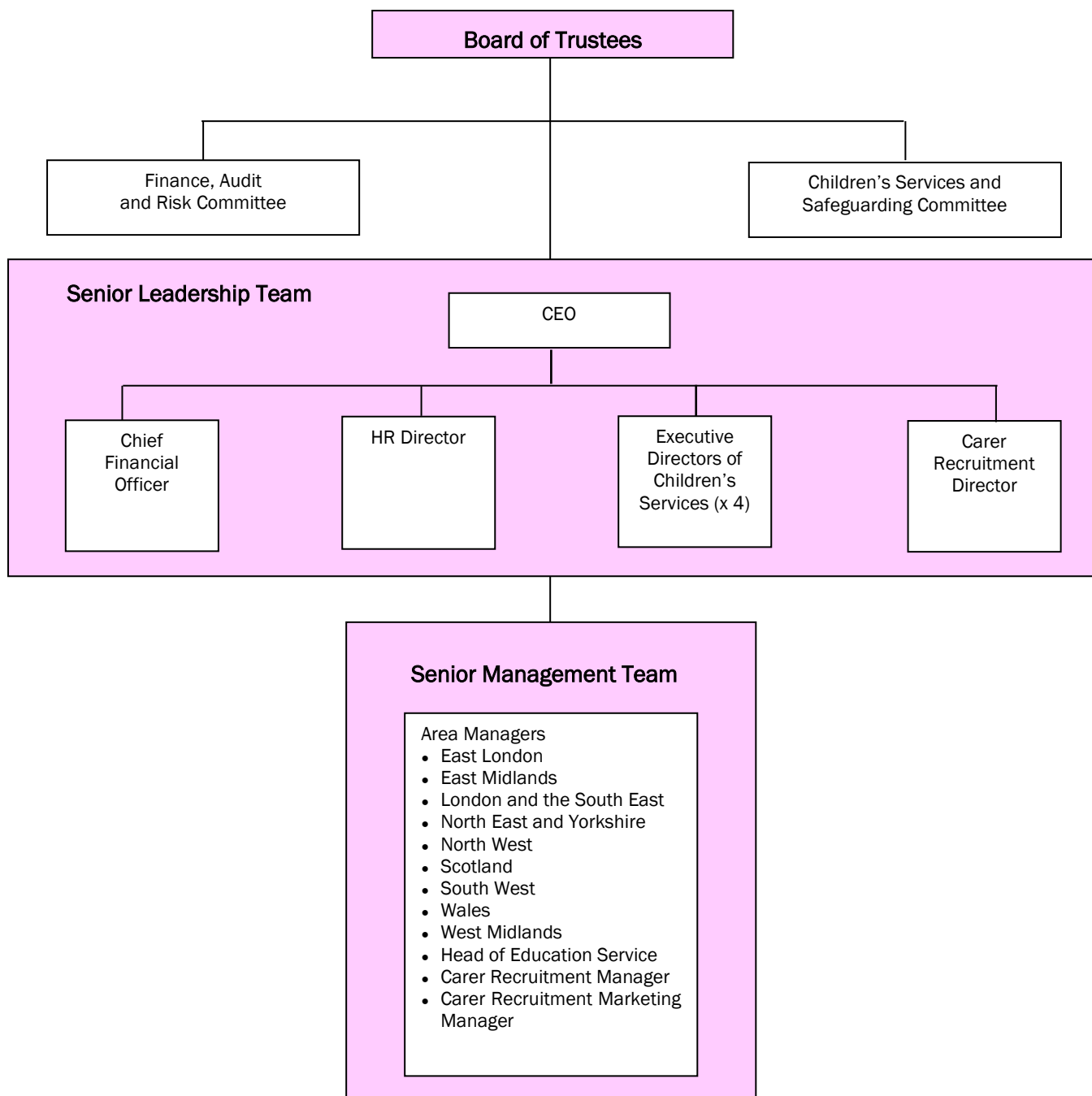
The Senior Leadership Team (SLT) led by Mr Andy Elvin since September 2014, is responsible for driving the strategy delineated in the strategic plan, agreed by the Board. The Senior Management Team (SMT), comprising Area Managers and led by the Executive Directors, manage the processes which underpin the strategy and monitor the outcomes.

Senior Leadership Team pay is predicated on the latest job description and person specification, which is used as a basis for an evaluation by, Reward Connected, an independent agency. Each job is ranked using a matrix which utilises a set of factors including but not exclusively, skills, intellectual demands, judgement and use of resources set against the scope and difficulty of the work involved. The evaluation score emerging from this exercise is set against an agreed 'TACT Pay and Remuneration Table', from which the salary and/or salary range is determined.

THE ADOLESCENT AND CHILDREN'S TRUST

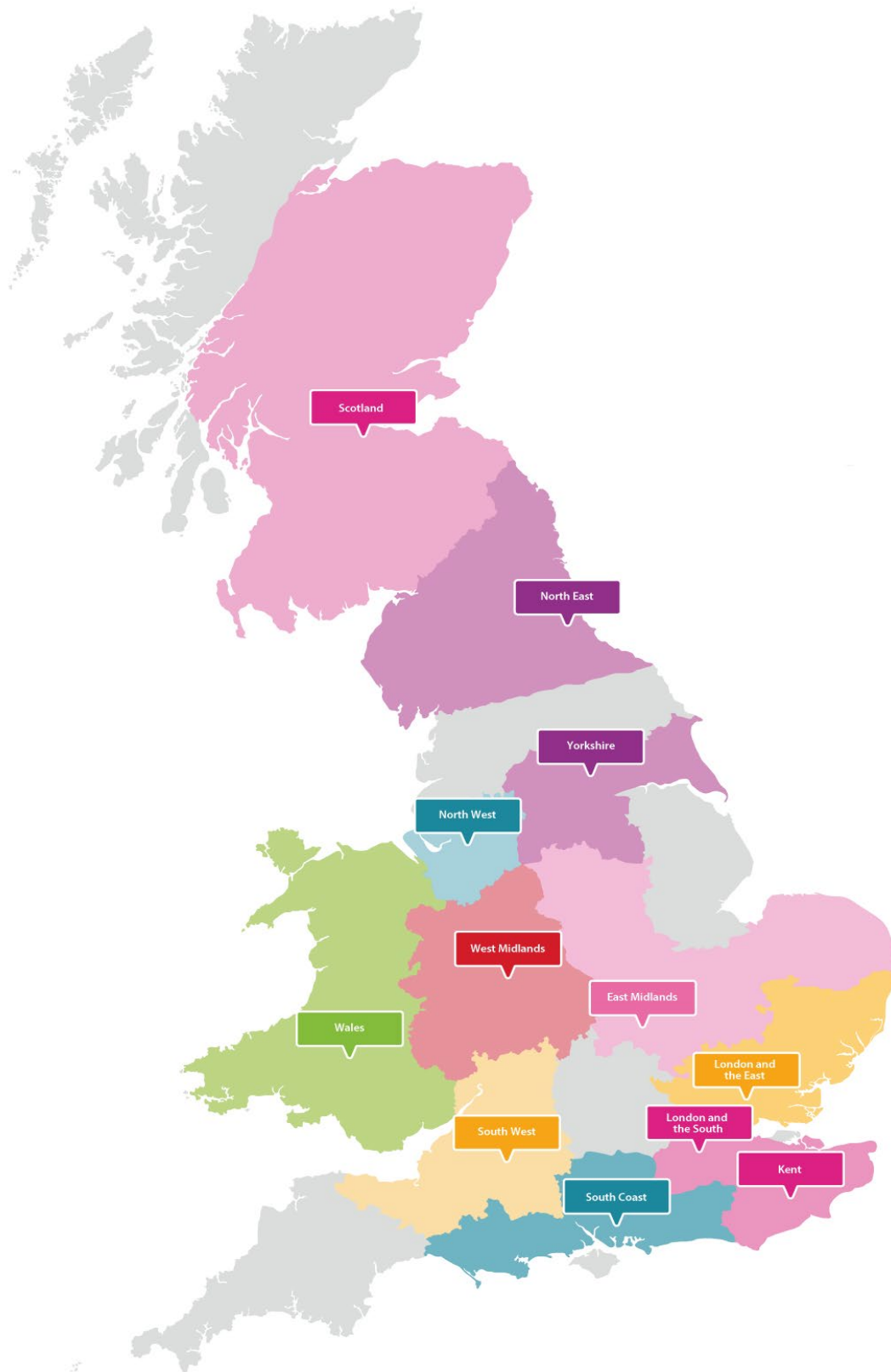
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT



THE ADOLESCENT AND CHILDREN'S TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT

GEOGRAPHICAL COVERAGE OF TACT OPERATIONS



THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

REGISTERED OFFICE

Head Office, The Courtyard, 303 Hither Green Lane, Hither Green, London SE13 6TJ

ADVISORS

Solicitors – Corporate	Lee Bolton Monier-Williams, 1 The Sanctuary, London, SW1 3JT
Solicitors – Social Care	S. Carr & Co, 416 Mare Street, Hackney, London E8 1HP
Solicitors – Property	Meade King LLP, Springfield House, 45 Welsh Back, Bristol, BS1 4AG
Solicitors – Contracts	DAC Beachcroft LLP, Portwall Place, Portwall Lane, Bristol, BS1 9HS

VISION AND VALUES

Vision

Better lives for our children and young people

Values

ASPIRATIONAL

By helping others to grow, we grow ourselves.

PASSIONATE

We are determined to keep improving what we do. We will ambitiously pursue the best outcomes for everyone we work with and strive for excellence in all we do.

CUSTOMER FOCUSED

We shall listen and respond to the people we work with, children and young people, their birth families, carers, our staff, our supporters and local authorities.

FAIR AND EQUITABLE

We will be open and transparent, communicating what we do and why we do it, based on equality and respect for all.

BEYOND PROFIT

We reinvest our resources into services for our carers and improving outcomes for children and young people.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

STRATEGIC REPORT

ORGANISATIONAL AND ACTIVITY REVIEW

The Year in Perspective

Covid 19 in many ways has dominated the year offering both challenges and also the impetus for change. We come out of the year a much stronger organisation with an increased determination to provide great quality care to the young people placed within our foster families and to provide opportunities to improve life outcomes. The response of our colleagues and foster carers has been amazing. Our young people have been incredible in dealing with such drastic changes to the world around them. Together the experience of the last year has brought to the fore the incredible work everyone involved does in supporting our young people to adapt and to achieve stability. It is important however that we do not also forget that the year has had a significant impact on young peoples lives and there is much to do to catch up after this interruption in their lives.

In late March 2020 when the pandemic was in its early days and lockdown of the country was announced we took the decision to assure colleagues of both job security and also set expectations about any quick return to office working. We adapted working patterns to offer flexible working to staff to take account of the changed situations colleagues found themselves in and at the same time we increased our wellbeing support. Our foster carer family also responded magnificently to the challenges of both lock down and a new model of remote support dependent on technology. Whilst there have been challenges along the way we have learnt a lot together about our resilience, adaptability and depth of commitment to our shared values of improving outcomes and lives for those in our family.

We noted increased stability in our foster homes during lockdowns and a reduction in children moving which was very welcome. We undertook some research with Research in Practice during the summer of 2020 which reflected carers and young people's views that relationships within foster homes had mostly deepened and improved. We have shared the study with the recently launched Independent Review of Children's Social Care in England so that positive lessons of the pandemic might be learned.

In January 2021 after home working for nine months colleagues overwhelmingly agreed to making the situation permanent and become a virtual organisation. This decision was supported by our foster carers and offers the opportunity to free ourselves of relatively expensive fixed office accommodation and allowing us to become more local and flexible whilst releasing funds we can invest back into supporting care. We continue to offer face to face services in carers homes, at rented community space close to where carers live and our teams regularly hire venues to meet up for work & wellbeing purposes.

The changes that we have made in the year have also highlighted the need to address some of our traditional ways of working and identified opportunities to work smarter, freeing up valuable time and resource that can be re-invested back in supporting carers and young people. In April 2021 we launched a new carer recruitment service which brought together all the strands of work undertaken across the organisation in recruiting new carers into one central function. Process benefits are already being realised through reduction in time taken moving between stages in the application process which is encouraging.

We come out of the year both stronger financially and also organisationally. Having progressed significantly we are in a better place in the coming year to face the challenges with confidence.

TACTs main revenue base relates to the provision of foster care services. However, to enhance our ability to support carers and young people we are actively seeking new opportunities to secure sources of additional funding through grants and donations. We are grateful to the following organisations for their generous support this year:

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

- The National Lottery Foundation for an award of £475,000 over 4 years to fund our innovative TACT Connect service;
- The David and Ruth Lewis Family charitable Trust for grants worth £22,500 to enable access to educational equipment for our young people during the pandemic; and
- The JRSK Inc for a donation of £150,000 of Away luggage to support our young people.
- State Street Corporation who donated £18,000.

PUBLIC BENEFIT

The Trustees have complied with their duty under Section 4 of the Charities Act 2016 to have due regard to the guidance published by the Charity Commission. The benefit to the public is demonstrated by the achievements under the strategic objectives below, most of which speak to, or enable, excellent outcomes for the children in TACT's care.

ACHIEVEMENTS FOR THE YEAR 2020-21

Our strategy is governed by four aims. They are:

1. To enhance the life chances for all of our children, improving their attainment and achievement.
2. To be an excellent organisation and the agency of choice for our foster carers and the employer of choice for our people.
3. To be a sector leader through investment in innovation and service improvement.
4. To be financially strong, stable and sustainable through generating a healthy surplus.

<p>Strategic Objective 1</p>	<p>Childrens Outcomes. TACT seek to improve educational, health and wellbeing outcomes for all our children and young people to enhance their life chances and benefit from families where they feel safe, valued and enjoy the stability that enables them to achieve and best prepare them to be resilient adults.</p>
<p>Achievement</p>	<ul style="list-style-type: none"> ▪ Quarterly Business Meetings now include the monitoring of children's outcomes on the balanced scorecard. 93% of children living with TACT carers for over 3 months have an Outcomes Tracker completed against a target of 100%. ▪ 100% of Children report feeling safe and listened to in their families and 82% provide feedback on a regular basis. ▪ All teams now have access to Psychology services and/or PACE therapy support which has supported stability in our foster homes. 7% of young people leave their foster carers homes in an unplanned way, which is below the national benchmarks we operate within. ▪ The Education Service is embedded in teams and in 2021 country specific education workers have been appointed to Wales and Scotland. We are aware of four children who were not in full time education or training appropriate to their needs. Referral rates have remained at around 7% across the board, but with variation across TACT. ▪ TACT Connect Advisors and members have been offered the opportunity to partake in the full development of TACT Connect, and involved in the design of the new logo, development of the Hub and content, workshop and group offers. Developments have been based on members interests and involvement so needs of as many individuals and groups can be met. Group work has involved self-development workshops, focusing on meditation, employability, self-care, and confidence building. One to one conversations have taken place around relationships, self-care, the care experience, financial support, and employment.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

Strategic Objective 2	Fundraising. To increase levels of fundraised income to provide additional resources for investment and innovation and cover the costs of services we provide that are not within our core contractual fees.
Achievement	<ul style="list-style-type: none"> ▪ In year we received notifications of £0.655M of fundraised income and grant funding. This has helped secure 4 years funding for our innovative post 18 service (TACT Connect) which aims to provide to our care leavers a community of support and advice in future years. ▪ Additionally we have started to develop our fundraising capacity and contacts and are especially thankful to both JRSK Inc and the David and Ruth Lewis Family Charitable Trust for their donations of luggage and funding to support accessing educational equipment during the pandemic. ▪ As our grant and fundraised income covers multi years and both restricted and unrestricted income the amounts recognised in this year's accounts is £161K comprised donations (£4k), restricted income (£118K) and other income (£39K).
Strategic Objective 3	Carer Recruitment and Retention. To be the agency of choice for foster carers by providing them with highly skilled social work support, training and competitive fee levels that recognise carers contributions in supporting young people.
Achievement	<ul style="list-style-type: none"> ▪ An increase of 6% in levels of enquiries received in the year ▪ 21% increase in newly approved foster carer households in the year ▪ 6% reduction in levels of deregistered carer households in year ▪ Restructured the carer recruitment function ready to launch in April 2021 ▪ Implemented a number of one off foster carer payments in year to recognise impact of Covid lockdown on costs incurred by carers in looking after young people in their care ▪ Reviewed foster care payments in year uplifting all fees from 1st April 2021 and increasing foster carers fees for enhanced placements to increase competitiveness for provision of these places.
Strategic Objective 4	Our People. To invest in our people through training, well being, career development, reward and systems and processes to support them in delivering excellent levels of support to our foster carers and young people.
Achievement	<ul style="list-style-type: none"> ▪ A well established and embedded Wellbeing Programme for all Staff and some elements extended to Foster Carers. ▪ Achieved The Times 100 Small Companies Accreditation 2020 – One star company ▪ Record levels of low sickness absence (5% lost time rate) and TOIL balances. ▪ 21% of job vacancies were filled internally (2019/20) ▪ Covid 19 Pulse Survey – High Levels of engagement – 96% of staff feel very well supported by the Company, 94% feel well supported by their Manager, 88% feel they have the right tools and equipment to do their job, 93% trust the Senior Leadership Team, 96% feel their wellbeing is being prioritised. ▪ Staff Turnover at a record low - under 11% ▪ Compliance training – 98% completion in 2020 and heading for the same or better in 2021 ▪ FASD training offered to all staff ▪ New online training provider partnership affording vastly improved access to training for foster carers

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

<i>Strategic Objective 5</i>	Finance and Business Development. To achieve a surplus year on year that can be re-invested in the charity
<i>Achievement</i>	<ul style="list-style-type: none"> ▪ The charity returned to surplus in the year and ended the year with a reported surplus of £1.687M and a balance sheet total funds position of £4.869M. ▪ Average weekly fee for our services increased by 9.3% in the year as a consequence of renegotiation of some historical placements and introduction of new pricing on retendered frameworks. ▪ The Trustees designated £1.228M of reserves for the reprovisioning of property or such other capital purpose. ▪ Levels of Free Reserves are at 61% of the targets set by Trustees (see reserves policy on page 12 for detailed explanation of reserves). It is forecast that target levels of free reserves will be achieved within the next 18-24 months.

<i>Strategic Objective 6</i>	Innovation. To be innovative in our approaches and act as a driver for change in the sector.
<i>Achievement</i>	<ul style="list-style-type: none"> ▪ During the lockdown we moved all of our support to a virtual model and in January 2021 took the decision to formalise this arrangement and become a wholly virtual organisation. This has allowed us to free up resources to invest back into the organisation, improved work life balance of our staff and allowed us to provide support closer to our carers ▪ We launched our TACT Connect service for care leavers which offers invaluable support to this cohort. We will continue in conjunction with our care leavers to develop this service over the coming years. ▪ Our education service has been embedded within the organisation and its success is being backed with further investment to support carers and young people access the support they are entitled to. ▪ We undertook some research with Research in Practice during the summer of 2020 which reflected carers and young people's views that relationships within foster homes had mostly deepened and improved. We have shared the study with the recently launched Independent Review of Children's Social Care in England so that positive lessons of the pandemic might be learned

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

REVIEW OF THE FINANCIAL RESULTS

Financial Results

After several years of significant losses it is pleasing to see that the finances have returned to surplus position. In the short term this will enable us to rebuild our reserves and invest back into the services we provide and improve our reward packages to carers and staff. Our carers and staff are critical to the care and support we can provide to the young people placed in our care. Strong finances enable us to plan with certainty and focus on improving children's outcomes without relying on the goodwill of carers and staff.

Our activity levels fell by 7.2% from the previous year as a number of carers shielded due to concerns about contracting Covid and also lower level of referrals from local authorities as they adjusted to the new challenges of working in lockdown. As the year progressed through the various local and national lockdowns activity stabilised. With local authorities pre-occupied with managing the pandemic the ability to progress further work on historical pricing was slow. Despite this fee levels increased by 5.1% compared to the prior year bringing much needed relief to our finances.

In the year turnover was down £4.79M at £25.5M on 2019/20 due to the full year impact of the termination of the permanency services with PCC in November 2019 (4.4M), reduction in grant income (£0.1M) and a 7.2% reduction in foster carer activity (£1.9M pre impact of price increases). Activity and referrals in year were impacted by both carers shielding and hence not been able to offer placements, and reduced referrals from local authorities in the early months of the year as lockdown restrictions came into force.

TACT receive 99.5% of its income from the services commissioned from Local authorities for the provision of foster care placements. It is therefore critical that placements we offer cover the full costs of service provision and that we do not subsidise Local authorities. We recognised in 2019/20 that our fee levels were significantly below both the market and also critically below the costs of delivering the services. We instigated a programme of fee negotiations which started to flow through into our trading performance in the current year and which delivered an annualised £1.2M increase in the average weekly fee which offset the reductions in activity noted.

We continued to control costs in the year in the key areas of foster care pay and staffing costs. During the year we also benefitted from home working as we responded to the challenges of providing services in a virtual and home working context. Reductions in staff travel and move to more virtual training events benefitted the organisation by circa £0.5M in the year. These benefits are anticipated to be mainly of a one off nature and the expectation is that as activities start to normalise following the pandemic that these costs will reappear in 2021/22.

We have in recent years embarked on a programme of property disposal to both raise cash and improve our office space by leasing property rather than own. As at the year end we retain two properties with the remainder of our office estate being short leasehold. Throughout the whole of 2020/21 the organisation transformed from an office based workforce to a truly virtual organisation. This was not without its challenges in the early days but after nine months of working remotely we took the decision to move to a permanent virtual organisation. As a result of this decision we have provided a sum of £0.429M for onerous lease commitments on property and office related contractual commitments.

The combination of exiting the loss making PCC contract, one off benefits from covid related changes to working practices and improvements in the average weekly fee levels combined with continued tight cost control delivered a reported surplus of £1.687M for the year.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

Balance Sheet

We ended the year with £3.05M (2020 £1.39M), of free reserves which is around 61%,(2020: 26%)of the targeted level of reserves the Trustees believe is necessary to maintain the financial sustainability of the charity

RESERVES POLICY

TACT is committed to ensuring appropriate reserve levels, sufficient to enable the organisation to maintain capacity and significantly, to enable TACT to accommodate planned growth.

The primary aim of TACT's reserves policy is to preserve a level of 'free' reserves – the unrestricted funds not committed, or invested in fixed assets [net of any associated liabilities]. The approach in TACT is to maintain free reserves equivalent to fifty percent of overhead expenditure £5.01M. This leaves a shortfall of £1.96m.

The reserves policy also states that TACT should hold cash levels equivalent to two months of operating expenditure or £3.99M. As at 31 March 2021, this requirement was fully satisfied as cash levels were at £5.001M.

Having made progress in the year in reducing losses it is critical that the financial turnaround continues. Returning to surplus will allow **free reserves** level to be progressively increased in future years to achieve the target cover of six months of budgeted expenditure.

Currently the reserves policies are not being achieved. The Trustees, having reviewed the market, associated risks, the improving financial position in year and the basis for projected future improvements, remain confident that over a three year time frame reserves can be rebuilt.

FUTURE

The care system across England, Scotland and Wales is undergoing several government appointed reviews currently as to how best to provide care to young people coming into the care system. There is a lack of suitable provision across the sectors and increasing numbers of young people coming into care each year. The lifetime chances of these young people are less than those who stay outside the care system. At the same time the growth of private equity backed commercial Independents Fostering Agencies ("IFA's") are seen to be diverting much needed funding to investors that could be channelled back into providing care. We are engaged in the reviews offering our experience both as a provider and as a non profit organisation to how the future of fostering services can be developed to better provide positive outcomes and life chances.

We continue to develop and evolve our services in response to the needs of the young people. Our education service is now well established offering invaluable support for carers and young people. The service is being expanded to provide specialist support for Scotland and Wales. In 2021/22 we are looking to establish a health service to again provide support to carers in navigating the various health bodies and to be able to advocate for the young people in our care. We are continuing to develop our post 18 support for care leavers through TACT Connect.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees regularly, and at least, annually, review the risks to which the Charity is exposed. The risks are classified for review purposes, as follows:

Strategic and Governance

- Risks associated with a strategy or organisational structure e.g. over-expansion, competitive threats, poor contractual arrangements.

Financial

- Risks arising from the financial structure, insufficient funding, weak asset base, systems and transactions of the business – e.g., failure to win tender applications.

Operational

- Risks emerging from operational, administrative, processes and procedures – e.g., substantial technological disruption.

Regulatory and Political

- Risks posed by potential or actual changes in the regulatory and political environment – e.g., failure to comply with minimum standards, serious case review.

Reputational

- Risks to the perceived quality or brand of TACT – e.g., failing Ofsted inspection.

Information Security

- Risks associated with the breach or loss of restricted or personal sensitive data, or infringement of privacy – e.g., the loss of a child's historic file, cyber-attack.

Contingent

- Risks that will arise only if certain events take place – e.g., providing contractual guarantees to a third party

RISK ASSESSMENT

TACT views risk in the context of the **likelihood** of an adverse outcome that is worse than expected and where the potential **impact** of such an outcome is very significant. Known or identified risks are colour-coded in terms of severity – Red - Amber - Green (otherwise known as a RAG rating). This will be used to reflect the combination of likelihood and impact of the severity of each risk. Risk is also viewed as a missed opportunity to add value to the organisation. The risk framework sets out the controls in place to avert the will be pursued by officers with the relevant assigned responsibilities.

RISK CONTROLS

The Trustees ensure that a robust risk management policy is in place as well as associated policies and procedures e.g., business continuity, information security, health and safety. Performance indicators and the associated reporting processes are in place to manage and mitigate identified and potential risks. The Trustees regularly approve a delegation of authority process which enables Executive action to be undertaken on their behalf, should any material risks arise and require action.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

RISK MINIMISATION

The Trustees annually review, in detail, TACT's risk management framework and focus on those risks to which the Charity is pre-eminently exposed. The risks are classified for review purposes. The reputational and political risks are minimised through the frequent validation and quality inspections undertaken by our regulators – e.g., Ofsted. Also, quality tests such as Customer Service Excellence, Investors in People and the Sunday Times Best 100 companies, in which TACT participates and succeeds, will help to reduce the likelihood of these risks.

Internal scrutiny though external audits (financial) foster carer reviews, supervision, appraisals and training, all assist with risk minimisation. Finally, the Trustees through its sub-committees, 'finance, audit and risk' and 'safeguarding and children's services' ensure that relevant operational matters are regularly scrutinised to provide comfort to the main board that attendant risks are identified and addressed.

KEY RISKS

The Trustees have identified the principal risks as:

Cyber and technological Risk. The increasing reliance on technology, move to home working and the increase in cyber attacks worldwide presents additional challenges in protecting our data and systems from attack. We continue to proactively monitor our systems and strengthen our controls in this area.

Workforce development. Local Authority funding pre covid 19 has remained challenging and the financial consequences of Covid 19 on Local and national funding is still to be understood. Demand for services we provide continues to be strong and the impact of extended lockdown restrictions and financial pressures on families is yet to be understood, with potentially increasing demand for more complex placements than previously. It is important we need to continue to invest in developing, supporting and training our staff and carers to be able to support these young people in the future.

Foster Carer Recruitment. The key to our business model is having a pool of foster carers with the requisite training and skills to be able to provide good quality placement opportunities to local authorities. Attracting and retaining these highly skilled and committed carers is critical.

Competition risk. The fostering market place is still fragmented but recent years have seen the emergence of large private equity backed operators who have been driving consolidation in the independent providers market. Local authorities both act as commissioners and providers of foster care placements. Differentiation in a crowded market becomes increasingly difficult. We continue to differentiate our offer in terms of the quality of services, stability of placements, and our commitment to helping young people achieve their aspirations through support pre and post 18 within the TACT family. Placing young people's outcomes at the heart of everything we do and continuing to invest in services that contribute to support these through our fundraised initiatives give TACT a unique opportunity to develop our brand and offering.

Liquidity risk. Cash flow and financial projections with associated risks are routinely scrutinised by the Finance Committee. In 19/20 the Board instigated a turnaround plan to address its financial performance and progress against this is monitored.

Market risk. Covid has placed a significant financial burden on the economy and both the disruption from Covid and Brexit are beginning to filter through into inflationary pressures. At the same time anticipated public sector funding squeezes are likely to put pressures on our ability to pass on cost increases. Importantly the impact on foster carers of both the experiences of the last two years and a period of high inflation and pay restraint presents potential challenges for the sector.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

ASSET COVER FOR FUNDS

Note 15 sets out analysis of the assets attributable to the various funds and a description of the funds. These assets are sufficient to meet the Charity's obligations on a fund by fund basis.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

AUDITORS

HW Fisher LLP were appointed auditors to the company and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

The Report of the Board of Trustees and the Strategic Report are approved on behalf of the Board of Trustees.



Signed:

M. Doyle (Chair)
Trustee

14 Dec 2021

Date:

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Charity's Trustees (who are also the directors of The Adolescent and Children's Trust for the purposes of company law) are responsible for preparing a Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law requires the Charity Trustees to prepare Financial Statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the Charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE ADOLESCENT AND CHILDREN'S TRUST

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of the Adolescent and Children's Trust (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE ADOLESCENT AND CHILDREN'S TRUST

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information contained within the annual report and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Report, which includes the Directors' Report and Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- Adequate and proper 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE ADOLESCENT AND CHILDREN'S TRUST

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, Companies Act 2006, the Charities and Trustees (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted, designated and restricted funds.
- Documenting and verifying all significant related party balances and transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE ADOLESCENT AND CHILDREN'S TRUST

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Sailesh Mehta (Senior Statutory Auditor)
for and on behalf of HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER

15 Dec 2021

Date:

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDING 31 MARCH 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income from:					
Donations		-	4	4	24
Charitable activities	2	25,407	118	25,525	30,220
Other income		39	-	39	144
Furlough Income	2	29	-	29	-
Investments		-	-	-	-
Total income		25,475	122	25,597	30,388
Expenditure on:					
3					
<i>Raising funds:</i>					
Costs of generating voluntary income		91	-	91	81
<i>Charitable activities:</i>					
Foster care		23,671	118	23,789	29,712
Adoption		-	-	-	333
Campaigning, policy and research		30	-	30	31
Total expenditure		23,792	118	23,910	30,157
Net Income/(expenditure) and net movement in funds		1,683	4	1,687	231
Net Income/(expenditure) and net movement in funds		1,683	4	1,687	231
Reconciliation of funds:					
Total funds brought forward	14	3,119	63	3,182	2,951
Total funds carried forward		4,802	67	4,869	3,182

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2021

Prior year comparatives

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2020 £'000
Income from:				
Donations		-	24	24
Charitable activities	2	29,950	270	30,220
Other income		144	-	144
Investments		-	-	-
Total income		30,094	294	30,388
Expenditure on:				
<i>Raising funds:</i>				
Costs of generating voluntary income	3	81	-	81
<i>Charitable activities:</i>				
Foster care		29,442	270	29,712
Adoption		333	-	333
Campaigning, policy and research		31	-	31
Total expenditure		29,887	270	30,157
Net (expenditure) / income and net movement in funds		207	24	231
Reconciliation of funds:				
Total funds brought forward	14	2,912	39	2,951
Total funds carried forward		3,119	63	3,182

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

Company registration number: 02779751

BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Fixed assets:			
Tangible assets	10	525	559
Current assets:			
Debtors	11	2,981	4,326
Cash at bank and in hand		5,001	1,974
<i>Total current assets</i>		<u>7,982</u>	<u>6,300</u>
Liabilities:			
Creditors: Amounts falling due within one year	12	(3,638)	(3,677)
<i>Net current assets</i>		<u>4,344</u>	<u>2,623</u>
<i>Total assets less current liabilities</i>		<u>4,869</u>	<u>3,182</u>
Creditors: amounts falling due after one year		-	-
Total net assets		<u>4,869</u>	<u>3,182</u>
The funds of the Charity:			
Restricted funds	15	67	63
Unrestricted funds			
- General funds		3,574	1,891
- Designated funds		1,228	1,228
Total funds		<u>4,869</u>	<u>3,182</u>

The notes at pages 25 to 38 form of these accounts.



14 Dec 2021

M. Doyle (Chair)
Trustee



14 Dec 2021

P. B. Woodman
Trustee

Approved by the Trustees on

THE ADOLESCENT AND CHILDREN'S TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities	19	3,003	(545)
Cash flows from investing activities:			
Proceeds from the sale of property		24	143
Cash flows from financing activities:			
Repayment of borrowing		-	(315)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		<u>3,027</u>	<u>(717)</u>
Cash and cash equivalents at the beginning of the year		<u>1,974</u>	<u>2,691</u>
Cash and cash equivalents at the end of the year		<u><u>5,001</u></u>	<u><u>1,974</u></u>

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting Policies

TACT is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is Head Office, The Courtyard, 303 Hither Green Lane, Hither Green, London SE13 6TJ.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The financial statements have been prepared in accordance with the company's Memorandum & Articles of Association, the Companies Act 2006, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2019)

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

1.2 Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

1.3 Preparation of the accounts on a going concern basis

The Trustees receive regular updates on current and forecast trading taking into account risks within the overall market and anticipated costs pressures and investment funds. These projections are scrutinised by FARC and consider sensitivities to the projections and the impact on cash reserves. Based on these forecasts and the reserves maintained the Trustees are confident that the Charity can continue as a going concern for a period of at least twelve months from the date of approval of these financial statements.. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.4 Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably. Income from foster carer fees is accounted for on a receivable basis.

Income from government or other grants, whether 'capital' grants or 'revenue' grants is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Investment income is recognised on a receivable basis.

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

Government grants are recognised at the fair value of the amount received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The charity has received grants under the Coronavirus Job Retention Scheme. The scheme is designed to compensate for staff costs, so amounts received or receivable are recognised in the income statement as part of other operating income over the same period as the costs to which they relate. Government grants are accounted for under the accrual model.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

1.5 Expenditure

Expenditure including redundancy and termination payments is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise those costs associated with attracting voluntary income, in particular grant funding.
- Expenditure relating to Foster care, Adoption and Campaigning, Policy and Research are those elements of expenditure directly incurred in performing these activities. It also includes allocated support costs relating to this activity.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

1.6 Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned in the same proportion as direct costs.

1.7 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities not readily apparent from other sources.

Following the termination of the contract with PCC on 25 October 2019, the parties agreed on mediation. The process of resolving outstanding financial issues is not complete and due to the nature of claims by both parties it is not possible to estimate any settlement at this time.

In response to the COVID pandemic the charity operated wholly as a virtual organisation throughout the year. After consultation with staff and our foster carers in January 2021 the charity took the decision to vacate all properties and continue to operate as a virtual organisation. An amount of £429k has been included at the year end as a provision for the termination costs of existing contractual relationships for property and office costs.

The Trustees are satisfied that there are no significant estimates or assumptions in the financial statements.

1.8 Tangible fixed assets and depreciation

Items of equipment are capitalised where the purchase price exceeds £5,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

Freehold land is not depreciated	
Freehold buildings	2% straight line
Leasehold property	2% straight line
Computer equipment	33.33% straight line
Fixtures, fittings and equipment	25-33.33% straight line
Caravans	10% straight line

1.9 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered and provision for bad and doubtful debts. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

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

1.11 Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.12 Financial instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Pensions

For defined-contribution schemes, the amount charged to the SoFA in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Any difference between the charge to the SoFA and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

1.14 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.15 Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

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

Designated funds are earmarked by the Trustees for a specific purpose.

THE ADOLESCENT AND CHILDREN'S TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2021

2. Income from charitable activities

	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total 2020 £'000
Fees Received						
Fostering	25,390	-	25,390	29,900	-	29,900
Grants	17	118	135	50	270	320
	<u>25,407</u>	<u>118</u>	<u>25,525</u>	<u>29,950</u>	<u>270</u>	<u>30,220</u>

Other Income

	2021 £'000	2020 £'000
Net gain on disposals of fixed assets	4	96
Furlough Income	29	-
Other income	35	47
	<u>68</u>	<u>144</u>

THE ADOLESCENT AND CHILDREN'S TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2021

3. Analysis of expenditure

	Raising Funds	Foster Care	Adoption	Campaigning, Policy and Research	Governance Costs	Support Costs	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs (Note 6)	72	3,948	-	24	-	2,761	6,805	7,941
Fees and reimbursements paid to foster carers	-	14,389	-	-	-	-	14,389	18,140
Training costs	-	120	-	-	-	42	162	327
Legal and professional fees	-	-	-	-	135	-	135	256
Audit and accountancy fees	-	-	-	-	22	-	22	31
Trustee meeting expenses	-	-	-	-	-	2	2	6
Depreciation	-	-	-	-	-	29	29	29
Impairment of fixed assets	-	-	-	-	-	-	-	-
Other costs	-	530	-	-	-	1,836	2,366	3,427
	72	18,987	-	24	157	4,670	23,910	30,157
Governance costs	1	156	-	-	(157)	-	-	-
Support costs	18	4,646	-	6	-	(4,670)	-	-
	91	23,789	-	30	-	-	23,910	30,157

THE ADOLESCENT AND CHILDREN'S TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2021

3. Prior year comparatives

	Raising Funds	Foster Care	Adoption	Campaigning, Policy and Research	Governance Costs	Support Costs	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs (Note 6)	65	4,715	151	25	-	2,985	7,941	8,715
Fees and reimbursements paid to foster carers	-	18,134	6	-	-	-	18,140	25,143
Training costs	-	263	4	-	-	60	327	471
Legal and professional fees	-	-	-	-	256	-	256	153
Audit and accountancy fees	-	-	-	-	31	-	31	33
Trustee meeting expenses	-	-	-	-	-	6	6	9
Depreciation	-	-	-	-	-	29	29	43
Impairment of fixed assets	-	-	-	-	-	-	-	-
Other costs	-	691	106	-	-	2,630	3,427	3,142
	65	23,803	267	25	287	5,710	30,157	37,709
Governance costs	1	283	3	-	(287)	-	-	-
Support costs	15	5,626	63	6	-	(5,710)	-	-
	81	29,712	333	31	-	-	30,157	37,709

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

4. Net (expenditure) / income for the year

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation	15	29
Auditor's remuneration – audit services	26	28
Auditor's remuneration – other services	-	-
Operating lease charges	420	353
Interest payable	-	5

5. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2021 £'000	2020 £'000
Wages and salaries	5,929	6,871
Social security costs	578	697
Pension	226	321
Redundancy and termination costs	72	52
	6,805	7,941

Included within staff costs are £85K (2020: £124K) of costs relating to agency staff.

The number of employees whose annual emoluments were £60,000 or more were:

	2021 Number	2020 Number
£60,000- £69,999	4	-
£70,000- £79,999	4	3
£80,000- £89,999	3	3
£90,000- £99,999	-	-
£100,000-£109,999	-	1
£110,000-£119,999	1	-
£120,000-£130,000	1	1

The key management personnel of the Charity comprise the Trustees and Senior Leadership Team, as detailed on pages 2-4 of the Trustees' report. The total employee benefits of the key management personnel of the Charity were £751K (2020- £841K). Pension contributions in respect of higher paid employees was £33K (2020 - £32K).

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

6. Trustees

None of the Trustees (or any person connected with them) received any remuneration during the year in their capacity as Trustees. In accordance with the powers contained with the Charity's memorandum and articles, the following trustees received remuneration for the provision of the described services to TACT.

Name	Service	2021 £'000	2020 £'000
L. Ellis	Painting Workshop	-	0.2

No Trustees (2020 - 10) were either reimbursed for, or had expenses relating to travel and accommodation paid on their behalf by the Charity, (2020 - £6K). There were no other related party transactions during the year.

7. Staff Numbers

The average monthly head count of employees during the year was as follows:

	2021 Number	2020 Number
Fundraising	2	2
Fostering	100	123
Adoption	-	3
Campaigning, policy and research	1	1
Support	81	89
	184	218

8. Pension and other post-retirement benefit commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund.

The Charity also contributes to the Cambridgeshire Local Government Pension Scheme in respect of staff who transferred to TACT in the prior year. The pension cost charge represents contributions payable by the Charity to the fund. TACT has no additional liability to the scheme beyond the contributions payable for the year.

	2021 £'000	2020 £'000
Contributions payable by the company for the year	226	321

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

9. Corporation tax

As a charity, The Adolescent and Children's Trust is exempt from UK tax on income and gains to the extent that these are applied to its charitable objects. No UK tax charges have arisen in the Charity, during the year or the previous year.

10. Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Caravan £'000	Total £'000
Cost:						
As at 1 April 2020	461	342	-	11	69	883
Impairment of fixed assets			-	-	-	
Disposals	-	-	-	-	(69)	(69)
As at 31 March 2021	461	342	-	11	-	814
Depreciation:						
As at 1 April 2020	152	112	-	11	49	324
On disposals	-	-	-	-	(50)	(50)
Charge for year	9	5	-	-	1	15
As at 31 March 2021	161	117	-	11	-	289
Net book value						
As at 31 March 2021	300	225	-	-	-	525
As at 31 March 2020	309	230	-	-	20	559

All assets were used for charitable purposes.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

11. Debtors

	2021 £'000	2020 £'000
Trade debtors	2,677	3,310
Other debtors	124	724
Prepayments and accrued income	180	292
	<hr/>	<hr/>
	2,981	4,326

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank and other loans	-	-
Trade creditors	147	226
Taxation and social security costs	153	178
Other creditors	160	149
Accruals and deferred income	2,749	3,124
Provision for termination costs	429	-
	<hr/>	<hr/>
	3,638	3,677

13. Deferred income

	2021 £'000	2020 £'000
Brought forward	90	56
Released in the year	(67)	(56)
Recognised in year	149	90
Carried forward	<hr/>	<hr/>
	171	90

Deferred income represents funds received in 2020-21 for delivery of services in 2021-22.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

14. Movements in funds (current year)

	Balance as at 1 April 2020 £'000	Transfers between Funds £000's	Income and gains £'000	Expenditure and losses £'000	Balance as at 31 March 2021 £'000
Restricted income funds					
Donations for children's activities	63	-	4	-	67
Innovation Fund	-	-	-	-	-
Children in Need grant	-	-	22	(22)	-
Confidence in Care grant	-	-	43	(43)	-
Skills to Care	-	-	6	(6)	-
Big Lottery Fund	-	-	47	(47)	-
Total restricted income funds	63	-	122	(118)	67
Unrestricted funds					
- General funds	1,891	-	25,457	(23,792)	3,574
- Designated funds					
o Capital Fund	1,200	-	-	-	1,200
o Adoption Fund	28	-	-	-	28
Total unrestricted funds	3,119	-	25,475	(23,792)	4,802
Total funds	3,182	-	25,597	(23,910)	4,869

Movement in funds (prior year)

	Balance as at 1 April 2019 £'000	Transfers between Funds £000's	Income and gains £'000	Expenditure and losses £'000	Balance as at 31 March 2020 £'000
Restricted income funds					
Donations for children's activities	39	-	24	-	63
Innovation Fund	-	-	121	(121)	-
Children in Need grant	-	-	41	(41)	-
Confidence in Care grant	-	-	108	(108)	-
Total restricted income funds	39	-	24	-	63
Unrestricted funds					
- General funds	1,684	-	30,094	(29,887)	1,891
- Designated funds					
o Capital Fund	1,200	-	-	-	1,200
o Adoption Fund	28	-	-	-	28
Total unrestricted funds	2,912	-	30,094	(29,887)	3,119
Total funds	2,951	-	30,388	(30,157)	3,182

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

Purposes of restricted funds

The donations for children's activities fund relate to amounts received to be spent for the benefit of children in care.

The Innovation Fund is funded by the Department for Education to support TACT's work with Peterborough City Council in relation to its Children's Social Care Innovation Programme.

Children in Need grant – this supports the appointment of a play therapist within the adoption department.

Confidence in Care grant – The Fostering Network has been awarded a five-year grant by the Big Lottery Fund as the lead organisation in delivering the In Good Hands 'Confidence in Care' Programme. The Fostering Network has engaged with TACT along with three other charity partners to assist with the delivery of this programme. TACT delivers training to foster carers in Wales via its Skills to Foster course.

The Rank Foundation grant – The objective of this grant, to be used in evaluation and reporting, is to support the current social, emotional and academic needs of children in TACT's care currently and into adulthood through mentoring provided by care-experienced mentors.

Purposes of designated funds

Adoption Fund. TACT established a designated fund in 2016/17 following the receipt of a legacy donation from an ex-adopter. The Trustees have decided that this fund will be spent on positive activities for adopted children and support for adopter families.

Capital Fund. Following a review of the Charity's property portfolio the Trustees made a decision during 2018/19 to divest itself of its estate which was deemed no longer fit for purpose and to use the monies raised to reinvest back into property assets or such other capital purposes in the future which would support the ongoing operations of the charity. A programme of disposals commenced in March 2019 and cash receipts were designated. Prior year comparisons have been corrected to reflect the timing of the decision.

15. Analysis of net assets between funds

Fund balances at 31 March 2021 are represented by:

	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total Funds 2021 £'000
Tangible fixed assets	525		525
Current assets	7,915	67	7,982
Creditors of less than one year	(3,638)	-	(3,638)
Creditors of more than one year	-	-	-
	4,802	67	4,869

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

Fund balances at 31 March 2020 were represented by:

	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total Funds 2020 £'000
Tangible fixed assets	559		559
Current assets	6,237	63	6,300
Creditors of less than one year	(3,677)	-	(3,677)
Creditors of more than one year	-	-	-
	3,119	63	3,182

16. Commitments under operating leases

The Charity had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Property		Equipment	
Expiry date:	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	102	217	73	40
Between two and five years	15	32	20	67
	117	249	93	107

The following lease payments were recognised as an expense during the year:

	2021 £'000	2020 £'000
Land and buildings	344	313
Equipment	76	40
	420	353

17. Contingent liability

On 25 October 2019, TACT and PCC terminated the contract for the provision of permanency services, resulting from ongoing financial issues between the parties. Legal advice has been taken and the parties are in correspondence to try to reach a resolution on outstanding matters.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

18. Analysis of changes in net debt

	Balance as at 1st April 2019 £000's	Cash flows In year £000's	Balance as at 31st March 2020 £000's	Cash Flows In year £000's	Balance as at 31st March 2021 £000's
Cash	2,691	(717)	1,974	3,027	5,001
Loans falling due within one year	-	-	-	-	-
Loans falling due after more than one year	(315)	315	-	-	-
TOTAL	(315)	315	-	-	-

19. Reconciliation of cash flows from operating activities

	2021 £'000	2020 £'000
Net (expenditure) / income for the reporting period	1,687	231
Impairment of fixed assets	-	-
Depreciation charges	15	29
Loss / (profit) on sale of fixed assets	(4)	(97)
(Increase) / decrease in debtors	1,344	(1,136)
Increase / (decrease) in creditors	-39	428
Net cash provided by / (used in) operating activities	3,003	(545)