



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 2022

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr M. R. Doyle Ms L. Waterman-Glasgow Mrs M. Griffith-Jones Mr O. Evans Mr D. Rankin Mr M. Scott 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	98 Station Road, Sidcup, Kent, DA15 7BY
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 - 16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report	18 - 21
Statement of Financial Activities	22 - 23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Accounts	26 - 39

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

CHAIRMAN'S STATEMENT

We don't spend enough time recognising the successes of our children, our carers, our care experienced adults, and staff.

This year, I want to take the opportunity to acknowledge our successes as a community.

During the pandemic, our children continued to flourish, and they took the changes that were imposed on them in their stride. Although they have continued to adapt and evolve, the most recent research, and this is still indicative, is that the isolation they have experienced will have a potential long term impact that we will need to watch and be ready to respond to.

Our children would have been unable to evolve and adapt so easily without the support and love of our carers and staff, so to you go the thanks of a grateful society.

As in previous years, the Board were able to meet with our children, foster families, care experienced adults, and staff at various meetings and events across the country. These events help us to better understand the needs of the people we serve, and ensure that our resources, both financial and non-financial, are able to improve our children's lives.

I was recently able to join a group of children as they explored Hadrian's Wall, and listen to their stories and experiences first hand. This left me wanting to do more for the most vulnerable children in our society.

Reflecting, tonight over **108,000** children will not be spending the night under the roof of their birth family, but of a family that have taken them in and given them a safe, loving environment. My challenge to anyone reading this report is: What Are You Doing? Whatever you do, big or small, does not matter, but by doing something, your actions will improve the lives of some of the most vulnerable children in our society.

In October 2021, TACT's Board and Senior Management met to begin developing our new five year strategy, which was released in the second half of 2022. This was the first time we have brought these two groups together, and the increased interaction and communication that has continued since this meeting has resulted in positive outcomes being delivered.

During the course of the year, we said goodbye to Martine Bond from TACT's Board. Martine is a great friend of TACT and, whilst she is no-longer a Board member, Martine remains a valued member of the TACT family.

It is great to report that our TACT Connect community and Education Service have continued to provide valuable support for our children and foster families, making a real impact on day to day lives. You can find out more via www.tactcare.org.uk. During 2021/22, we continued planning for the launch of our Health Service. Unfortunately, the launch was delayed whilst we took time to find the right person to lead this innovative new Service. We have now found that person, Coleen Lunt, and in September 2022, Coleen joined us and commenced her role as Head of Health Service. Similarly to our Education Service, The Health Service aims to support our foster families in dealing with the, often, unique needs of our children, and to access the appropriate services and support to improve our children's lives. During 2021/22, we began to look at how we might provide increased levels of support in other areas, such as housing and employment, which we will continue to develop throughout 2022/23.

As you will see from these accounts, our financial position continues to be strong, allowing us to invest in improving the lives and well being of our children, foster families, and staff. Each year, we aim to achieve a 4% surplus. We refer to this as our "structural surplus", and it ensures that we are financially sustainable in the future. As we don't seek to "horde cash", and retain prudent reserves, this surplus is reinvested into activities that benefit our children, foster families and staff, such as TACT Connect, our Education Service, and our Health Service. In 2021/22, this also allowed us to make one off payments to foster families and staff, to assist with

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

the financial impact of COVID-19. As a charity, TACT pays no dividends to shareholders, therefore, all our funds are reinvested to support foster carers, children, care experienced adults and staff.

We are also able to provide financial support to children and foster families, enabling them to participate in and enjoy experiences that, otherwise, they would not have access to. These have included a residential cookery school, which will now become an annual event, and a variety of residential outward bound adventure weekends for children and young people. We also often step in and offer financial support to our young people and care experienced community, to enable them to access education and employment opportunities when their LA corporate parent will not help.

Last year, I commented: *"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-19, but also by Brexit, and our civil society is divided"*.

Unfortunately, we find ourselves in a period of high inflation, unseen for generations. However, as previously mentioned, due to TACT's financial strength, we are well positioned to get through this next crisis and support our children, foster families, care experienced adults, and our staff. This is due to great effort and team work over a number of years, ably led by Philip Woodman (resigned in September 2022), Chair of our Finance Committee, and Philip Oldfield, TACT's CFO.

We have not seen any improvement in our civil society, with "tribalism" across the spectrum creating an environment that does not support collaboration. I am happy to report that, against this trend, TACT has been working with organisations including Action for Children, Barnardo's, and the Welsh Government, to create a new model for fostering in Wales. In Scotland, we have been working closely with the sector to deliver on The Promise <https://thepromise.scot/>, a set of commitments from the Scottish Government to improve the lives of children in care. TACT's CEO, Andy Elvin, also Chairs the Fairer Fostering Partnership, which is a collaborative umbrella organisation for all charitable and not for profit fostering agencies.

Looking ahead, as a society we are in for a difficult couple of years. Inflation will continue to eat away at spending power, which in turn will have a significant impact across the UK and the world, and many families that were previously "financial comfortable" will struggle to make ends meet. This could lead to an increase in demand for TACT's support. Whilst I hope this is not the case, our ability to evolve and change over the last few years has been tested and proven. Along with our children's resilience, and that of our carers and staff, we are ready as a community for what is to come.

On behalf of the Board, I would like to thank our foster families and our staff for continuing to provide loving, caring, safe and stable homes for children across England, Scotland and Wales, giving these children the start in life that they deserve.

Matthew Doyle

Matthew Doyle
Chair

20 Dec 2022

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 2022. 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	26/09/2022
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	
Martine Bond	Banker	27/09/2017	30/04/2021
Andrew White	Company Director	27/03/2019	23/09/2021

Structure

At the 31 March 2022, the Board of Trustees comprised ten members. During the year we were pleased to welcome to the Board Paul Anderson, Jennifer O'Connell and Tom Bingham. We wish Martine Bond, Andrew White well in their future endeavours and thank them for their valued contribution to the Board during their tenure. Since the year end Philip Woodman completed his term of office. We express our deep gratitude for his long standing commitment and energy to TACT and whilst no longer a Trustee we are pleased that Philip has agreed to work with TACT at developing employment opportunities for our children.

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.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

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 – resigned 20 th September 2022). M. Bond (resigned 30 th April 2021) M Scott (Chair 20 th September 2022) O Evans D Rankin (from 19 th October 2021)	M. Griffith-Jones (Chair) D Rankin P Anderson (from 26 th January 2021) T Bingham (from September 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. Ongoing training is provided for Trustees as need identified through annual performance review discussions.

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.

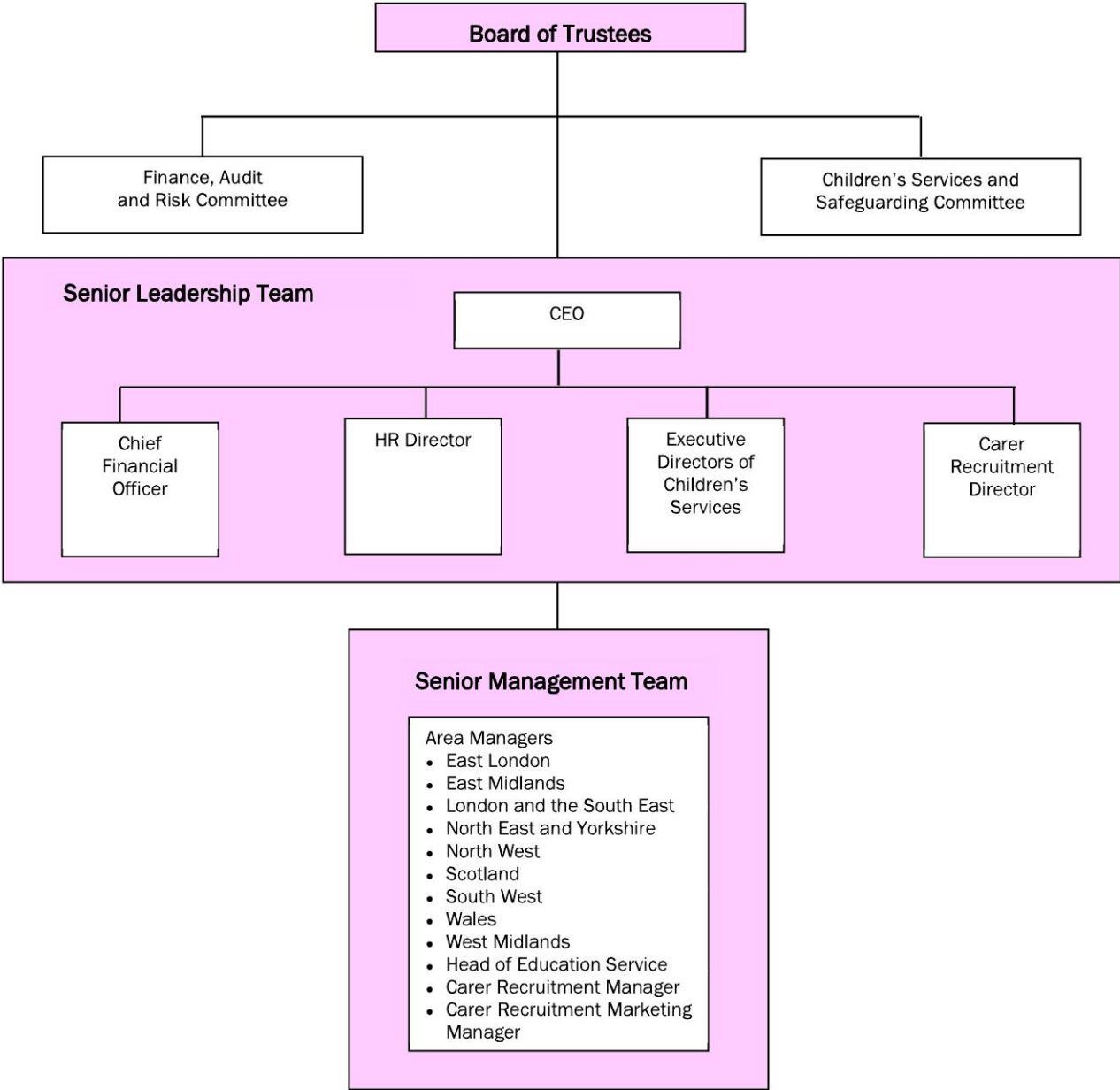
SENIOR MANAGEMENT STRUCTURE

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, 98 Station Road, Sidcup, Kent, DA15 7BY

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 continued to dominate the year offering both challenges and also the impetus for change. Financially we had a strong year which positions us well to face the new challenges that arose in the last 3 months of the year as inflation and cost of living came to the forefront of issues.

The response of our colleagues and foster carers has again been amazing as has the response of our young people who have been incredible in dealing with such drastic changes to the world around them. The last two years has had a significant impact on young people's lives and there is much to do to catch up after this interruption in their lives.

It has been a busy year as we launched our Carer Recruitment Service in April, bringing together activities that had previously been dissipated across the organisation into one focussed unit to better support and manage our carer recruitment process and prospective carers. A new team was recruited, and processes redesigned to streamline activity. In the second half of the year, we further invested in the development of a computerised CRM system to further improve efficiencies in the process. We recognise that recruitment of carers is pivotal to our business model, and it was encouraging to see that the initial targets for conversion rates and process timescales have been achieved and the service is well placed to scale up in the next financial year.

We also expanded our Education service to provide more support to carers and children. This service has been well received by carers and has contributed to placement stability. It has also been extremely successful in unlocking funding for our young people by advocating for and supporting applications for PEP and EHCP funding where school and virtual school have not wanted to progress.

The decision in January 2021 to move to a virtual organisation has created a need to manage the exit of leasehold premises and also the marketing and sale of our remaining freehold buildings. At the year end we had completed the closure and handing back/ sale of six offices which was a massive achievement and was managed by the Administration teams with support from the small central resource. The move to home working also facilitated the retendering of the IT and phone contracts with a resultant change of suppliers and realisation of significant cost savings which can be reinvested in upgrading our systems and hardware to better support the organisation.

The appetite for change across the organisation has increased throughout the last two years as we have tackled the challenges presented by Covid. During the summer we started to assemble agile working groups to look at issues and problems and work to find solutions. Engaging all levels of staff in shaping our present and future is an investment that we can start to see is reaping benefits in terms of implementing change.

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 which is a local authority funded service. 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 do not engage in any public fundraising activity. We are grateful to the following organisations for their generous support this year:

- The National Lottery Foundation £72,000 to fund our innovative TACT Connect service.
- Welsh and Scottish Governments for support to staff during the Covid pandemic

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

- The David and Ruth Lewis Family charitable Trust for grants worth £8,853 to enable access to educational equipment for our young people during the pandemic.
- Lord Laming for donation of £4,000; and
- Murgatroyd Foundation for their donation of £12,500

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 2021-22

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.

Strategic Objective 1	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.
Achievement	<ul style="list-style-type: none"> ▪ Education service has released over £1.07M on behalf of our children in 21/22 by advocating for access to Pupil premium funding and educational health care plans. In addition, 27 young people have been supported to successfully receive EHCP funding (worth an estimated £85,000 each) where the school and virtual school have been unwilling to make applications. ▪ Since August 2021, the Education Service has offered annual Education Review Meetings to all area teams so that every young person's education can be discussed with SSWs and their line managers. In September 2021 country specific Education Advisory Teachers were appointed in England and Scotland (the Head of Education has overseen Wales due to recruitment challenges) and a Post 16 Education Advisor took up post in February 2022. No children or young people have experienced permanent exclusions over the period and 99% of young people living with TACT foster carers and those we are in contact with living independently are in work or employment. ▪ All teams now have access to Psychology services and/or PACE therapy support which has supported stability in our foster homes. Only 4.29 % of young people have left their foster carers homes in an unplanned way, which is below the national benchmarks we operate within. ▪ 94% of children and young people living with TACT carers for over 3 months have an Outcomes Tracker completed and 70% of those are achieving more than they did when they first were cared for by TACT ▪ 99% of children and young people living with TACT foster carers say they feel safe and listened to in their families and 82% provide feedback on a regular basis. ▪ TACT Connect was engaged with 37% of its 114 members over the year against a target of 30%

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

	<p>There are two new advisors and members have: -</p> <ul style="list-style-type: none"> • Sat on four different interview panels. • Led a whole TACT Staff Book Club with <u>Kirsty Capes</u> • Sat on a TACT Fostering Panel as a care experienced and policy expert. • Met with TACT Trustees to give insight into TACT Connect and the care experience. • Met with Area Teams to give insight into TACT Connect and the care experience. • Written and publicly published an article about <u>stigma</u>. • Met with older care experienced adults to explore their views on being heard. • Attended English Care Review events and other training events to ensure that views are shared from a member's perspective. • Participated in and hosted our Young Voices Participation Events. • Co-produced all aspects of the TACT Connect scheme.
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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"> ▪ During the year we received £167,000 (2020/21: 135,000) of grants and donations to support our charitable activities ▪ Restricted income totaled £129,000 and the remaining £31,000 was unrestricted.

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"> ▪ Average 78% improvement in timescales across the carer recruitment journey stages ▪ Conversion from enquiry to assessment increased from 0.62% baseline to 1% in line with targets ▪ A lower unit cost per enquiry – reduction of 37% ▪ Website search visibility for TACT increased to 4.75% up from 1.94% ▪ Review of recruitment processes and an upgrade to a new system that will reduce manual processes. ▪ Review of carer offer to improve attractiveness of TACT as an agency. ▪ Improved core training and preparation for applicants to ensure they are 'placement ready'. ▪ Increased carer payments and fees for enhanced placements. ▪ Harmonised birthday and festival payments for all children across age ranges

Strategic Objective 4	Our People. To invest in our people through training, wellbeing, 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"> ▪ Best Companies Top 100 Not For Profit Organisations to Work for – Achieved Two Star Status, which equates outstanding levels of employee engagement. ▪ Staff Turnover as at June 2022 is 12.3%. Employee retention rate at 90.9% and average length of Service 7 years. ▪ Low sickness absence (5% lost time rate) and TOIL balances. ▪ 23.2% of vacancies filled internally

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

	<ul style="list-style-type: none"> ▪ No formal disciplinary or grievances since 2020 ▪ Anti-Racist Survey 2022- 2% of staff members report recently experiencing racial harassment at work. On average, across all respondents, ethnic minority staff do not feel their ethnicity is a significant barrier to feeling included at work. High levels of racial diversity amongst entry level/junior staff. ▪ Further developed our well established and embedded Wellbeing Program for all Staff and introduced a core wellbeing offer to all Foster Carers. ▪ We started a relationship with “Fostering Training” on March 1st, 2021. Since then, we have had over 2,700 courses completed by foster carers and currently have 592 live accounts and feedback has been overwhelmingly positive. ▪ Compliance training –99% in 2021. ▪ FASD training offered to a total of 5 online sessions open to all staff (not just Social Workers, although one of the events was specifically for Independent Assessors) in July/August/Sept 2021. 20 attended on average across the 5 events.
<p>Strategic Objective 5</p>	<p>Finance and Business Development. To achieve a surplus year on year that can be re-invested in the charity</p>
<p>Achievement</p>	<ul style="list-style-type: none"> ▪ The charity returned to surplus in the year and ended the year with a reported surplus of £1.202M and a balance sheet total funds position of £6.071M. ▪ During the year, we committed to investment of £1.3M in foster carer pay, staff pay, expansion of the Education service and foster carer capacity, with circa £1M expended in the year. ▪ Average weekly fee for our services increased by 4.1 % in the year as we continued renegotiation of some historical placements and introduction of new pricing on retendered frameworks. ▪ Levels of Free Reserves are at 88% of the targets set by Trustees (see reserves policy on page 13 for detailed explanation of reserves). It is forecast that target levels of free reserves will be achieved within the next 12 months.
<p>Strategic Objective 6</p>	<p>Innovation. To be innovative in our approaches and act as a driver for change in the sector.</p>
<p>Achievement</p>	<ul style="list-style-type: none"> • Commenced working with Welsh Commissioners and the non-profit sector in delivering a partnership approach to LAC in North Wales comprising residential, step forward and fostering • Building on the undoubted success of our education service we have developed plans for a dedicated Health Service and an Employment Service. We have recruited a very experienced child health professional who will begin work in 2022/23 and aim to ensure that our children , young people and care experienced adults have access to the health support and services they require. As with education, there are resources within the health service dedicated to support children in care and we will unlock these to improve outcomes for our children and young people. The service will also support our care experienced adults. We are also seeking to launch an employment service and our treasurer has agreed to take the role of Employment Ambassador . We will seek to build a portfolio of partner companies who will offer our young people work experience, internship & employment opportunities. Our Education Service, Connect and our foster carers will support our young people to take advantage of these opportunities.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

REVIEW OF THE FINANCIAL RESULTS

Financial Results

Financially the year has been another strong year of progress with a reported surplus of £1.202M and improving cash and net asset positions. The year again has been impacted by the pandemic in part with prolonged periods of lock downs and these limited our ability to meet face to face and to provide group activities for the children. The move to being a virtual organisation which we started in March 2020 and confirmed in January 2021 continues to provide benefits in terms of costs as we have exited all our rented office space and at the year end we only had two unsold properties on our books.

During the year we continued to rebuild our reserves and encouragingly where in a position to 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. Overall we committed investment of over £1.3M into supporting carers and staff during the year in a mix of one off and recurrent expenditure.

Our primary source of funding is from Local authority commissioned foster care placements. Our activity levels fell by 4.7% (2021: 7.2%) against the prior year. We have consistently seen reducing activity and market share over a number of years, driven by falling carer numbers, and the primary focus is now on stabilising activity in the current year (22/23) as the investment in the Carer Recruitment Service starts to deliver against its expectations. The fall in activity was mitigated by an increase of 4.3% on our average weekly fees charged to LA due to a mix of churn in placements and the continued work on improving our fee proposition. We monitor fee levels across the sector as we have moved our pricing from lowest to mid quartile.

The decision to exit properties and the fixed cost base that comes with them not only has given us a more variable and flexible costs base but also released significant levels of savings (circa £0.6M). At the year end we retained 2 properties which are marketed for sale and post year end we have disposed of one of those sites.

The mix of strong baseline position entering the year from the prior year, increased margin from the net effect of fee increases offset by loss of margin from reduced activity and the savings from exiting our property portfolio and moving to virtual organisation allowed us to invest back into the service. During the year we made of a number of recurrent investments by uplifting staff and foster carer pay. We also made a number of one off payments to both groups as recognition for the amazing work they had undertaken during the pandemic. In addition we invested further in the new carer recruitment service and in extending our education service and support.

Whilst we have worked hard over the last three years to turnaround our finances and be able to look forward and invest back into the service, we know that there is still much to do especially around our improving further our carer offer and support. Towards the end of the year we started to see rising inflationary pressures in the economy and this has been exacerbated with the war in Ukraine impacting energy and food prices. Initially this inflationary pressure was seen by most experts as a temporary jolt, but as the time has gone on the outlook is for an extended period of high inflation which will need careful management of our cost base to contain.

In conclusion whilst we have had another strong year financially the environment is becoming more challenging financially. The hard work undertaken repairing the balance sheet and rebuilding reserves was necessary and leaves us in a strong position to take on the challenges of the new reality faced by the sector.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

Balance Sheet

We ended the year with £4.25M (2021 £3.05M) of free reserves which is around 87.7%, (2021: 61%) 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 £4.843M. This leaves a shortfall of £0.594M.

The reserves policy also states that TACT should hold cash levels equivalent to two months of operating expenditure or £3.704M. At the 31st March 2022, this requirement was fully satisfied as cash levels were at £5.96M.

Having made continued progress during the year with the financial performance it is critical that this momentum continues and that funds can be re-invested in developing the services offered.

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 the next year reserves will be fully replenished.

GOING CONCERN

Based upon reserves, forecast for future trading and the market environment, the Trustees consider that the Company have adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

FUTURE

The English Care review recognised that the market for fostering services was broken, yet acknowledged that in the short to medium term there was little that could be achieved by intervention in the market. Excess profits from private equity investors are seen as inevitable and that change will take concerted effort over a long period and a more joined up approach to the market than has been achieved to date. From a TACT perspective it was comforting to see that the CMA view of returns in an efficient market they would expect to be 4% which is in line with our own aspirations and performance.

After an extended period of economic stability and low inflation, events over the last year have changed the outlook and challenges for the sector. Initially inflation fuelled by a rebound in demand following covid which was seen as a temporary blip has turned into a much more challenging scenario with the energy and food inflation consequences arising from the war in Ukraine. The position and forecasts change constantly underlining the uncertainty that abounds, Inflation rates for the UK as we enter into 2023 are currently in the range of 13 to 18% and the timeframe before inflation starts to fall also is pushed back. Inflationary pressures cause carers and staff to re-evaluate reward. The way in which the sector is commissioned and funded however makes passing on cost increases hard and therefore margins are expected to come under pressure.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

The impact of cost of living increases also pushes those at the lowest spectrum of the pay and benefits scale the hardest. Poverty is one of the major drivers of rates of looked after children. At the same time rewards for fostering are diminishing and the pool of new fostering capacity is struggling to replace the experienced carers leaving the sector.

To respond to these challenges TACT are looking at further developing support to carers through education and health services, improving our mental health and well being offer to carers as well as improving rewards and looking at ways to bring more new carers, who may not have considered fostering, into the sector. As a charity we will look to charitable funding and grants to help innovation and we will work with Commissioners and work in partnership to deliver solutions to the problems faced.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees meet 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.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

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.

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:

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. The war in Ukraine has also destabilised both the energy and food sectors adding significantly to the cost of living crisis. 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 in terms of recruitment and retention of a pool of experienced, committed, and talented foster carers. Cost of living pressures are likely to compress margins and could accelerate the number of small independent providers exiting the market.

Workforce development. Nationally we have more job vacancies than people seeking work. Brexit, impact of Covid and a richer post 50 population not needing to work as much has led to a contraction in the workforce. 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 fully 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. Ability to recruit and retain in a labour market with scarcity will be challenging and risk to quality of service will be heightened. Paying more or looking at new models of delivering service will be key.

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. We are evolving our offer to attract more new carers and to support them in their journeys.

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.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT

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.

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

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 Trustee's 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: *Matthew Doyle*

M. Doyle (Chair)
Trustee

20 Dec 2022
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 AND TRUSTEES OF THE ADOLESCENT AND CHILDRENS TRUST

Opinion

We have audited the financial statements of the Adolescent and Children's Trust (the 'charity') for the year ended 31 March 2022 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 2022 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)

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)

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.
- Obtaining third-party confirmation of bank balances
- Performing a physical verification of key asset items.
- Reviewing documentation such as the Charity's board minutes, correspondence with solicitors, for discussions of irregularities including fraud.

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)

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.

Carol Rudge

**Carol Rudge (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

~~20 Dec 2022~~

Date:

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

STATEMENT OF FINANCIAL ACTIVITIES
 FOR THE YEAR ENDING 31 MARCH 2022

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income from:					
Donations		-	7	7	4
Charitable activities	2	25,247	129	25,376	25,525
Other income		51	-	51	39
Furlough Income	2	5	-	5	29
Total income		25,303	136	25,439	25,597
Expenditure on:					
<i>Raising funds:</i>					
Costs of generating donations		98	-	98	91
<i>Charitable activities:</i>					
Foster care		23,971	129	24,100	23,789
Campaigning, policy, and research		39	-	39	30
Total expenditure	3	24,108	129	24,237	23,910
Net Income and net movement in funds		1,195	7	1,202	1,687
Reconciliation of funds:					
Total funds brought forward	14	4,802	67	4,869	3,182
Total funds carried forward		5,997	74	6,071	4,869

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 2022

Prior year comparatives

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

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

Company registration number: 02779751

BALANCE SHEET

AS AT 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Fixed assets:			
Tangible assets	10	511	525
Current assets:			
Debtors	11	3,336	2,981
Cash at bank and in hand		5,960	5,001
<i>Total current assets</i>		9,296	7,982
Liabilities:			
Creditors: Amounts falling due within one year	12	(3,736)	(3,638)
<i>Net current assets</i>		5,560	4,344
<i>Total assets less current liabilities</i>		6,071	4,869
Total net assets		6,071	4,869
The funds of the Charity:			
Restricted funds	15	74	67
Unrestricted funds			
- General funds		4,769	3,574
- Designated funds		1,228	1,228
Total funds		6,071	4,869

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

Matthew Doyle

M. Doyle (Chair)

Trustee

M C Scott

M. Scott

Trustee

20 Dec 2022

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 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities	17	959	3,003
Cash flows from investing activities:			
Proceeds from the sale of property		-	24
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		959	3,027
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		5,001	1,974
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		5,960	5,001
		<hr/> <hr/>	<hr/> <hr/>

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting Policies

TACT is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is 98 Station Road, Sidcup, Kent, DA15 7BY.

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 Finance Audit and Risk Committee (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.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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, 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.

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:

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

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

2. Income

Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
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THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

	funds	funds		funds	funds	
	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Fostering Fees	25,216	-	25,216	25,390	-	25,390
Grants	31	129	160	17	118	135
	25,247	129	25,376	25,407	118	25,525

Other Income

	2022	2021
	£'000	£'000
Net gain on disposals of fixed assets	-	4
Furlough Income	5	29
Other income	51	35
	56	68

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

NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2022

3. Analysis of expenditure

	Raising Funds	Foster Care	Campaigning, Policy, and Research	Governance Costs	Support Costs	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs (Note 5)	78	4,193	31	-	3,257	7,559	6,805
Fees and reimbursements paid to foster carers	-	14,210	-	-	-	14,210	14,389
Training costs	-	172	-	-	59	231	162
Legal and professional fees	-	-	-	432	-	432	135
Audit and accountancy fees	-	-	-	51	-	51	22
Trustee meeting expenses	-	-	-	-	13	13	2
Depreciation	-	-	-	-	14	14	29
Other costs	-	593	-	-	1,134	1,727	2,366
	78	19,168	31	483	4,477	24,237	23,910
Governance costs	2	480	1	(483)	-	-	-
Support costs	18	4,452	7	-	(4,477)	-	-
	98	24,100	39	-	-	24,237	23,910

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

NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 MARCH 2022

Prior year comparatives

	Raising Funds	Foster Care	Campaigning, Policy, and Research	Governance Costs	Support Costs	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs (Note 5)	72	3,948	24	-	2,761	6,805
Fees and reimbursements paid to foster carers	-	14,389	-	-	-	14,389
Training costs	-	120	-	-	42	162
Legal and professional fees	-	-	-	135	-	135
Audit and accountancy fees	-	-	-	22	-	22
Trustee meeting expenses	-	-	-	-	2	2
Depreciation	-	-	-	-	29	29
Other costs	-	530	-	-	1,836	2,366
	72	18,987	24	157	4,670	23,910
Governance costs	1	156	-	(157)	-	-
Support costs	18	4,646	6	-	(4,670)	-
	91	23,789	30	-	-	23,910

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

4. Net income for the year

This is stated after charging:

	2022 £'000	2021 £'000
Depreciation	14	15
Auditor's remuneration – audit services	29	26
Auditor's remuneration – other services	-	-
Operating lease charges	99	420

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

	2022 £'000	2021 £'000
Wages and salaries	6,651	5,929
Social security costs	644	578
Pension	246	226
Redundancy and termination costs	18	72
	7,559	6,805

Included within staff costs are £164K (2021: £85K) of costs relating to agency staff.

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

	2022 Number	2021 Number
£60,000- £69,999	8	4
£70,000- £79,999	1	4
£80,000- £89,999	6	3
£90,000- £99,999	-	-
£100,000-£109,999	-	-
£110,000-£119,999	1	1
£120,000-£129,999	-	1
£130,000-£139,999	1	-

The key management personnel of the Charity comprise the Trustees and Senior Leadership Team, as detailed on page 5 of the Trustees' report. The total employee benefits of the key management personnel of the Charity were £822K (2021- £751K).

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

6. Trustees

None of the Trustees (or any person connected with them) received any remuneration during the year in their capacity as Trustees.

10 Trustees (2021 - 0) were either reimbursed for or had expenses relating to travel and accommodation paid on their behalf by the Charity £13K, (2021 - £0K). 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:

	2022	2021
	Number	Number
Fundraising	2	2
Fostering	99	100
Campaigning, policy, and research	1	1
Support	89	81
	191	184

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.

	2022	2021
	£'000	£'000
Contributions payable by the company for the year	246	226

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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	Fixtures, fittings, and equipment £'000	Total £'000
Cost:				
As at 1 April 2021	461	342	11	814
As at 31 March 2022	461	342	11	814
Depreciation:				
As at 1 April 2021	161	117	11	289
On disposals	-	-	-	-
Charge for year	9	5	-	14
As at 31 March 2022	170	122	11	303
Net book value				
As at 31 March 2022	291	220	-	511
As at 31 March 2021	300	225	-	525

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 2022

11. Debtors

	2022	2021
	£'000	£'000
Trade debtors	3,003	2,677
Other debtors	95	124
Prepayments and accrued income	238	180
	<hr/>	<hr/>
	3,336	2,981
	<hr/>	<hr/>

12. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	381	147
Taxation and social security costs	182	153
Other creditors	245	160
Accruals and deferred income	2,796	2,749
Termination costs	132	429
	<hr/>	<hr/>
	3,736	3,638
	<hr/>	<hr/>

13. Deferred income

	2022	2021
	£'000	£'000
Brought forward	171	90
Released in the year	(222)	(67)
Recognised in year	236	149
Carried forward	<hr/>	<hr/>
	185	172
	<hr/>	<hr/>

Deferred income represents funds received in 2021-22 for delivery of services in 2022-23.

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

14. Movements in funds (current year)

	Balance as at 1 April 2021 £'000	Transfers between Funds £000's	Income and gains £'000	Expenditure and losses £'000	Balance as at 31 March 2022 £'000
Restricted income funds					
Donations for children's activities	67	-	7	-	74
Children in Need grant	-	-	8	(8)	-
Confidence in Care grant	-	-	4	(4)	-
Skills to Care	-	-	9	(9)	-
Big Lottery Fund	-	-	73	(73)	-
Lord Laming	-	-	4	(4)	-
Covid Grant	-	-	18	(18)	-
Murgatroyd Foundation	-	-	13	(13)	-
Total restricted income funds	67	-	136	(129)	74
Unrestricted funds					
- General funds	3,574	-	25,303	(24,108)	4,769
- Designated funds					
o Capital Fund	1,200	-	-	-	1,200
o Adoption Fund	28	-	-	-	28
Total unrestricted funds	4,802	-	25,303	(24,108)	5,997
Total funds	4,869	-	25,439	(24,237)	6,071
Movement in funds (prior 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
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	-	25,475	(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

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

Children in Need grant – this supports the appointment of a play therapist within our South London Team.

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.

Skills to care fund provides funding for training staff on specialist equipment.

Big Lottery Fund is provided to support our TACT Connect offering for care leavers.

Covid grant was from the Government to support the furloughing of a small number of staff during Covid.

The Murgatroyd Foundation provided funding for an advisory Teacher for Scotland

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.

15. Analysis of net assets between funds

Fund balances at 31 March 2022 are represented by:

	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total Funds 2022 £'000
Tangible fixed assets	511		511
Current assets	9,222	74	9,296
Creditors of less than one year	(3,736)	-	(3,736)
	5,997	74	6,071

THE ADOLESCENT AND CHILDREN'S TRUST

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

Fund balances at 31 March 2021 were 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)
	4,802	67	4,869

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Expiry date:				
Within one year	14	102	14	73
Between two and five years	-	15	-	20
	14	117	14	93

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

	2022 £'000	2021 £'000
Land and buildings	66	344
Equipment	33	76
	99	420

17. Reconciliation of cashflows from operating activities

	2022 £'000	2021 £'000
Net (expenditure) / income for the reporting period	1,202	1,687
Depreciation charges	14	15
Loss / (profit) on sale of fixed assets	-	(4)
(Increase) / decrease in debtors	(355)	1,344
Increase / (decrease) in creditors	98	-39
Net cash provided by / (used in) operating activities	959	3,003