

**ANNUAL REPORT**

**2017**

**2018**

**HOW**


**ACTION FOR CHILDREN**

**WORKS**



**From before they  
are born until they  
are into their  
twenties, we help  
disadvantaged  
children across  
the UK.**

**We succeed by  
doing what's right,  
doing what's  
needed, and  
doing what works  
for children.**



Navigate this document using the menu above,  
the contents below, scroll or use the ◀ ▶ buttons.

# Contents

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**Trustees' report  
(incorporating strategic report)**

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**Strategic report**

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**Financial statements**





## By making changes - by driving forward

**I want to begin by saying an enormous thank you to Tony Hawkhead for his stewardship over the past four years. He has made an immense contribution to our organisation. Thanks, too, to Carol Iddon, who will be acting CEO until the arrival of Julie Bentley later in 2018.**

Tony knows – as do I – the climate we have been operating in over the past year has been tough. Despite that, we have directly helped 301,000 children, young people and families in 2017/18. Austerity continues to bite as we have seen with the closure of 128 children's centres across England in the past year and, with less money available to local authorities, we are having to compete very hard for the funding that comes our way. The reality is – and I see this in the projects I have visited – that the need for the services we provide is not going away. In fact, it is increasing.

With less local authority funding available, we are undertaking new ventures – looking at different revenue streams, and different ways of engaging partners and supporters – so we can continue to provide the services that we know to be essential in helping the children, young people and families we work with. One example of this is the expansion of our nursery chain, Spring, this year – which will allow us to generate funds that we can put towards other children's services.

I am also encouraged by the progress of our five-year strategy. It is clear to me just how committed

our staff are: from frontline teams to back office and fundraising staff, they are dedicated to making a positive difference to the lives of disadvantaged children, and are always looking at new and innovative ways to do more with less.

Fundraising – as part of that strategy – is essential, as we need to raise funds that enable us to offer services not covered by local authorities. We know that – when we speak about our work in supporting some of the UK's most vulnerable children – people want to support us. So our task, as an organisation, is to raise our profile and identify more of those supporters, so they can help us to reach more of the children who need us. This is one of our biggest challenges.

We are always considering our governance at Action For Children, to ensure we are fit for purpose. In this respect, we are fortunate in having a Board of Trustees which is highly experienced, committed to our cause, and very clear on where its responsibilities lie.

As a country we are putting less money into children's services and early intervention. This simply isn't good enough. Research shows that stepping in early, before things spiral out of control for a child or young person, can prevent potentially lifelong negative effects – helping both the individual, and society as a whole. As a charity we aim to continue stepping in early and doing what is right for children – and evidencing and sharing our work to convince others to join us.

We can be proud of our work this year, and the innovation and new services we are providing, but we need to keep improving and transforming – to reach every child out there who needs us.

**John O'Brien**  
Chair



# By keeping the focus on children



What struck me most during my time at Action For Children, was just how committed everyone was – from our children’s services practitioners to our trustees – to our mission of making sure any child who needs help, gets help.

**The key driver during my time as Chief Executive of Action For Children, was a resolute focus on changing children’s lives for the better, wherever they may be in the UK – and it was a privilege to work with so many dedicated partners and colleagues over the last four years.**

I am very sad to say goodbye, but I look back with great fondness and pride at all that has been achieved.

I can’t begin to guess the number of miles I travelled, as I tried to visit all of our 552 services, across all four nations: everywhere from the Channel Islands to the Outer Hebrides, from the west coast of Northern Ireland to the east coast of England. What struck me most during that time, was just how committed everyone was – from our children’s services practitioners to our trustees – to our mission of making sure any child who needs help, gets help.

For our sector, change seems to have become the norm now, and the past few years have been ones of marked instability, uncertainty and even, at times, anxiety. Responding to that change can be uncomfortable, but it has been essential to transform how our charity does things and to diversify our offer so we

We need to continue to look for new income sources, consistent with our ambition to help children who need our support.

can continue to support as many of the most vulnerable families in society as possible, while building a secure foundation for our future. Action For Children is, however, an amazingly resilient charity, as are its people, and it has coped with change positively and courageously. This has included becoming familiar with our new brand, which allows us to tell our story better, so we can build up our supporter base over the coming years, to boost our income and our campaigning.

We also need to continually look for new income sources, consistent with our ambition for children. It was a bold step to acquire the nurseries from 4Children, but one that allowed us to create our own chain of Spring nurseries, and grow our commercial offering.

Alongside our commercial activities, Action For Children needs to invest in innovation, which is why I am delighted that that our Dragons' Den initiative continues to identify new ways of working, and has allowed both staff, and young people we support, to have their ideas brought to life.

Throughout my time here, I was particularly focused on forging meaningful partnerships – including those with corporate partners such as FirstGroup, Royal Mail, House of Fraser and Gap – which secure millions of pounds for our vital work. Creating meaningful partnerships also included working with key influencers and policy makers – ensuring that the needs of children are always kept high on the political agenda.

Overall, I had so many great experiences as Chief Executive; from welcoming our royal patron HRH The Duchess of Cambridge on her visits to see children, young people and families, to sleeping out at Byte Night over the years (including on my 60th birthday). The stories of children and young people – who

told me how much better their lives have been because of our work – only fuelled my passion to make a difference to the lives of even more children across the UK.

Action For Children has a wonderful workforce, and I will miss being part of that – that determination to do what's right, do what works, and do what's needed for children. That's why I focused on how we can best support colleagues – whether through the pay and grading project, better communications, or digital transformation.

I leave knowing that the charity is in very good hands – with Carol Iddon as Acting Chief Executive, supported by a top quality Executive Leadership Team, working with John O'Brien and the rest of the trustees. I'd like to thank John for the incredible support and encouragement he gave me over the years – never more so than when the going got tough. My permanent successor, Julie Bentley, will start in August. She is a fantastic choice and will, I know, lead Action For Children to even greater heights.

I will miss everything about Action For Children, but I will be keeping a close watch on progress over the coming months and years. I know that it will be rapid and will ensure that any child who needs help, gets help.

**Sir Tony Hawkhead**  
Chief Executive  
(to February 2018)



Lucy works at Action For Children with children whose chaotic home lives have led to them being insecure, anxious, and often feeling unloved.

"We live in a modern country where we think everything is fine. But there is poverty in the UK. There is neglect. There is abuse. All these things are happening in your street or your town. Services like Family Partners are important because we get in there at the right time and work with families to make things better and give children the best chances in life."





# Progress against our 2017/18 objectives

**Millions of children and young people across the UK are growing up without the support they need and local authority income is in serious decline.**

We need to find new ways of working, do more with less and do whatever it takes to support children and young people.

Our approach in facing these challenges is directed by our 2017/22 strategy. Rooted in what children tell us they need, it begins with our mission to make them safer and happier. To do that we need to build our capabilities in ways that maximise the reach and effectiveness of our work, empower our people and we need to collaborate with other organisations. These three strategic aims focus our efforts every day to effect positive change for children and young people.

## Make children safer and happier Always remember it's all about the children

### Aims

### Progress against objectives

### To have the greatest impact that we can

#### Improve reach and impact

In 2017/18 we worked directly with 301,000 children, young people and families, and also started to test new digital services, to see how effective they are in meeting the needs of children and young people.

While we have introduced new services this year, the 19% drop (from 370,000 in 2016/17 to 301,000) is due to local authority and early intervention funding reductions. This has resulted in reduced services in England, Wales and Northern Ireland including, significantly, reduced services or closures at 128 children's centres. Our 'Turning the Tide' report lays out clearly how early intervention support – such as that provided by children's centres – is essential in reducing pressure on crisis services, which are far more costly. We will continue to develop our services in ways which ensure we reach as many children as possible with the greatest positive impact – see pages 12-21 – for more about how we supported children this year.

The effectiveness of our work is supported by our unique e-Aspire system which measures how we change lives for the better. It contains impact information on 86% of the children and young people we have supported through targeted work since 2015. Our services use it on a daily basis to learn about what makes the biggest positive impact.

Last year we were an inaugural winner of the PwC award for Building Public Trust in Corporate Reporting for our 2015/16 Annual Report, where the measuring methods and the transparency of e-Aspire data presentation was particularly commended.



## Make children safer and happier (cont.)

Always remember it's all about the children

### Progress against objectives

#### Build support to fund our work and influence change for children

Last year, we welcomed hundreds of new staff, with our takeover of 4Children nurseries, which we are developing as a commercial enterprise. This year we rebranded the nurseries to be called Spring and became one of the top 10 nursery providers in the UK. Our move into commercial nurseries will generate income, and help to maintain our community presence in the face of children's centre closures.

As laid out in our new strategy, we need to develop a clear and compelling voice, to generate greater public awareness of Action For Children and the work we do. The more people know about our work, the more support we will gain, and the more children we can reach.

This work has already begun – with significant partnerships developed with organisations such as the Royal Mail, who fund and support our Blues Programme in schools (see page 17); FirstGroup, who are helping us develop our mental health campaign; and CBRE, who are supporting our work with young people entering or leaving care.

Building on our brand launch in 2016/17, this year we started to test DRTV fundraising, and also delivered a number of successful events and activities, including our Byte Night sleepout – which celebrated its 20th year – and The Ultimate News Quiz.

In November, we were involved in ITV's '1 Million Minutes' campaign, as part of our Jo Cox Loneliness Commission work – inspiring people to volunteer their time to help children. Raising public awareness not only supports our fundraising – it also extends the reach of our campaigning on behalf of children. See page 21 for more information about our policy and influencing work this year.

Our investment in fundraising and communication will continue as an essential part of our work to engage more people with our cause and raise much needed income.

## Empowering our people

Being innovative, enabling, flexible and creative

### Aims

#### To recruit, support, develop and retain fantastic staff and volunteers

### Progress against objectives

#### Improve our ability to innovate

The more we innovate the more children we can help. We have made good progress against our objectives, introducing best practice methods to maximise the impact and minimise the cost of new development.

Two digital projects in 2017 benefited from these new approaches, and are already in their pilot phase: 'Talk' is a new digital service where parents of young children can access specialist practitioners online, and 'Dots' is a new parenting advice and signposting portal.

Our Dragons' Den concept also continues to engage staff throughout the organisation with 22 ideas progressing this year. Some address unmet needs, such as the 'Sport for all' project, supporting disabled children and their families to become healthier through different activities. Others creatively address funding gaps, such as the 'By Your Side' project, which recruits volunteers to support children on Special Guardianship Orders.

## Empowering our people (cont.)

Being innovative, enabling, flexible and creative

### Progress against objectives

#### Mobilise and engage our people

Our people remain our most important resource and we have continued to transform the way we organise, support and empower staff and volunteers to become more effective in their work to help children.

To help us attract and retain great talented staff – and working closely with our joint trade unions, Unite and Unison – we started to roll out a new pay and grading structure. We have also started to develop a new rewards and recognition package – to be launched next year. We have consulted widely with staff and other charities to ensure we implement a competitive package that staff will find of great benefit. Our annual staff survey and 36 roadshows, which happen each year across the four nations, always provide important opportunities for feedback and help everyone to understand our joint ambition and their part in delivering it.

This year we also started to implement our new volunteering strategy – refreshing our National Volunteer Database, providing new digital learning tools to volunteers and establishing a new volunteer co-ordinator network.

#### Improve systems and processes

Our staff have continued to change their working practices to become more efficient, using Office 365 including SharePoint and Skype. These enable more effective working and empower people to collaborate no matter where they work. New work station self-assessment tools help staff ensure they are working healthily wherever they are based.

Following our successful four nations transformation last year, our IT and Business systems departments were merged and streamlined to become our Technology Department. Our Digital Children's Case File Project was also completed, transforming how we maintain our records (in keeping with new data regulations and IT security policies). We also started to roll out our new HR service desk system, Remedyforce, which has enabled us to significantly reduce costs, and we introduced a new digital incident, accident and premises system that will enhance our reporting abilities and provide greater oversight.

## Collaborative working

Working in partnership, not isolation, and focusing on the future.

### Aims

**To maximise our impact by partnering with others**

### Progress against objectives

#### Forming partnerships and collaborating with like-minded organisations helps us extend our reach, impact and campaign for change.

We will continue to build new relationships and strengthen existing ones to help us raise funds, campaign for change and deliver the best services we can for the children we help.

We collaborate in our sector and lead significant industry bodies, including the Early Years Foundation Stage for the Department of Education and the Children's Homes Quality Standards Partnership. We have established important new funding partnerships, with those who share our objectives and continue to work and campaign with organisations who put children's needs at the front of their agenda. See page 21 for details of some of this year's campaign partnerships.



## **73% of disabled children and young people**

improve their communication skills with our targeted support.<sup>1</sup>





Ensuring the safety of children in our care, across all of our services and activities, is at the very heart of all we do.

## By putting children's safety first

**Each year we undertake an Annual Safeguarding Review, and this year it highlighted the diligence and incredible hard work of our staff in making children safer from abuse and neglect.**

Our review also highlighted that our services continue to encounter higher and higher levels of need, especially in respect of children's mental health. This pattern has emerged in light of dwindling public sector budgets, including funds that would previously have been available to support vulnerable children and their families.

This year we also took note of the concerns affecting international aid charities, with regard to safeguarding children. In light of these, we further reviewed our own practices, to ensure that staff, volunteers and carers working with children are safe to do so and that we respond quickly and appropriately to any concerns or allegations. Although our standards of practice are good, we know that we must remain vigilant to the risk of unsuitable people seeking to gain access to children.

Overall, our safeguarding work continues to be overseen by a Safeguarding Group, chaired by our Chief Executive, and by our Board of Trustees, with the group receiving a quarterly summary of safeguarding issues at each of its meetings.



## By laying strong foundations

**The first five years of a child's life are crucial in determining their future, in terms of influencing their learning, development (both physical and emotional), and social mobility.**

This is why a key focus of Action For Children's work is supporting parents of babies and toddlers, to lay the foundations for children to grow up strong, resilient and with hope for their future.

We do this by offering a range of services in communities across the UK; from antenatal services, to support for families who may be struggling with parenting, to targeted programmes tackling neglect and abuse.

We are also the largest provider of children's centres in England, and – despite operating within a difficult financial climate, which has resulted in children's centres closing, or reducing their services, – we remain committed to providing help to children and families, and continue to develop evidence that both supports investment and influences policy improvement.

### Spring

Maintaining a community presence for families was a key driver in our acquisition of 4Children's nurseries in 2016, which have been rebranded this year as Spring.

We are now one of the top 10 providers of nurseries in the UK, with 43 nationwide – over 90% are rated Good or Outstanding by Ofsted, the CSSIW, and the Care Inspectorate.

Spring nurseries provide a welcoming space where parents can get advice and support from experienced staff, and where children can learn and play. What sets them apart is the expertise Action For Children bring as the national lead for the Early Years Foundation Stage for the Department of Education.

Importantly, our nurseries will also allow us to direct surpluses back into helping children who need support.

**Millie was struggling to cope with financial difficulties, a landlord who had left her house in a state of disrepair, and depression. Fearing for the safety of her children – aged 3, 4, 9 and 11 – she turned to us...**

“Without the support from Action For Children I don't know where I would be. I don't even like to think about it. Me and my children could have been homeless. But thanks to my support worker – she has saved us. Action For Children has helped me and my children in so many ways. I am so grateful.”



**82% of  
children**

achieve key  
milestones such  
as readiness for  
school and speech  
and language  
development with our  
targeted support.<sup>2</sup>

**74% of  
children**

experience a better  
family life as a result  
of our targeted  
work to establish  
structures and  
routines, including  
meal and bed times  
and going to school.<sup>2</sup>

### **RAF Station nurseries**

Action For Children is now the nursery provider of choice for the Royal Air Force, across the UK – providing childcare provision via Airplay and Ben Clubs. Our nurseries for families and children in the forces also offer antenatal classes, baby massage, and advice on weaning, cooking, creative play – as well as family support.

### **Eat Better, Start Better**

Following the closure of the Children's Food Trust last year, Action For Children now leads the Eat Better, Start Better programme and the Voluntary Food and Drink Guidelines for Early Years Settings in England – both of which are designed to improve children's nutrition in their early years. Aimed at practitioners across the UK – covering those working in all children's centres, nurseries, playgroups, or as childminders – these practical resources relating to eating better are now available from our website. They are also available from the Foundation Years website which we manage on behalf of the Department of Education.



# By having a safe and loving home



**Living in a safe and loving home is essential for children to grow up healthy and happy, and to enable them to make the most of opportunities. That is why a central part of Action For Children's work is providing care, security and stability – supporting families to stay together, or helping children who are unable to live with their birth family.**

In practice, we do this through intensive family support, or matching children with appropriate foster carers or adoptive families, and by running a range of specialist residential homes.

With 94,000 children already in care in the UK – and with this figure set to rise – Action For Children is determined to remain at

the forefront of providing homes, positive relationships and care, to help vulnerable children coping with difficult experiences or disruption of birth family relationships.

## **Intensive family support**

We provide support to families where there are complex issues around substance misuse, neglect, mental health, or simply a breakdown in relationships. We also continue to provide specialist evidence-based therapies – Multi-Systemic and Functional Family Therapy – to support families with young people who are at immediate risk of going into care or custody.

## **Fostering and adoption**

Action For Children provides both adoption services and a range of foster homes across the UK. We have developed particular expertise in supporting teenagers for whom local authorities find it difficult to locate a home due to concerns about mental health, self-esteem, challenging authority and school exclusion.

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### **Brenda runs an Action For Children residential home.**

“We work with children who’ve experienced a lot of trauma. Many of our young people come from homes where there are mental health, drug and alcohol issues. It may be that there’s been an adoption breakdown. We’ve had young carers too. We give our young people a safe base that they can call home. ‘Stickability’ is the word I like to use in my job. It means we’re there for our young people through thick and thin.”



## 73% of children and young people

are happier, safer and more secure in appropriate housing.<sup>3</sup>

## 77% of children and young people

have more supportive networks with our help.<sup>3</sup>

### Fostering and adoption (cont.)

These young people are particularly at risk of sexual and other forms of exploitation and need support.

We have also developed a partnership with Middlesex University to accredit our foster carer training – essential to providing the best possible care for children. In addition to this, we have expanded the use of our ‘Q Pack model’, which assesses the quality of children’s attachments, so that we can focus on the most influential aspect of our support for the children in our care.

### Residential homes

We provide children’s homes in Scotland and Wales for young people unable to settle in a family, and have plans to establish similar homes in England. We maintain a high level of skill in working with young people with specific needs, by continually evaluating and supporting our staff with our relationship-based evaluation tool, called Residential Outcomes Now.

We also provide a number of specialist housing services for young people entering adulthood who have a background of unsuccessful care placements or have been in custody or homeless. Our staff regularly help young people to overcome issues such as self-harm, depression and anxiety, unemployment, and lack of education.

Residential care, in-home support and short breaks are also available for disabled children and their families. Short-break services give families a much-needed break from their 24-hour caring, and enable disabled children to remain with their families most of the time. It also provides children and young people with an opportunity to have fun, make friends, gain independence, learn and develop.



# By making young minds strong

**Growing up is challenging and young people are facing increased pressure at home and in school. However, many of the children we support are dealing with additional challenges such as not living with their birth family, caring for siblings or parents, living in chaotic home environments, or living with domestic violence, neglect or abuse.**

All children and young people deserve the chance to fulfil their potential and all too often mental health issues are preventing this.

850,000 children across the UK have a diagnosable mental health issue and 3 in 10 of the children we work with are not having their mental health needs met. This rises to at least 5 in 10 for those aged 14 – 16.

This is why – with 75% of adult mental health issues starting before someone is 18 – building good mental health has been an important part of our work for many years. We provide intensive one-to-one support and counselling, as well as group work and practical confidence-building activities. We tailor our support, to help each young person face their individual challenges.

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**Brad was eleven-years-old when he went into foster care, and didn't get on with his new family. His social worker didn't seem to listen to his concerns, and Brad stopped communicating altogether. He worked with one of our young people's advocates and found his voice again. His story appeared in our *It Starts with Hello* report into loneliness in children and families.**

"I spent a lot of time on my own. I had friends but I didn't want to talk to them about the stuff that was happening in my life. I tried telling my social worker why I wasn't happy, but she didn't listen. There didn't seem much point in speaking to anyone, so I just stopped talking.

I'm not sure what would have happened next really if Action for Children hadn't got involved. They listened, they didn't ignore my feelings. This really helped – I didn't feel alone. I wasn't afraid anymore."





**80% of  
students**

who completed  
our Blues Programme  
improved their  
mental health.<sup>4</sup>

**74% of  
children  
and young  
people,**

supported by  
all our targeted  
services, build  
positive, supportive  
friendships.<sup>5</sup>

We have also developed some specific programmes, with the help of key strategic partners, to further support children and young people – helping them to build good mental health, and have a chance to thrive.

### **Blues Programme**

We are rolling out the Blues Programme, funded by our partnership with the Royal Mail, across the UK – starting with schools in Worcestershire, High Wycombe, Cardiff, North Wales, Derry and Downpatrick.

The programme, for groups of 15-18 year olds, is a 6-week Depression Prevention plan and is delivered by trained Action For Children staff

It seeks to actively engage students who have depressive symptoms, or those at risk of the onset of major depression.

Research on the Blues Programme has shown reduced levels of depression and depressive symptoms, and lower rates of major depression at the 6 month follow-up. Overall, 80% of students who completed our Programme improved their mental health.

### **Building skills to support children's mental health**

Another of our key partners – House of Fraser Foundation – has enabled us to support more young people, by funding a scheme to provide three mental health workers, based in Wigan, Glasgow, and Enniskillen.

These specialist workers directly support children and families, but also enhance the skills of existing Action For Children staff. They trained 350 staff this year – enabling them to better support young people with mental health needs.

Growing up, both of Jack's parents struggled with alcohol and substance addictions, so his focus became their wellbeing rather than his own. Only after his mum's death did he get support and start thinking about his future...

"Action For Children worked with me – it got to the point where they asked: What are your goals? What do you want to achieve? Where do you want to be in 10 years' time? When I said 'coaching football', they said, right – to get to there, what do you need to do? Just setting goals worked wonders. I'm looking forward to the future now. A couple of years ago I was always in the present or the past."





We do what's right,  
do what's needed,  
and do what works.  
How do we know?

## By measuring what works – by learning lessons

**Our work has a lasting effect on disadvantaged children, their families, and our society. We always demonstrate what we do, and show how it works. We know that the problems children face can be solved, and that patterns of disadvantage, neglect and emotional distress can be overcome when we intervene.**

Across 2017/18, we reached 301,000 children, young people and families – providing targeted support to many of them, to address their specific needs. By measuring what changes as a result of the help we provide, we learn what works, where we need to improve, and how we can make a tangible difference to the lives of children and families.

Our unique system – e-Aspire – supports this by measuring our impact on the lives of children and young people referred to us for targeted support. In this report, to illustrate some of our impact this year, we specifically use data from 26,741 children we provided targeted support to in 2017/18.

As e-Aspire now securely holds more than 50,000 cases (from data collected since 2015), it helps us enhance our effectiveness across the broad range of services we provide for children. It also extends the reach of our work, as we share our knowledge with organisations who, like us, want to ensure that any child who needs help gets help.



# By giving children a voice



Through our policy and influencing work, Action For Children helps to improve the lives of disadvantaged children and young people across the UK, beyond those who directly benefit from our services.

**We build the evidence base to help policymakers understand the causes and impacts of the problems children face, and the solutions to those problems. We influence decision-makers so that they prioritise policies that help disadvantaged children - making a difference to their lives and delivering lasting impact for children in the future.**

Here are some of the issues we highlighted and the changes we made for children and young people in 2017/18:

## **Highlighting vulnerable children stuck in a 'revolving door' of referrals.**

As part of our work on keeping children in safe and loving homes, we published our *Revolving Door* report in 2017, securing significant media coverage. We estimated that there are 140,000 children who have needs that are too great for schools, health or other universal services to meet on their own, but are not eligible for support from statutory social care services.

Many are stuck in a 'revolving door' of children's services; repeatedly referred and assessed, but not receiving help.



Protecting early intervention services in the face of budget cuts should be a priority for the government.

We called on the government to take urgent action, by strengthening the framework for early help provision and addressing the funding crisis for children's social care.

## Tackling the underfunding of early intervention services

We continued to build on our strong and effective partnerships with organisations across the sector. Our *Turning the Tide* report, produced jointly with The Children's Society and the National Children's Bureau, revealed how early intervention services for children – essential for reducing pressure on crisis services in the long term – are being severely underfunded.

Since 2010, funding for early intervention services has fallen by £1.7bn. This has been driven by central government funding cuts, forcing local authorities to prioritise crisis services – spending for which is rising – at the expense of early intervention services.

Protecting early intervention services in the face of budget cuts should be a priority for the government, with evaluations of children's centres showing that for every £1 invested, there is a return, to society, of £4.60.<sup>6</sup>

## Addressing the impact of young parenthood

The needs of young parents aged 20-25 are often overlooked, but we know that getting it right for them helps provide their children with the best start in life. In making the case for greater support for young parents, our *Next Chapter* report revealed they often face significant challenges such as interrupted or curtailed education, unemployment and financial difficulties, relationship problems, poor general wellbeing and mental health problems (which they are less likely to report), and fear of stigma when accessing support services.

## Campaigning to support lonely children, young people and parents – as a Jo Cox Commission Partner

The impact of loneliness is often viewed through the prism of old age. As a lead partner of the Commission, Action For Children worked hard to ensure that the impact of loneliness on children, young people and their families is not overlooked.

We were pleased to contribute by running over 60 Chat and Play sessions in 50 of our children's services, developing tools to support parents and professionals working with children, producing our *It Starts with Hello* report and working with various media outlets to get people talking about loneliness and its consequences.

We helped to ensure the Commission's final report had a focus on young people by powerfully voicing the devastating impact of loneliness on young people as they move into adulthood.

We were delighted when the Prime Minister announced the appointment of a new Minister for Loneliness and committed to take forward the recommendations from the final report.



**73% of children**

have warmer and more  
supportive relationships  
with their parents or carers.<sup>2</sup>



# 2018/19 strategic objectives

Our 2017/22 strategy  
will continue to drive  
our objectives.

In 2018/19 we will continue to support children who face disadvantage, neglect or emotional distress, with programmes which are proven to work. 2017/18 was a year of intensive change and, as we move into our 150th year, we will

continue our organisation transformation to support our ambition that any child who needs help gets help. Against what will be continuing financial challenges we will be directed by our 2017/22 strategy.

## 2017/22 Strategy

### Make children safer and happier

Always remember it's all about the children

#### Aims

#### To have the greatest impact that we can

#### 2018/19 objectives

#### Improve reach and impact

Our service development will be driven by the needs of children, young people and their families:

- To give those under five the best start in life
- To provide safe and loving homes by helping parents or stepping in to support children and young people who are unable to live with their birth families
- To support good mental health in children and young people building the resilience they need to be safer and happier.

#### Build support to fund our work and influence change for children

Our work depends on growing sustainable income. We will continue to develop our commercial activities and explore new ways to generate finance to support disadvantaged children. Our work also depends on growing public support and we will earn it by showing how everything we do makes a difference. We will take the Action For Children name into more households to raise our profile among key supporters, to encourage giving and volunteering. We will also develop new ways to get people involved.

We will continue to extend the reach of our work, beyond those we support directly, by campaigning for change and influencing government to place children further up the agenda in the Brexit-dominated political climate.

#### Improve systems and processes

We will retain an unrelenting focus on children while we drive change which reduces cost and empowers staff – helping them to work flexibly and collaboratively. We will continue to enhance our working practices, back office support and systems. This will include completing the rollout of Remedyforce, continuing to develop our use of Office 365 and replacing some of our current technology infrastructure to help us work in new and agile ways.

We will drive innovation throughout the organisation to unlock time, money and release creativity.

## 2017/22 Strategy (cont.)

### Empower our people

Being innovative, enabling, flexible and creative

#### Aims

**To recruit, support, develop and retain fantastic staff and volunteers**

#### 2018/19 objectives

##### **Mobilise and engage staff and volunteers**

We will build on the successful four nations, People function and Technology department redesign, making changes which empower our staff and gain efficiencies.

We will drive innovation throughout the organisation to unlock time, money and release creativity. It will help us to develop new services, provide new funding and find new ways to help more children and young people.

We will launch our new reward and recognition package for staff, providing an extended range of benefits and continue to work closely with our trade union partners, Unite and Unison.

### Collaborative working

Working in partnership, not isolation, and focusing on the future

#### Aims

**To maximise our impact by partnering with others**

#### 2018/19 objectives

##### **Build capacity through partnership and collaboration**

We will continue to build strategic partnerships and collaborate with like-minded organisations to fund our work and extend its reach and impact.



# Governance, structure and management

## Our charitable purpose

Our charitable purpose is set out in our Articles of Association (otherwise known as our charitable objects), with the main points below.

‘The promotion of the upbringing and care of children and young people in need, from all backgrounds, cultures and faiths, or none in particular by:

- Promoting their health
- Promoting better care, and safeguarding them
- Promoting their education and establishment in life
- Providing assistance to them, their families, and carers.’

We are satisfied that the services we deliver reflect our charitable purpose and the public benefit requirement, as defined in section 17 of the Charities Act 2011.

## The Board of Trustees

The Action For Children Board of Trustees formally meets six times each year and is responsible for overseeing performance and providing strategic direction. The Board currently comprises 13 Trustees, who bring considerable experience and expertise to their role. The Board regularly reviews its own, and the Chair’s, performance, and has standing Committees that report on specific issues. Each committee has agreed terms of reference and includes specialist Co-opted Members, as well as Trustees. The Board has delegated the day-to-day running of Action For Children to the Chief Executive and Executive Leadership Team, with individual responsibilities explained in our Scheme of Delegation.

## Our Trustees

Trustees and Committee Members are appointed based on their skills and experience. For each position, we aim to attract a broad range of candidates, and we invite children from our services to take part in their final selection.

Once appointed for a three-year term, Trustees and Committee Members undertake an induction programme to make sure they understand their roles under charity and company law.

Our close historic links with the Methodist Church are reflected in our constitution, which allows the Church to nominate a Trustee. We value the knowledge, expertise and passion that Methodist representation brings to the charity.

While Trustees typically concentrate on the overall running of the charity, they often visit services, meet staff and see what’s happening on the ground. This helps them keep in touch with the excellent work of our staff and volunteers, and see the impact it has on children and families.

All of our Trustees give their time voluntarily, and receive no rewards or benefits from Action For Children. They get involved for the best of reasons: they identify strongly with our charitable objectives and they want to make a difference. A full list of our current Trustees can be found on page 80.

Any expenses reclaimed by Trustees are set out in our financial statements.



## Committees

**Finance Committee:** oversees all financial issues and advises the Board on the most appropriate financial strategy.

**Audit and Risk Committee:** ensures that we meet our statutory accounting obligations and maintain an effective system of internal control and risk management.

**The Nation Committees:** oversee the delivery of our strategic objectives in Northern Ireland, Scotland, England and Wales, through the provision of high-quality children's services. The Nation Committees help us to create deep connections with the different areas in which we operate.

**Governance and Remuneration Committee:** oversees our internal governance and working arrangements.

## Executive Leadership Team

The Executive Leadership Team comprises the Chief Executive and Managing Directors, and is responsible for the day-to-day management of the charity.

The Team work closely with the Board of Trustees and support the development of strategy.

## Ethical framework

At Action For Children, we have a very clear framework for helping us to consider any ethical issues that might arise when receiving donations, working with suppliers or partners, investing in funds, or appointing trustees, staff and ambassadors.

In addition to fully complying with legal and sector standards, we will not work with any organisations:

- That compromise our values
- That conflict with principles and policies that undermine our services to children
- That undermine our commitment to safeguarding
- That undermine our commitment to diversity
- That operate in markets known to damage children and families
- That treat the environment in an unsustainable way
- Whose actions breach the UN Convention of the Rights of the Child.

Where organisations work in countries that do not subscribe to the UN Convention of the Rights of the Child, our work with them will require them to honour that code in all such work.

## The Charity signed up to a new Charity Code of Governance in September 2017.

### Modern Slavery Act

Action For Children has a zero-tolerance approach to modern slavery.

We are committed to:

- Acting ethically, and with integrity, in all our business dealings and relationships.
- Implementing and enforcing effective systems and controls, to ensure modern slavery is not taking place anywhere in our own business, or in any of our supply chains.
- Ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015.

We expect the same high standards from all of our contractors, suppliers, and other business partners, and we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude – whether adults or children – as part of the due diligence on our contracting process.

We expect our suppliers to hold their own suppliers to the same high standards.

In order to achieve this, Action For Children has:

- Complied with anti-slavery and anti-human-trafficking legislation, by implementing processes, alongside reporting and prevention mechanisms.
- Included template clauses addressing this issue, to avoid breaches of the Modern Slavery Act by our suppliers. This is clearly written into our procurement documentation with reference to the Modern Slavery Act in the Pre-Qualifying Questionnaire (PQQ).

- Implemented modern slavery within our Safeguarding Framework/organisational policies and have provided training materials to staff on modern slavery and human trafficking.

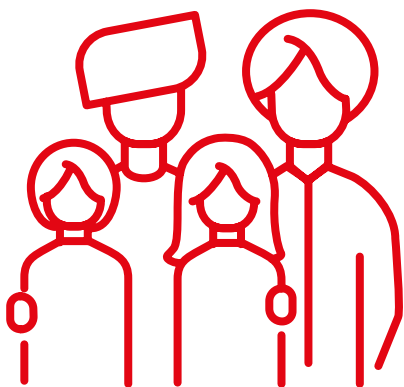
These processes will maintain our proactive approach to the prevention of slavery in the UK.

### Serious Incident Reporting

The Charity Commission has revised its guidance to charities and increased its reporting requirements; new measures have been put in place to take account of these changes. Action For Children has a duty to report to the Charity Commission any notifiable incidents and, in relation to issues arising in 2017/18, Action For Children has notified the Commission. This relates to the criticisms contained of some of its historic practice in failing to ensure protection from sexual abuse of all child migrants sent by the former National Children's Home (NCH) to Australia in the immediate post-war years. NCH is the predecessor of Action For Children. A number of other charities and other organisations were criticised for historic practices in failing to protect children in the same report.

### Charity Code of Governance

The Charity signed up to the new Charity Code of Governance in September 2017. This allows an objective assessment to be made of the organisation's governance arrangements and performance. This will be reviewed annually, and an action plan will be produced to address any areas where there needs to be improvement. The outcome of the charity's annual self-assessment against the standards within the Code will be reported in future Annual Reports.



## Equality, Diversity and Inclusion

Action For Children is committed to promoting equality, and valuing diversity and inclusion. These principles are upheld daily in our behaviours and practices – as an employer, as a service provider, and as a campaigning organisation.

Our five-year Equality Scheme is overseen by a National Inclusion Group, chaired by the UK Director (England North) and is comprised of Inclusion Leads from every department within Action For Children. The scheme aims to fully embed equality, diversity and inclusion into all of our processes, policies, practices, and behaviours – reflecting our absolute commitment to eliminating discrimination and promoting equal opportunities.

In practice, we do this by recruiting and retaining a diverse workforce that reflects the communities we serve, as well as ensuring our services are accessible to all children, young people and families who need them.

Overall, we strive to create a culture where people treat each other with mutual respect – regardless of age, disability, gender, marital or civil partnership status, pregnancy and maternity, gender reassignment, race, religion and belief, sexual orientation, or any other characteristic.

We are proud of our staff, who go ‘above and beyond’ in raising awareness of important inclusion topics, through various networks:

- Celebrate LGBT+
- Gender Empowerment Network
- Christian Faith Network
- Breakthrough (race and ethnicity)
- Inspire (disability, carers and illness)

We also support a group of Inclusion Champions across all of our services, and a Young Ambassador Network – young people who have used our services, and can talk about their experiences.

## Reward Strategy

As part of our Reward Strategy, we started to implement a new pay and grading structure in October 2017, with the support of our joint trade unions, Unison and Unite. The new structure helps us to manage staffing costs and is fair and transparent to all.

In addition to this, we will be reviewing, enhancing and implementing a range of reward and recognition methods in 2018/19. Our detailed reward and recognition project plan includes surveying staff for ideas and asking other not-for-profit organisations what they provide to staff.

In April 2018, we published our gender pay gap data and statement. Our median gender pay gap for 2017/18 is 9.7%, compared to the national average of 18.1%. We have made a commitment to halve this figure by 2022. Our 2018/2019 action plan is in place, with a range of initiatives to close the gender pay gap. This includes strategies to encourage more women to apply for roles usually occupied by men, and reviewing our job offer process.

We set pay policy and pay for executive and senior positions using pay data from not-for-profit sector salary surveys. Our aim is to review the pay for posts, using these surveys, every two years. We also ensure that our Chief Executive’s salary is no more than 10 times the average median full-time equivalent salary of our lowest graded job.



Volunteers can now access our new Digital Learning Lounge.

## Volunteers

2017/18 has been an exciting year for volunteering at Action For Children, as we continue to encourage people to join our work, so that any child who needs help, gets help.

We are passionate about continually improving our support and encouragement of volunteers – not just because of the invaluable work they do, but because we also know they will be some of our best advocates, raising further awareness of the work we do in helping children, young people and their families across the UK. The skills, expertise, time and commitment they bring, in supporting Action For Children staff to deliver our essential services, are even more important in times of enforced budget constraints and the high demand for public donations across the charity sector.

Our 2016/17 volunteer strategy identified improving our digital engagement with volunteers as a core objective, and significant progress has been achieved in this area. We have specifically focused on enhancing our ability to match volunteers to placements, our overall efficiency, and developing volunteers' skills. In addition to this, we have rebranded and refreshed our National Volunteer Database (Better Impact), completed a full review of our volunteering policy, and launched a new website for our volunteers, so they can easily find opportunities in their local area. Volunteers also now have access to our new Digital Learning Lounge, where they can find support for their own personal development in areas they are interested in which are relevant to their volunteering. And volunteers also now have free access to Health Assured – our confidential support service for those who may need legal, financial, or medical advice, or any counselling.

Another key objective of our volunteer strategy was to improve the consistency of the overall volunteering experience, nationwide, by establishing a volunteer coordinator network. This is now in place across the four nations, with a network of staff identified to support volunteers – all of them with access to the tools to help our volunteers to make the most of the valuable time they provide us.



## Fundraising

Action For Children raises funds so that we can have the greatest possible impact on the lives of some of the most disadvantaged children in the UK – making them safer and happier, and giving them the best chance in life.

Our supporters help us by volunteering their time, and raising funds through gifts and donations; regular giving, fundraising events, one-off campaigns, and legacies – enabling us to further our charitable objectives in providing practical and emotional support to vulnerable children and their families, through 552 services nationwide.

In addition to this, corporate partnerships, trusts and high net worth individuals enable us to fund unique, innovative, evidence-based programmes that make a real difference to children's lives, as well as offering their valuable time and expertise pro bono.

We also work in partnership with a wide range of individuals, companies and fellow charitable organisations, to extend the reach of our work, make those funds stretch that bit further, and maximise the difference we can make.

### **Raising standards. Respecting our supporters.**

Across the charity, we adhere to the highest standards of professional fundraising, and actively encourage and support our staff to study for the Institute of Fundraising's diploma and certificate. We also subscribe to the Fundraising Regulator to ensure that we are respectful, open, honest and accountable to the public in relation to how we raise funds, and how we use those funds to better the lives of children.

In addition to this, we take great care in monitoring the fundraising activity of those acting on our behalf. There is an emphasis on compliance in our agency training manuals and we have a policy whereby agency fundraisers must be approved by Action For Children. Agency fundraisers are also mystery-shopped a minimum of four times per month and door-to-door teams are shadowed every four weeks. Action For Children staff are always present during agency compliance sessions.

During the spring of 2018, we engaged internal auditors Moore Stephens to conduct an audit of our internal fundraising practices. We are awaiting the findings of this process and will act upon any recommendations swiftly.

### **Responding to changes. Sticking to the rules.**

We regularly give and seek guidance from our Trustees, both directly and through our newly formed Fundraising Portfolio Group. The publication of CC20 by the Charity Commission provides guidance to Trustees on their duty of oversight of fundraising practice. We participated in the consultation process prior to its publication and prepared briefing papers for our Trustees.

Another major change has been the arrival of GDPR and ensuring that our fundraising practices are compliant with this.

In March 2018, internal auditors Moore Stephens conducted a review of the effectiveness of our processes for gathering, storing and using supporters' data, and compliance with fundraising regulations and codes, as part of a wider, organisational GDPR health check. We are currently working through some of their recommendations around database governance and process within Raiser's Edge – our internally-hosted customer relationship management tool.



We are committed to using consent as a lawful basis for contacting individuals.

## **Fundraising (cont.)**

The Privacy Policy on our websites has also been updated to ensure GDPR compliance, and supporters are able to update how they wish to be contacted, what they want to hear about, and whether they would like their details to be changed or deleted.

Fundraising, Communications and Policy staff have undertaken training to ensure they understand their data protection responsibilities under the new regulations, and that they know how to collect, store and process supporters' data safely and appropriately.

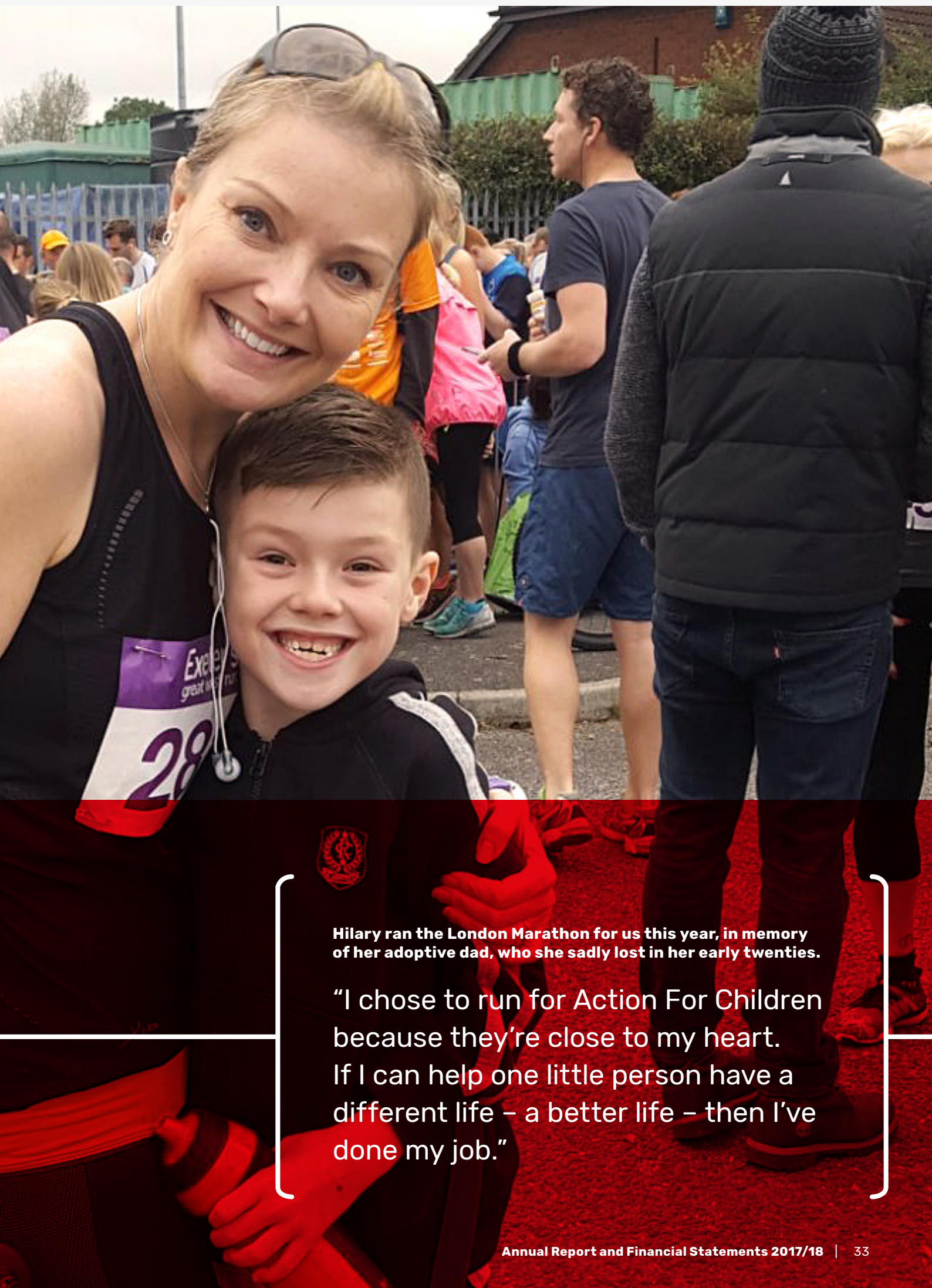
We are committed to using consent as a lawful basis for contacting individuals, including email opt-in, and supporters have been invited to update their preferences via a recent email campaign.

We also have a Vulnerable Person's Policy, which specifies minimum and maximum age ranges, so that we never recruit new donors who are either too young, too vulnerable, or too elderly to consent.

## **Handling complaints. Taking swift action.**

Action For Children takes complaints very seriously, and investigates them in line with our policies and procedures. We also complete an Annual Complaints Return for the Fundraising Regulator, across all activities; covering campaigns for one-off donations and regular gifts, legacy acquisition campaigns, outdoor social events, advertising (including event advertising), and partnerships with businesses and trusts and foundations with an income generation purpose.





**Hilary ran the London Marathon for us this year, in memory of her adoptive dad, who she sadly lost in her early twenties.**

“I chose to run for Action For Children because they’re close to my heart. If I can help one little person have a different life – a better life – then I’ve done my job.”





# Management of risk

## **The Board is committed to ensuring the long-term health of Action For Children, through an effective risk management framework.**

This is designed to identify and mitigate key risks that could affect our ability to deliver our strategic objectives and achieve our charitable aims.

By reducing the impact of uncertainty and allowing us to innovate and manage change effectively, our risk management framework directly contributes to the fulfilment of our purpose.

This is not something that only concerns senior managers. All employees, at every level, have a part to play, through utilising our internal control framework. This ensures that the management of risk is embedded in our day-to-day business activities and is supported by well-established processes and policies.

Of course, the nature of the risks we face continually change, so, last year, our Board and Executive Leadership Team developed a risk appetite matrix. This has enabled us to adopt a more open approach to risk in 2017/18, and this concept will continue to be developed and embedded over the coming year. The result will enable us to make the most of every opportunity, thrive in today's challenging charity environment, and – most importantly – ensure we can help more children to grow up safer and happier.

## **Accountability**

The Board of Trustees has overall responsibility for establishing an effective system of internal control, including the identification and management of risk. We manage and review our approach through our assurance framework, which includes oversight by the Audit and Risk Committee and Internal Audit. Their work is complemented by our Practice Improvement division, who ensure the safeguarding, performance and quality of our Children's Services.

In practice, we record risks in a risk register, before assessing them in terms of impact and likelihood, and recording any actions required to manage the risk. We divide risks into two categories:

### **Strategic risks**

These are overseen by the Board, with the Executive Leadership Team ensuring the risk is managed in a way that means it can never threaten the delivery of our strategic objectives.

### **Operational risks**

These concern our day-to-day activity and are managed by an appropriate expert in the relevant subject matter, so that we can operate effectively and compliantly.

The following table summarises the main risks we currently face, why they are significant, and how we are mitigating their threat.

## Principal risks and uncertainties

Risk	Impact on the charity	Mitigation strategy
We may not achieve budgeted income levels, have insufficient margin to cover our operating costs, and fail to deliver value for money.	<p>We will be less financially sustainable.</p> <p>We will have fewer resources to dedicate to our charitable purpose.</p> <p>There will be less money to innovate and invest in the future.</p>	Our 2017-22 Corporate Strategy, and supporting Business Plan, will help to address the principal risks. This will occur through a series of programmes to mitigate the pressures – including financial – in our operating environment.
We may be unable to fully deliver our mission.	<p>We will reduce our capacity to support children, young people and families.</p> <p>We will not be able to address key areas of need, and have significant impact, across our three growth areas for development, to give children:</p> <ul style="list-style-type: none"> <li>– The best start in life</li> <li>– A safe and loving home</li> <li>– Good mental health.</li> </ul>	<p>Our 2017/22 Corporate Strategy, and supporting Business Plan, assume a continuing reduction in local authority funding. New development areas and activities, such as early years nursery provision are targeted and investment is being made in fundraising to develop more income. There is also a continuing review of working more efficiently and reducing costs.</p> <p>Our reserves policy is constructed taking this key risk into account, so we maintain reserves to enable us to continue services while income and costs are rebalanced.</p> <p>We have established analytical tools to assess the reach, impact and outcomes of services – helping us recommend evidence-based interventions to deliver better results.</p>
Public trust in the charitable sector may continue to decline.	<p>We will not be able to raise the income we need to support our work with children and families.</p> <p>We can't make the best of the support we have.</p>	We have developed and implemented a suite of brand, communication and fundraising strategies that describe our values and purpose, helping to overcome trust issues amongst the public. These will continue to evolve further over the coming year.

## Principal risks and uncertainties (cont.)

Risk	Impact on the charity	Mitigation strategy
Reduced sense of shared culture and common purpose, with less sense of working towards a set of important goals.	We may not be able to achieve our objectives or undertake operations effectively. Our workforce might not be fully engaged with our overriding ambition that any child who needs help, gets help.	We are developing a people strategy to address reward, leadership, talent management, engagement and organisational effectiveness, with delivery in key areas already substantially underway. Strong relationships and joint working with trade unions. We are introducing more opportunities for consultation, through our Annual Staff Survey, Leadership Event, Strategic Roadshows and Employee Engagement Forums.
Our safeguarding protocols fail.	A child may be harmed. Action For Children could suffer significant reputational damage and lose public support.	We have strong and well-established safeguarding controls in place that are subject to regular internal and external oversight and scrutiny.
Pension liabilities may increase and deficit contributions may become unsustainable.	Less money available to invest in our charitable activities.	We have a long-term strategy to address the pension deficit and regular meetings are held with Pension Fund Trustees to assess the ongoing funding position of the pension scheme.





**Kausar lives with her husband and three young children: four-year-old Daniyal, who has autism, and two-year-old twins Isla and Kinza, who have a development delay.**

**“Getting out to those Action For Children sessions helped normalise things. We really benefited from that. We started attending a singing group, which became the highlight of our week. The Action For Children support workers feel like family.”**



# Our finances



## Financial review

We continue to manage the charity's finances to ensure we are best placed to support our work in helping the most vulnerable children and families across the UK. Achieving sound financial performance gives us the resilience to do more for those children and, despite hard economic conditions and reducing income, we have maintained a strong financial position.

We cannot change the economic climate, or large cuts in local authority spending, so our strategy looks to find different ways of funding our work – focussing on providing services that have the most impact on the lives of children. We are developing early years nursery provision, targeting services for disadvantaged children that are short of quality providers and investing in fundraising.

As income has reduced, we have successfully managed the cost of delivering and supporting our services. As highlighted in this Annual Report, we have continued to invest in our brand, to provide the environment where voluntary income can grow – supporting our charitable activities.

This journey is reflected in our results for the year to 31 March 2018, reported in the statement of financial activities (SOFA), summarised in the table on the following page.

The message we reported last year continues. The pressure on local authorities' funds is clearly seen in the number of local authorities ceasing to fund children's centres, with a consequent reduction in our income. We report this under 'Early years and family support' charitable activities. Year-on-year children's centre income is down £13.8m, or 38%, with a matched reduction in expenditure.

As a positive counter to this, during 2017/18 we have developed our early years education and family support services, particularly through our nursery activities – branding our nurseries under the trading name Spring, and

developing this valuable provision for children and their families.

We have also developed our exciting Swap and Shop initiative, with an eBay shop and pop-up shops and, altogether, our income from trading activities is up £7.7m. With our investment and development, this will provide a surplus to the charity in future years, allowing us to support more children.

Alongside the launch of Spring, and our trading activities, the amazing work of our supporters and volunteers helps to provide the donations, gifts and legacies to support our work. 2017/18 saw continued pressure on fundraising, with legacy income down £0.8m to £3.5m, and donations down 7% to £11.1m. The benefits of the ongoing investment in our brand and fundraising capabilities are vital in building greater awareness allowing us to increase fundraising income, particularly in respect of the legacies and individual donations mentioned.

As shown in the table below, although total income has reduced, net income for the year – before investment and pension valuation movements – was maintained at a positive £2.5m. To achieve this, we have successfully reduced our support costs and overheads. There is an ongoing challenge in respect of how we work – for example, increased use of Skype to reduce travel time and costs. We also continue to review and manage our properties, to reduce costs and maximise income, and further benefits are expected in the future.

Like many organisations that provide pension benefits to their staff, Action For Children has a historic pension deficit. The line in the SOFA for actuarial gain/(loss) on pension liability is stark, with huge annual fluctuations – showing just how volatile the actuarial measure is. These gains and losses do not provide or deprive the charity of cash. They reduce or increase the pension liability and, whilst the balance sheet total moves, there is no change to the general funds available to the charity. The section on pensions, below, covers this in more detail.

## Summary 2017/18 results

	2017/18 £m	2016/17 £m
Income from donations and legacies	14.6	16.2
Income from trading	14.6	6.9
Investment income + fixed asset disposals	2.3	1.2
Income from charitable activities	119.8	135.5
<b>Total income</b>	<b>151.3</b>	<b>159.8</b>
Expenditure on raising donations	(6.2)	(5.9)
Expenditure on trading	(15.4)	(6.8)
Expenditure on charitable activities	(126.9)	(143.8)
Pension finance charge	(0.3)	(0.3)
<b>Total expenditure</b>	<b>(148.8)</b>	<b>(156.8)</b>
<b>Net income for the year</b>	<b>2.5</b>	<b>3.0</b>
Gain on investment valuation *1	2.2	6.4
Actuarial gain/(loss) on pension liability	6.8	(10.0)
<b>Net movements in funds</b>	<b>11.5</b>	<b>(0.6)</b>

Notes \*1 In the SOFA included in net income

## Where our income came from in 2017/18

**79%**

**£119.8m**

Income from charitable activities

**10%**

**£14.6m**

Donations and legacies

**10%**

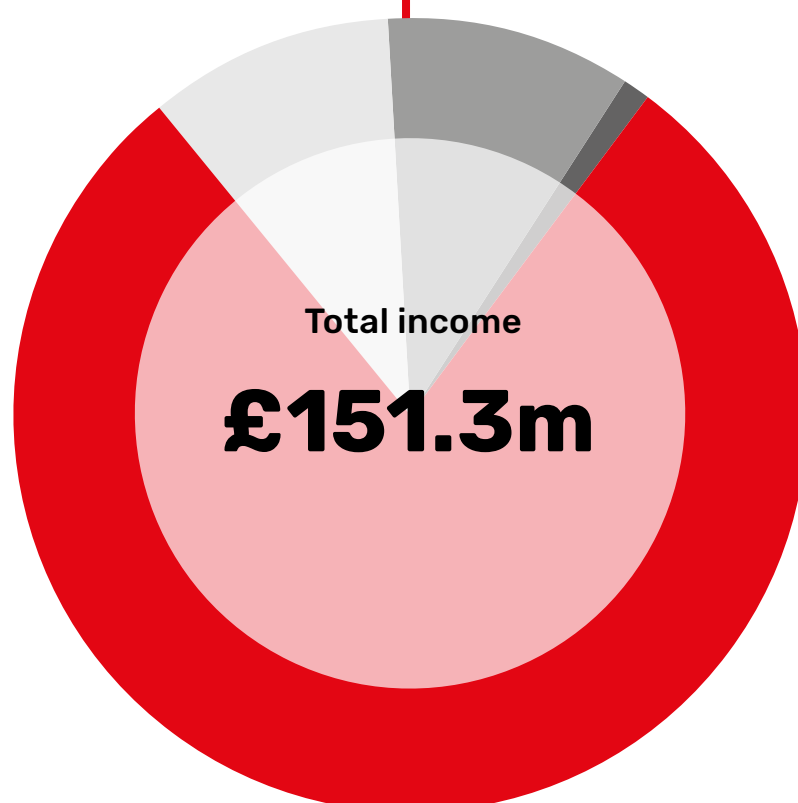
**£14.6m**

Trading activities

**1%**

**£2.3m**

Investment activities  
and fixed disposals



## Where we spend our money in 2017/18

**85%**

**£126.9m**

Activities to help children

**10%**

**£15.4m**

Trading

**4%**

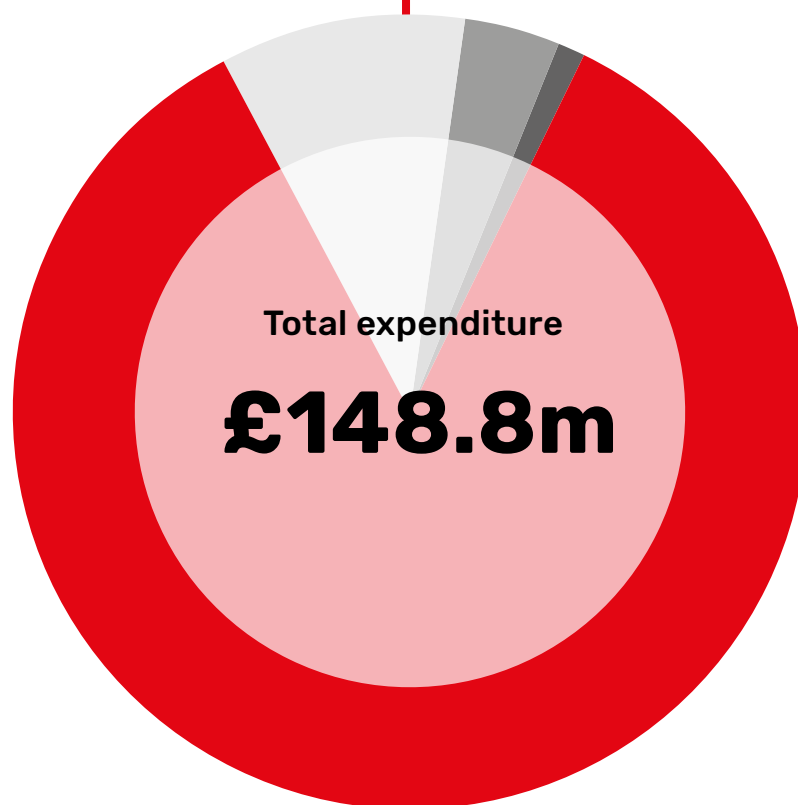
**£6.2m**

Fundraising

**<1%**

**£0.3m**

Pension finance charge



## Breakdown of activities to help children in 2017/18

**43%**

**£54.7m**

Early years and family support

**28%**

**£35.1m**

Disabled children

**18%**

**£23.2m**

Children in care

**10%**

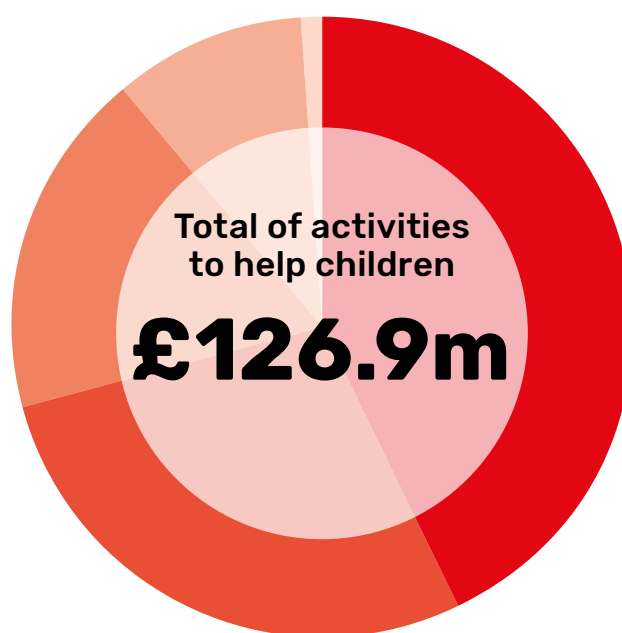
**£13.3m**

Young people

**1%**

**£0.6m**

Campaigning and public policy



## Group financial statements

In addition to the main charity, Action For Children, the group consolidated financial statements include two other charitable trusts that share common trustees and management, and three subsidiary companies.

The unincorporated trust, National Children's Home (charity number 215301), continues to hold permanent endowments, and receive legacies bequeathed to the old charity. This charity now only administers the permanent endowments of Action For Children and all income is given to Action For Children to spend in accordance with its objectives.

The Nicholas Galperin Trust (for charitable purposes: charity number 210618) operates for young people, under the age of 25, who are in need, hardship, or distress. During the year, grants of £100,000 were made to Action For Children to support our services.

Three wholly owned subsidiary companies, registered in England and Wales, support the work of the charity:

- Action For Children Services Limited (company number 2332388) is a subsidiary for the provision of welfare and educational services. The company faces the same challenges as the charity, as described in this Annual Report. New contracts with local authorities are primarily placed through this trading subsidiary, and turnover increased by 6% in 2017/18, to £37.0m. The company made a profit of £2.8m in the year, which will be paid to Action For Children under Gift Aid.
- Action For Children Trading Limited (company number 3776025) is a subsidiary for fundraising and trading activities. Turnover was up for the year, with the increase in events and sponsorship arrangements. The company made a profit of £0.1m, which will be paid to Action For Children under Gift Aid.
- Action For Children Developments Limited (company number 6842765) is a company limited by guarantee, which facilitates commercial trading, property transactions and other developments in support of the charity's objectives. The main activity of the company is running nurseries under the trading name Spring. The current year has seen investment in developing the brand and operation of the nurseries, and there was a deficit of £0.5m. Other activities include selling donated clothes, recycled stationery and a mobile coffee unit.

A further three wholly owned subsidiary companies were incorporated, to reflect the reach of Action For Children throughout the UK. In the immediate term it is not intended that they trade:

- Action For Children (Northern Ireland) Limited (company number NI638222), registered in Northern Ireland
- Action For Children (Scotland) Limited (company number SC526474), registered in Scotland
- Action For Children (Wales) Limited (company number 10011497), registered in England and Wales



## Charity funds

Trust and charity law requires that the funds of charities are presented in the following categories:

- Restricted funds represent legacies, donations, and other income that can only be used for particular purposes. Where these funds are held on trust, to be retained for the benefit of the charity as a capital fund, they are classified as endowment funds. These funds provide scholarships and income for general purposes. At 31 March 2018, the endowment funds were £9.8m and the specific-purpose funds were £4.0m.
- Unrestricted, designated funds comprise the capital fund and the charged asset fund, and, at 31 March 2018, totalled £37.3m. The capital fund represents the amount invested in tangible fixed assets used in the charity's operational work, net of financing. At 31 March 2018, this fund was £15.6m. The Action For Children Pension Fund has a charge of £40m at market value over charity assets. Where those assets are operational property, they are already covered by the capital fund. The charged asset fund represents the balance of the £40m charge for investment properties and securities, and, at 31 March 2018, was £21.7m.
- The revaluation reserve is the amount by which investment market values exceed their historic cost. This is required by company law and amounted to £9.8m at 31 March 2018.
- The general fund comprises the remainder of the unrestricted funds necessary to fund the operations and provide protection against risks to the charity. The use of the general funds, including the revaluation reserve, is determined by the reserves policy. The general fund amounted to £18.1m at 31 March 2018.
- The pension reserve represents the difference between the fair values of pension assets and liabilities. This amounted to a deficit of £0.1m at 31 March 2018.

## Reserves policy and forward financial forecast

As a charity, Action For Children has limited ability to seek external funding, other than through the sources set out in the accounts. The charity's reserves therefore reflect the capital necessary to safely and consistently carry on its activities through periods of uncertainty.

The Finance Committee reviews the reserves policy annually, and the level of general reserves, which are shown in the financial statements as the general fund and revaluation reserve. This review is approved by the Board of Trustees. A risk-appraisal approach –applying likelihoods to a range of future costs and potential liabilities and risks – is used to assess the amount of general reserves required in addition to the core requirement for working capital. This is linked to the latest business and financial plan. Risks include the loss of income from partner agencies and voluntary donations, and changes to pension costs. Reserves are also held to support the development of more services for children, young people and their families, and strategic investment.

The trustees aim to ensure that the general reserves are sufficient to avoid any fluctuations threatening the financial stability of Action For Children, and to allow operations to be sustained while income and expenditure are rebalanced. Having regard to the charity's strategic plans, and economic and market conditions, the trustees judge that reserves between £20m and £30m are required.

The trustees believe that the charity has sufficient reserves, based on current projections, to meet future requirements. During the last year, general reserves slightly increased with the timing of property sales and planned investment, and, at 31 March 2018, were £27.9m. The current business and financial plan sets out the income and expenditure forecasts that support Action For Children's vision and strategic objectives. As a result of these plans, reserves are projected to remain within the £20m to £30m range.

The Action For Children financial plan and reserves policy take into account the requirement to meet Pension Fund contribution costs. The accounting disclosure required for pension liabilities is included in the balance sheet, detailed in note 6 to the financial statements, and on the prescribed basis of calculation shows a liability of £0.1m. As noted on page 65, and later in this section, the actuarial deficit on an on-going basis is larger. However, as the Pension Fund valuation is based on a current estimate of long-term liabilities over the remaining lives of members and, as the planned cash flow for the next five years has been allowed for, no further adjustment to the reserves policy for pension costs is considered appropriate or necessary.

The trustees have considered the financial plans for the budget year of 2018/19, and the following year – covering a period of 12 months from the signing of these financial statements. The plans are built on a robust foundation of contract income and recognising the trend of reducing income, alongside a realistic net fundraising target, known new income, and continuing control of costs. Where there are any residual risks, there is the capacity to manage such exposures through flexing the cost base, as well as planning, monitoring, and managing cash flows accordingly. Although the general economic climate remains uncertain, the trustees believe that the charity is well placed to continue its operations appropriately.

We set out the charity's risk management approach, as well as the key risks faced, on page 34. Despite the volatility of economic and market conditions, the pension deficit is broadly in line with the recovery plan and the target funding level agreed with the Pension Fund trustees in 2009, and subsequent triennial valuations.

Taking all of the above into account, the trustees have a reasonable expectation that the charity has adequate resources to continue operating for the foreseeable future. Accordingly, they believe that the going concern basis remains the appropriate basis on which to prepare the financial statements.

## Investments

The larger part of the charity's investments are managed by the Central Finance Board of the Methodist Church (CFB). The CFB has a social, environmental and ethical investment policy that is consistent with the aims, objectives and ethical policy of the charity. The ethical work of the CFB is based on a robust approach, involving company meetings, networking, and research across a wide range of issues, such as the environment, climate change, and human rights. Its implementation involves the exclusion of companies deemed inappropriate as investments, such as those involved with alcohol, tobacco, pornography, and armaments, or those who use child labour. In turn, this implementation involves constructive engagement with companies whose input investment is felt likely to lead to positive change. The CFB also works closely with other church-based organisations, in order to maximise the influence that such bodies have over the companies they invest in.

The CFB is signed up to, and compliant with, the Financial Reporting Council's UK Stewardship Code, and sets out on its website how it applies the principles of the Code.

Investments are principally held by Action For Children to provide the reserves it needs to manage future developments, risks, and uncertainties. A key objective is to maintain an asset allocation model that matches the timing of potential liabilities within reserves to appropriate classes of investment assets. The investment policy and statement of investment principles is set in the light of this, and was reviewed and updated during the year. Investment decisions and performance are discussed and reviewed by a sub-group of the Finance Committee, which includes three expert members.

The CFB fund performance is measured against a benchmark relevant to the investments they manage. Performance for the year was positive, at 0.4% above the benchmark, with the main General Fund returning 2.0%. Performance is reviewed and discussed with the CFB by the charity's investment group on a regular basis. The investment group also looks at external benchmarking. The independent ARC indices have comparable returns of 1.4% for

'Steady Growth' and 1.0% for 'Balanced Asset'. Investment income was up £0.1m year-on-year, at £1.1m – reflecting rental from properties reclassified to investments from operational fixed assets.

## Pensions

Pension funds are valued in different ways for different purposes. A triennial valuation is carried out to establish an appropriate funding level, and uses prescribed financial assumptions that are different from the assumptions that must be used for including pensions in the financial statements of the sponsoring employer. These accounting disclosure requirements are governed by the Financial Reporting Standard, FRS 102.

We are currently working through the triennial valuation as at 31 March 2018 and the results are not yet known. Rolling forward the 2015 valuation to 31 March 2018 on the ongoing valuation basis, the deficit was £79m, a funding level of 89%. The FRS 102 position shown in these financial statements is a deficit of £0.1m, almost fully funded. The FRS valuation uses lower inflation and higher interest/discount rate assumptions than the triennial valuation, and both of these differences lead to a lower calculation of pension liabilities.

Neither figure is right or wrong, but this disparity is not helpful in measuring and understanding the liability of the Pension Fund to Action For Children. However, it is the ongoing valuation basis, with a deficit of £79m at 31 March 2018 that is used in agreeing contribution levels and the recovery plan. Although movements in the FRS 102 valuation show in the statement of financial activities, and feed through to the balance sheet total, they do not change the level of the general fund. It is the general fund that is directly linked to the reserves policy and which is important in assessing the charity's ability to manage its future operations, including payment of the deficit contributions.

Whilst the settlement of pension liabilities is a long-term process, with costs spread over many years, the funding level is volatile. Valuations are snapshots on one day and are sensitive to changes in financial market factors. The actuary provides a regular report on the funding position of the Pension Fund, and this is closely monitored by the Pension Fund and charity.

We have continued to make the agreed pension recovery payments in accordance with the 20-year recovery plan agreed between the charity and the Pension Fund trustee directors in 2009, and are encouraged that despite market volatilities we are in line with the agreed recovery plan funding position. Supporting this has been the continued implementation of the agreed investment strategy, which has resulted in a lower risk asset portfolio, but one which still retains a reasonable potential for growth.





## **70% of disabled children**

are more able to play and participate in activities with our help.<sup>1</sup>



# Statement of trustees' responsibilities

The Trustees (who are also directors of Action for Children for the purposes of company law) are responsible for preparing the Trustees' Annual Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and the regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles set out in the Charities SORP (FRS 102)
- Make judgments and accounting 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are

sufficient to show and explain the charitable company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the articles of association. The Trustees are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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 other jurisdictions.

The Trustees' Report (incorporating the Strategic Report) was approved and signed on behalf of the Trustees on 26 July 2018.

**John O'Brien**  
Chair

# Independent auditor's report

to the members and Trustees of Action For Children

## Opinion

We have audited the financial statements of Action For Children (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the consolidated statement of financial activities, charity statement of financial activities, balance sheet and consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and charitable parent company's affairs as at 31 March 2018 and of the group's and the charitable parent company's incoming resources and application of resources, including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011, and report in accordance with those Acts. 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 group and the charitable parent company, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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.

## Who we are reporting to?

This report is made solely to the charitable parent company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable parent company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable parent company and its members and trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

## Conclusions relating to going concern

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

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

## Other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the strategic report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

## Matters on which we are required to report by exception

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

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

## **Responsibilities of the trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement (on page 46), the trustees (who are also the directors of the charitable parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

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

### **Stephen Maslin**

Senior Statutory Auditor  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor,  
Chartered Accountants

London

27 July 2018

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



**Action  
For Children  
financial  
statements  
for the year  
ended  
31 March 2018**



# Consolidated statement of financial activities

(incorporating the income and expenditure account) for the year ended 31 March 2018

	Notes	Unrestricted funds	Restricted funds		Total funds 2018	Unrestricted funds	Restricted funds		Total funds 2017
			Specific purpose	Endowment			Specific purpose	Endowment	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments</b>	3								
<i>Income from donations and legacies</i>		11,624	2,979	-	14,603	12,432	3,768	-	16,200
<i>Income from trading activities</i>		14,587	-	-	14,587	6,923	-	-	6,923
<i>Investment income</i>		982	83	-	1,065	838	85	-	923
<i>Income from charitable activities</i>									
Children in care		22,353	-	-	22,353	22,596	-	-	22,596
Disability		33,697	-	-	33,697	34,061	-	-	34,061
Early years & family support		51,734	497	-	52,231	66,527	550	-	67,077
Young people		10,790	758	-	11,548	11,061	753	-	11,814
Campaigning & public policy		1	-	-	1	1	-	-	1
		118,575	1,255	-	119,830	134,246	1,303	-	135,549
<i>Other income</i>									
Net gain on disposal of fixed assets		1,256	-	-	1,256	235	-	-	235
<b>Total income and endowments</b>		<b>147,024</b>	<b>4,317</b>	<b>-</b>	<b>151,341</b>	<b>154,674</b>	<b>5,156</b>	<b>-</b>	<b>159,830</b>
<b>Expenditure</b>	4,5								
<i>Expenditure on raising funds</i>									
Donations and legacies		6,185	-	-	6,185	5,897	-	-	5,897
Trading		15,417	-	-	15,417	6,812	-	-	6,812
Investment management costs		44	-	-	44	40	-	-	40
		21,646	-	-	21,646	12,749	-	-	12,749
<i>Expenditure on charitable activities</i>									
Children in care		23,122	67	-	23,189	24,714	29	-	24,743
Disability		34,592	512	-	35,104	35,063	358	-	35,421
Early years & family support		51,722	3,005	-	54,727	66,429	2,970	-	69,399
Youth		11,588	1,689	-	13,277	11,602	1,935	-	13,537
Campaigning & public policy		592	-	-	592	693	-	-	693
		121,616	5,273	-	126,889	138,501	5,292	-	143,793
<i>Other expenditure</i>									
Pension finance charge	6	282	-	-	282	299	-	-	299
<b>Total Expenditure</b>		<b>143,544</b>	<b>5,273</b>	<b>-</b>	<b>148,817</b>	<b>151,549</b>	<b>5,292</b>	<b>-</b>	<b>156,841</b>
Net gain/(loss) on investments	9	2,210	-	(36)	2,174	4,957	-	1,503	6,460
<b>Net income for the year before transfers</b>		<b>5,690</b>	<b>(956)</b>	<b>(36)</b>	<b>4,698</b>	<b>8,082</b>	<b>(136)</b>	<b>1,503</b>	<b>9,449</b>
Transfers between funds	14	(84)	84	-	-	(237)	237	-	-
<b>Net income for the year before other recognised gains and losses</b>		<b>5,606</b>	<b>(872)</b>	<b>(36)</b>	<b>4,698</b>	<b>7,845</b>	<b>101</b>	<b>1,503</b>	<b>9,449</b>
<b>Other recognised gains/(losses)</b>									
Actuarial gain/(loss) on pension liability	6	6,837	-	-	6,837	(10,032)	-	-	(10,032)
<b>Net movement in funds</b>		<b>12,443</b>	<b>(872)</b>	<b>(36)</b>	<b>11,535</b>	<b>(2,187)</b>	<b>101</b>	<b>1,503</b>	<b>(583)</b>
<b>Funds brought forward</b>	14	<b>52,589</b>	<b>4,848</b>	<b>9,803</b>	<b>67,240</b>	<b>54,776</b>	<b>4,747</b>	<b>8,300</b>	<b>67,823</b>
<b>Funds carried forward</b>	14	<b>65,032</b>	<b>3,976</b>	<b>9,767</b>	<b>78,775</b>	<b>52,589</b>	<b>4,848</b>	<b>9,803</b>	<b>67,240</b>

All activities derive from continuing operations. The surplus for the year, including realised and unrealised gains of £2,174,000, for Companies Act purposes was £4,729,000 (2017 surplus of £7,798,000, including realised and unrealised gains of £6,460,000).

The notes on pages 55 to 79 form part of these financial statements.

# Charity statement of financial activities

(incorporating the income and expenditure account) for the year ended 31 March 2018

	Notes	Unrestricted funds	Restricted funds		Total funds 2018	Unrestricted funds	Restricted funds		Total funds 2017
			Specific purpose	Endowment			Specific purpose	Endowment	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments</b>	3								
<i>Income from donations and legacies</i>		12,551	2,979	-	15,530	15,411	3,768	-	19,179
<i>Investment income</i>		758	-	-	758	594	-	-	594
<i>Income from charitable activities</i>									
Children in care		24,831	-	-	24,831	24,008	-	-	24,008
Disability		38,265	-	-	38,265	33,144	-	-	33,144
Early years & family support		39,637	497	-	40,134	62,432	753	-	63,185
Young people		12,210	758	-	12,968	11,908	550	-	12,458
Campaigning & public policy		92	-	-	92	1	-	-	1
		115,035	1,255	-	116,290	131,493	1,303	-	132,796
<i>Other income</i>									
Net gain on disposal of fixed assets		1,256	-	-	1,256	235	-	-	235
<b>Total income and endowments</b>		<b>129,600</b>	<b>4,234</b>	<b>-</b>	<b>133,834</b>	<b>147,733</b>	<b>5,071</b>	<b>-</b>	<b>152,804</b>
<b>Expenditure</b>	4,5								
<i>Expenditure on raising funds</i>									
Donations and legacies		6,069	-	-	6,069	5,852	-	-	5,852
Investment management costs		44	-	-	44	40	-	-	40
		6,113	-	-	6,113	5,892	-	-	5,892
<i>Expenditure on charitable activities</i>									
Children in care		23,172	67	-	23,239	24,734	29	-	24,763
Disability		34,742	512	-	35,254	35,112	358	-	35,470
Early years & family support		51,693	3,005	-	54,698	66,473	2,970	-	69,443
Youth		11,679	1,606	-	13,285	11,755	1,850	-	13,605
Campaigning & public policy		593	-	-	593	694	-	-	694
		121,879	5,190	-	127,069	138,768	5,207	-	143,975
<i>Other expenditure</i>									
Pension finance charge	6	282	-	-	282	299	-	-	299
<b>Total Expenditure</b>		<b>128,274</b>	<b>5,190</b>	<b>-</b>	<b>133,464</b>	<b>144,959</b>	<b>5,207</b>	<b>-</b>	<b>150,166</b>
Net gain on investments	9	2,210	-	-	2,210	4,920	-	-	4,920
<b>Net income for the year before transfers</b>		<b>3,536</b>	<b>(956)</b>	<b>-</b>	<b>2,580</b>	<b>7,694</b>	<b>(136)</b>	<b>-</b>	<b>7,558</b>
Transfers between funds	15	(84)	84	-	-	(237)	237	-	-
<b>Net income for the year before other recognised gains and losses</b>		<b>3,452</b>	<b>(872)</b>	<b>-</b>	<b>2,580</b>	<b>7,457</b>	<b>101</b>	<b>-</b>	<b>7,558</b>
<b>Other recognised gains/(losses)</b>									
Actuarial gain/(loss) on pension liability	6	6,837	-	-	6,837	(10,032)	-	-	(10,032)
<b>Net movement in funds</b>		<b>10,289</b>	<b>(872)</b>	<b>-</b>	<b>9,417</b>	<b>(2,575)</b>	<b>101</b>	<b>-</b>	<b>(2,474)</b>
<b>Funds brought forward</b>	15	<b>51,974</b>	<b>4,848</b>	<b>-</b>	<b>56,822</b>	<b>54,549</b>	<b>4,747</b>	<b>-</b>	<b>59,296</b>
<b>Funds carried forward</b>	15	<b>62,263</b>	<b>3,976</b>	<b>-</b>	<b>66,239</b>	<b>51,974</b>	<b>4,848</b>	<b>-</b>	<b>56,822</b>

All activities derive from continuing operations. The surplus for the year, including realised and unrealised gains of £2,210,000, for Companies Act purposes was £2,580,000 (2017 surplus of £7,558,000, including realised and unrealised gains of £4,920,000).

The notes on pages 55 to 79 form part of these financial statements.



## Balance sheet

As at 31 March 2018

	Notes	Group		Charity	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Fixed assets</b>					
Tangible assets	7	15,559	23,996	15,559	23,996
Intangible assets	8	42	-	42	-
Investments	9	46,393	41,170	36,390	31,131
		61,994	65,166	51,991	55,127
<b>Current assets</b>					
Debtors	10	24,782	24,670	17,673	18,865
Notice deposits		12,296	14,731	12,177	14,623
Cash		409	317	284	147
		37,487	39,718	30,134	33,635
<b>Creditors: amounts falling due within one year</b>	11	(18,532)	(20,747)	(13,712)	(15,043)
<b>Net current assets</b>		18,955	18,971	16,422	18,592
<b>Total assets less current liabilities</b>		80,949	84,137	68,413	73,719
<b>Provisions for liabilities</b>	12	(2,041)	(2,049)	(2,041)	(2,049)
<b>Net assets excluding pension liability</b>		78,908	82,088	66,372	71,670
<b>Pension liability</b>	6	(133)	(14,848)	(133)	(14,848)
<b>Net assets including pension liability</b>		<b>78,775</b>	<b>67,240</b>	<b>66,239</b>	<b>56,822</b>
<b>Funds</b>					
<i>Restricted funds:</i>					
Endowments		9,767	9,803	-	-
Specific purpose		3,976	4,848	3,976	4,848
<b>Total restricted funds</b>		<b>13,743</b>	<b>14,651</b>	<b>3,976</b>	<b>4,848</b>
<i>Unrestricted funds:</i>					
Designated funds		37,309	39,883	37,309	39,883
General fund		11,749	13,431	8,980	12,816
Revaluation reserve		16,107	14,123	16,107	14,123
Total general fund and revaluation reserve		27,856	27,554	25,087	26,939
Pension reserve	6	(133)	(14,848)	(133)	(14,848)
<b>Total unrestricted funds</b>		<b>65,032</b>	<b>52,589</b>	<b>62,263</b>	<b>51,974</b>
<b>Total funds</b>	13-16	<b>78,775</b>	<b>67,240</b>	<b>66,239</b>	<b>56,822</b>

The notes on pages 55 to 79 form part of these financial statements.

These accounts were approved by the Board on 26 July 2018 and signed on its behalf.

John O'Brien, Chair

Richard Cryer, Trustee

Company number 04764232



## Cash flow statements

For the year ended 31 March 2018

	Notes	Group		Charity	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Net cash outflow from operating activities (below)</b>		<b>(8,390)</b>	<b>(2,733)</b>	<b>(8,049)</b>	<b>(1,667)</b>
<b>Cash flows from investing activities</b>					
Interest received	3	49	86	45	101
Dividends received	3	653	692	350	659
Rental income from investment properties	3	363	145	363	133
Proceeds of sale of tangible fixed assets		4,765	763	4,765	763
Purchase of tangible fixed assets	7	(678)	(511)	(678)	(511)
Purchase of intangible fixed assets	8	(48)	-	(48)	-
Proceeds of sale of investments	9	2,063	3,305	2,063	3,305
Purchase of investments	9	(1,120)	(3,305)	(1,120)	(3,305)
<b>Net cash provided by investing activities</b>		<b>6,047</b>	<b>1,175</b>	<b>5,740</b>	<b>1,145</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(2,343)</b>	<b>(1,558)</b>	<b>(2,309)</b>	<b>(532)</b>
Cash and cash equivalents at 1 April		15,048	16,606	14,770	15,302
Cash and cash equivalents at 31 March		12,705	15,048	12,461	14,770

## Reconciliation of net expenditure to net cash outflow from operating activities

	Notes	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)		4,698	9,449	2,580	7,558
Adjustments for:					
Depreciation charges	7,8	1,620	3,101	1,620	3,101
Net (gains) on investment assets		(2,174)	(6,460)	(2,210)	(4,920)
Investment income	3	(1,065)	(923)	(758)	(893)
Net (gains) on disposal of tangible fixed assets		(1,256)	(235)	(1,256)	(235)
Pension current service and administration cost	6	979	822	979	822
Pension finance charge	6	282	299	282	299
Pension employer contributions	6	(9,139)	(8,881)	(9,139)	(8,881)
(Increase)/decrease in debtors		(112)	(1,043)	1,192	3,206
Increase/(decrease) in creditors		(2,215)	1,364	(1,331)	(1,508)
(Decrease) in provision for liabilities	12	(8)	(226)	(8)	(226)
<b>Net cash outflow from operating activities</b>		<b>(8,390)</b>	<b>(2,733)</b>	<b>(8,049)</b>	<b>(1,667)</b>

## Analysis of cash and cash equivalents

	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash in hand	409	317	284	147
Notice deposits (less than 3 months)	12,296	14,731	12,177	14,623
<b>Total cash and cash equivalents</b>	<b>12,705</b>	<b>15,048</b>	<b>12,461</b>	<b>14,770</b>

The notes on pages 55 to 79 form part of these financial statements.

# Notes to the financial statements

## 1. Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the 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 Ireland (FRS 102) (Charities SORP (FRS102)) and the Charities Act 2011.

### Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

## 2. Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (SORP 2017), Financial Reporting Standard 102 and the Companies Act 2006.

The particular accounting policies adopted by the Board of Trustees are described below:

### Basis of consolidation

The results of subsidiaries are consolidated on a line by line basis and acquisitions are included at fair value at the date acquired. The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its wholly owned subsidiaries,

Action For Children Services Limited and Action For Children Trading Limited. Based on the nature of the trusts, which have Action For Children as the sole trustee and share management arrangements and common control with Action For Children, two associated charities – National Children's Home and The Nicholas Galperin Trust (for charitable purposes) – are also treated as subsidiaries and consolidated in the group accounts.

### Income

All income is included in the SOFA when the charity is legally entitled to the income, there is a high degree of probability of receipt of the income and the amount can be quantified with reasonable accuracy. Entitlement, for legacies, is the earlier of the charity being notified of an impending distribution and the legacy being received.

Income from charitable activities, including capital grants, is included in the SOFA when receivable.

Where cash is received in respect of contractual work to be undertaken in the next financial year, if there is agreement from the funding body, this is treated as deferred income. Where such agreement has not been obtained it is included in other creditors.

Donations and gifts received at offices and projects during the year are recorded gross, or at estimated value, except that the sale proceeds from gifts donated for resale are included, at their sale price, when they are sold. All other income is reported gross of fees and expenditure whether raised by the charity or its agents, except for small fundraising events, not under the direct control of Action For Children, where funds are remitted and recorded net of direct expenses.

No amounts are included in the financial statements for services donated by volunteers.

## **Expenditure**

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they are allocated to activities on a basis consistent with the use of resources.

The costs of generating funds include fundraising and publicity costs, trading costs and investment management costs. Fundraising and publicity comprises the salaries of staff and other direct and indirect costs, which include appropriate allocations of central support costs.

Expenditure on charitable activities include the operating expenses of social work, together with the costs of informing and educating the public about the work, and the costs of other supporting services, management and administration essential to the professional and competent execution of the work. Where arrangements exist for the delivery of work by partner organisations, the cost of this is included within the relevant activity. Where central services support charitable work, trading and fundraising, allocations of their costs are made on a head count basis which reflects the use made of those services.

## **Governance costs**

Governance costs represent the salaries, direct expenditure and overhead costs incurred by the corporate resources department, as well as internal and external audit costs. The governance department is involved in the compliance with the constitutional and statutory requirements of operating a charitable company.

## **Significant accounting estimates and judgements: retirement benefits**

Action For Children contributes to a variety of pension arrangements on behalf of staff. Most benefits are provided by the Action For Children Pension Fund, which has a number of sections, including defined benefit and defined contribution elements.

The costs of providing defined benefit pensions are treated in accordance with FRS 102. The following elements are charged to the SOFA: the service cost of pension provision relating to the period, together with the costs of any benefits relating to past service (allocated to staff costs); the pension finance cost, which is a charge equal to the increase in the present value of the pension fund's liabilities at the previous year end, less a credit equivalent to

the pension fund's long-term expected return on assets; and the actuarial gain or loss on the pension fund's assets and liabilities (allocated to other recognised gains and losses). The difference between the market value of the assets of the pension fund and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet.

Pension costs for the defined contribution part of the Fund are charged to the accounts on an accruals basis in the period in which they occur.

Action For Children also contributes to the teachers', local government and NHS pension schemes in respect of a number of its employees. All such costs are included within the SOFA on an accruals basis as incurred.

## **Leases**

Rentals under operating leases are charged to the SOFA over the term of the lease on a straight line basis.

## **Value Added Tax**

As part of Action For Children's activities is classified as exempt or non-business activities for the purposes of VAT, Action For Children is unable to reclaim all the VAT that it suffers on its operating costs.

Expenditure in these financial statements is therefore shown inclusive of VAT paid and not reclaimable.

## **Funds**

General funds are unrestricted funds which are available for use, at the discretion of the Trustees, in furtherance of the general objectives of the charity and which have not been designated for particular purposes.

The revaluation reserve comprises the difference between the historic cost of fixed asset investments and the revalued amount included in the balance sheet.

Designated funds comprise unrestricted funds that have been set aside by the Board for particular purposes. The aim and use of each designated fund is set out in the Annual Report and the notes to the financial statements. The Board periodically reviews the levels of designated funds to ensure that they are adequate to support the purposes for which they were set up, and any surplus or deficit is transferred to or from general funds.

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 costs of administering such funds are charged against the specific fund.

Endowment funds represent those assets which must be held permanently by the charity, and are invested to produce income to meet expenditure, either as directed by the endowment or for general purposes.

### **Tangible fixed assets**

Tangible assets are recorded at cost or, in cases where tangible assets have been donated to Action For Children or acquired through a merger, at open market valuation at the time of the donation or merger.

Assets in the course of construction are transferred to the relevant category of asset and depreciated when practical completion is achieved. The threshold for capitalisation is £1,000.

Depreciation is charged on the following basis: In the case of freehold buildings the acquisition cost of buildings, together with any adaptation costs that add value to the property, is capitalised and depreciated over the estimated useful life of the property. No depreciation is provided on freehold land.

For the purposes of depreciation, leases over 50 years for buildings are treated as if they were freehold buildings. Capital expenditure on other leasehold buildings will normally be regarded as a depreciating cost and, as such, is written off over the estimated useful life (see below).

Other tangible assets are depreciated on a straight line basis over their useful lives which are estimated to be:

Assets in the course of construction	no depreciation
Freehold buildings	50 years
Leasehold buildings	10 years or lease period if shorter
Equipment	4 years
Computer software	4 years
Computer software (major)	5 years
Furniture and fittings	5 years
Motor vehicles	4-6 years

When the currently expected useful life of individual assets is considered to be less than these periods, shorter periods are used.

### **Intangible fixed assets**

Intangible assets are held on the balance sheet at cost less accumulated depreciation and any impairment losses.

The purchase of brands are capitalised as an intangible fixed asset and depreciated on a straight line basis over an expected useful life of four years.

Impairment reviews are made when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable value, its benefit to generate future revenues, it is written down accordingly.

### **Investments**

Action For Children holds investments both in order to generate income for the support of charitable activities over a long-term period and to provide assets to meet the needs of reserves, identified in the reserves policy. Investments are stated at current market value on the balance sheet date unless there is evidence of a different fair value.

Investment properties are revalued at the end of each year on the basis of open market value. The valuations have been prepared by external firms of chartered surveyors.

Gains or losses arising during the year are disclosed in the statement of financial activities within other recognised gains and losses in the year and in the notes to the financial statement.

### **Cash equivalents**

Cash equivalents are represented by cash balances held on a short-term basis.

### **Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

### **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.



### 3. Income and endowments

Incoming resources from charitable activities are analysed across the main activities of Action For Children on the face of the statement of financial activities. This income is mostly derived from work with local authorities, health trusts and central government sources, providing services to children, young people and their families.

#### Donations and legacies

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Donations	11,140	11,962	12,067	14,941
Legacies	3,463	4,238	3,463	4,238
	<b>14,603</b>	<b>16,200</b>	<b>15,530</b>	<b>19,179</b>

Specific purpose receipts for the Group included above are £2,979,000 (2017: £3,768,000).

#### Subsidiaries and associated charities

Action For Children Services Limited, Action For Children Trading Limited and Action For Children Developments Limited are wholly owned trading subsidiaries of Action For Children, the charity. They are engaged in delivering welfare and educational services on behalf of the charity, fundraising, and commercial activities respectively. All profits are Gift Aided to the charity. National Children's Home (NCH), the unincorporated charity, and Nicholas Galperin Trust are associated charities that share common trustees and management.

A summary of the results for the year ended 31 March 2018 is given below:

	Trading subsidiaries			Associated charities		Total 2018 £'000	Total 2017 £'000
	Services	Trading	Developments	NCH	Nicholas Galperin		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	36,978	246	14,534	-	-	51,758	41,964
Cost of sales	(34,181)	(129)	(14,327)	-	-	(48,637)	(38,614)
Gross profit	2,797	117	207	-	-	3,121	3,350
Charitable activities	-	-	-	(192)	(100)	(292)	(200)
Administration costs	(12)	(3)	(721)	-	(5)	(741)	(161)
Surplus/(deficit) on ordinary activities before investment income	2,785	114	(514)	(192)	(105)	2,088	2,989
Investment income	3	-	-	192	111	306	330
Net (losses)/gains on investment assets	-	-	-	(23)	(13)	(36)	1,540
Surplus/(deficit) on ordinary activities before tax	<b>2,788</b>	<b>114</b>	<b>(514)</b>	<b>(23)</b>	<b>(7)</b>	<b>2,358</b>	<b>4,859</b>

### 3. Income and endowments (cont.)

The net assets of the subsidiaries and associated charities are set out below:

	Trading subsidiaries			Associated charities		Total 2018 £'000	Total 2017 £'000
	Services	Trading	Developments	NCH	Nicholas Galperin		
	£'000	£'000	£'000	£'000	£'000		
Fixed assets	-	-	-	6,359	3,644	10,003	10,039
Current assets	9,506	624	3,163	49	147	13,489	12,763
Creditors	(6,718)	(510)	(3,677)	(49)	(2)	(10,956)	(12,386)
Net assets	<b>2,788</b>	<b>114</b>	<b>(514)</b>	<b>6,359</b>	<b>3,789</b>	<b>12,536</b>	<b>10,416</b>

### Investment and other income

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Unlisted equities	-	5	-	5
CFB funds - UK	566	599	263	287
CFB funds - Overseas	87	88	87	88
Interest income	49	86	45	69
Income from securities	702	778	395	449
Rental income from investment properties	363	145	363	145
	<b>1,065</b>	<b>923</b>	<b>758</b>	<b>594</b>

## 4. Expenditure

Group	2018			2017		
	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on raising funds</b>						
Donations	5,845	206	6,051	5,509	229	5,738
Legacies	131	3	134	153	6	159
	5,976	209	6,185	5,662	235	5,897
Trading	13,890	1,527	15,417	6,319	493	6,812
Investment management costs	44	-	44	40	-	40
	19,910	1,736	21,646	12,021	728	12,749
<b>Expenditure on charitable activities</b>						
Children in care	22,280	909	23,189	23,748	995	24,743
Disability	31,770	3,334	35,104	31,659	3,762	35,421
Early years & family support	50,514	4,213	54,727	63,619	5,780	69,399
Young people	12,399	878	13,277	12,594	943	13,537
Campaigning & public policy	566	26	592	663	30	693
	117,529	9,360	126,889	132,283	11,510	143,793
<b>Other expenditure</b>						
Pension finance charge	282	-	282	299	-	299
<b>Total expenditure</b>	<b>137,721</b>	<b>11,096</b>	<b>148,817</b>	<b>144,603</b>	<b>12,238</b>	<b>156,841</b>
Charity	2018			2017		
	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on raising funds</b>						
Donations	5,697	238	5,935	5,455	238	5,693
Legacies	131	3	134	153	6	159
	5,828	241	6,069	5,608	244	5,852
Investment management costs	44	-	44	40	-	40
	5,872	241	6,113	5,648	244	5,892
<b>Expenditure on charitable activities</b>						
Children in care	22,189	1,050	23,239	23,728	1,035	24,763
Disability	31,402	3,852	35,254	31,555	3,915	35,470
Early years & family support	49,831	4,867	54,698	63,428	6,015	69,443
Young people	12,271	1,014	13,285	12,624	981	13,605
Campaigning & public policy	564	29	593	662	32	694
	116,257	10,812	127,069	131,997	11,978	143,975
<b>Other expenditure</b>						
Pension finance charge	282	-	282	299	-	299
<b>Total expenditure</b>	<b>122,411</b>	<b>11,053</b>	<b>133,464</b>	<b>137,944</b>	<b>12,222</b>	<b>150,166</b>

Support costs comprise HR, training, strategy, premises, finance, IT and governance costs to the organisation. All support costs are allocated on the basis of the number of employees across the different activities.

## 4. Expenditure (cont.)

### Trustee costs

11 trustees were reimbursed travel expenses totalling £6,000 (2017 8 recipients of £5,000). Trustees are not entitled to and did not receive any remuneration.

	2018 £'000	2017 £'000
<b>Fees payable to the auditors of Action For Children</b>		
In respect of the charity audit	92	115
In respect of subsidiary and associated trust audits	21	5
	113	120
In respect of certificates for project partners	43	47
In respect of tax and other advice	38	76
	194	243
<b>Value added tax</b>		
As stated in the accounting policy, Action For Children is unable to reclaim all the value added tax which it suffers on its purchases of goods and services.		
During the year the cost of irrecoverable value added tax amounted to:	3,124	3,761
<b>Rentals under operating leases</b>		
Plant and machinery	49	343
Land and buildings	2,560	3,063
	2,609	3,406
<b>Depreciation</b>	1,614	3,101
<b>Governance costs</b>		
Wages, salaries and related costs	436	404
Internal and external audit fees	113	141
Legal fees	(28)	44
Other costs	102	87
	623	676

Governance costs are included within support costs.



## 5. Employees' emoluments

Staff costs comprise:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	82,158	85,149
Redundancy costs	680	1,288
Ex gratia costs	232	389
Temporary staff costs	7,569	7,202
Social security costs	6,459	6,946
Apprenticeship levy	387	-
Action For Children Pension Fund - defined benefit current service cost	128	118
Action For Children Pension Fund - defined contribution cost	3,412	3,478
Teachers', Local Government Pension Schemes and NHS Pension Fund contributions	559	821
	<b>101,584</b>	<b>105,391</b>

Redundancy costs represent amounts due to employees in accordance with UK legislation regarding redundancy payments. At 31 March 2018 the amount due, but not paid, was £151,000 (2017 £139,000).

Ex gratia payments represent amounts paid to employees when made redundant. Such payments are made at the discretion of senior management and are non-contractual.

Other than the Action For Children Pension Fund, the charity participates in a number of defined benefit schemes, where the accounting treatment is as for defined contribution plans.

The Teachers Pension Scheme and the NHS Pension Fund are unfunded schemes. Liabilities in addition to ongoing contributions potentially arise with redundancy or early retirement. But that is a risk controlled by the charity, and provision is made for the full liability if the occurrence arises.

The charity also has admitted body status in various Local Government Pension Schemes (LGPS), which may potentially carry a risk to the charity. Action For Children ensures that potential risks outside its control are passed back to the relevant local authority in line with the Department for Communities and Local Government guidance dated December 2009, "Admitted body status provisions in the Local Government Pension Scheme when services are transferred from a local authority or other scheme employer", and the local authority retains the actuarial, mortality, inflation, regulatory changes, discount rate and investment return risks.

The average number of employees during the year was:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Fundraising	127	139
Trading	790	359
Charitable activities	3,814	4,319
Support services	200	196
	<b>4,931</b>	<b>5,013</b>
Number of full time equivalents at year end	<b>3,283</b>	<b>3,757</b>

## 5. Employees' emoluments (cont.)

The number of staff whose emoluments fell within each of the following bands was:

	2018	2017
	No.	No.
£60,001 to £70,000	16	25
£70,001 to £80,000	17	15
£80,001 to £90,000	5	5
£90,001 to £100,000	1	1
£110,001 to £120,000	–	1
£120,001 to £130,000	3	1
£140,001 to £150,000	1	–
£150,001 to £160,000	–	1

Of the staff listed above, 43 were accruing benefits under the Action For Children Pension Fund defined contribution section (in 2017 it was 48). The amount of contribution paid in respect of these staff was £204,000 (2017 £233,000).

The total emoluments paid in 2017/18 and, the current annual salaries of existing key management personnel, are shown below. In the bandings above, where these staff are also included, the required definition of emoluments is total gross pay plus any benefits in kind. The analysis below also includes employer pension and National Insurance contributions and termination payments.

As shown in note 4, trustees are not entitled to and do not receive any remuneration.

	Total emoluments 2017/18 <sup>1</sup>	Current annual salary	Contribution to pension scheme
	£	£	%
Chief Executive Officer – Sir Tony Hawkhead (to 2 February 2018)	178,625	150,000	7%
Acting Chief Executive – Carol Iddon (from 2 February 2018 to 31 March 2018)	26,467	22,500 (135,000 pro rata)	7%
Managing Director for Children's Services – Carol Iddon (from 1 April 2017 to 1 February 2018)	122,613	102,778 (123,333 pro rata)*	7%
Managing Director Fundraising, Communications and Policy – Nicholas Jones	144,797	123,333*	7%
Managing Director Commercial and Shared Services – Charles Scott	142,950	121,700	5%

<sup>1</sup>The total cost of key management personnel for 2017/18 was £615,452.

\* The Managing Directors salaries for Carol Iddon and Nick Jones include an Inner London weighting of £3,333.

## 6. Pensions

Action For Children provides pension benefits mainly through the Action For Children Pension Fund. The assets of the Pension Fund are held in a separate trustee administered fund.

Current staff are members of the defined contribution section of the Pension Fund, into which new employees are auto-enrolled.

Until 30 April 2010 benefits were provided to employees through a number of defined benefit sections and a hybrid scheme combining career average revalued earnings and defined contribution arrangements. On 1 May 2010, following a review of benefits and consultation with members of the Pension Fund, staff of Action For Children and Unions, all sections of the Pension Fund were closed, with one exception, for both new and existing members. Staff who transfer to Action For Children under Fair Deal TUPE arrangements are eligible to join a defined benefit section of the Pension Fund comparable to the Local Government Pension Scheme. A new defined contribution section was created for all other staff.

The Pension Fund is subject to triennial valuations by an independent actuary. The last valuation as at 31 March 2015 showed a deficit of £94m, a funding level of 84%, comparing the market value of the assets of the Pension Fund to the estimated value of liabilities to members. In conjunction with the actuarial valuation a recovery plan and schedule of contributions was agreed with the trustees of the Pension Fund. The actuarial estimate is that the Pension Fund assets and liabilities will be balanced by 2029.

The recovery plan, accepted by the Pensions Regulator, is underpinned by a Memorandum of Understanding to regularly communicate and share information between the employer and the Pension Fund. Action For Children is paying deficit contributions of £7.5m per annum. There is a charge in favour of the Pension Fund over assets of £40m owned by Action For Children in the event of default. The Memorandum of Understanding includes agreement that up to 50% of the receipt from some property sales, less any investment in property, is paid to the Pension Fund.

Action For Children pays a 2% contribution for all active members into the defined benefit section to cover death in service and to meet the administration costs of the Pension Fund.

Contribution rates for the Fair Deal TUPE section range from 5.5% to 8.5% for the employee and 35.1% for the employer.

The total employer contribution to the defined benefits section of the Action For Children Pension Fund for the year was £9,139,000 (2017 £8,881,000).

Contributions for the defined contribution section are variable with the following matching rates:

<b>Employee</b>	3%	4%	5%	6%	7%	above 7%
<b>Employer</b>	5%	5%	5%	6%	7%	7%

Membership of the Pension Fund at 31 March 2018 was:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Active members - defined benefit section	23	23
Active members - defined contribution section	3,172	3,121
	3,195	3,144
Deferred members	5,786	5,359
Pensioner members	2,528	2,443
	<b>11,509</b>	<b>10,946</b>

## 6. Pensions (cont.)

Pension funds are valued in different ways for different purposes. The triennial valuation noted above is carried out to establish an appropriate funding level, and uses prescribed financial assumptions that are different from the assumptions that must be used under the Financial Reporting Standard, FRS 102 valuation detailed below, which is carried out for accounting disclosure purposes. The FRS valuation uses lower inflation and higher interest/discount rate assumptions than the triennial valuation, and both of these differences lead to a lower calculation of pension liabilities.

We are currently working through the triennial valuation as at 31 March 2018 and the results are not yet known. Rolling forward the 2015 valuation to 31 March 2018, on the ongoing valuation basis, the deficit was £78.8m, a funding level of 89%. The FRS 102 position shown below is a deficit of £0.1m, a funding level of 99%.

Neither figure is right or wrong, but this disparity is not helpful in measuring and understanding the liability of the Pension Fund to Action For Children. However, it is the ongoing valuation basis that is used in agreeing contribution levels and the recovery plan. Although movements in the FRS 102 valuation show in the statement of financial activities and feed through to the balance sheet total, they do not change the level of the general fund. It is the general fund that is directly linked to the reserves policy and important in assessing the charity's ability to manage its future operations. The deficit contributions are reflected in the charity's business plans and the assessment of the charity's reserves policy.

Whilst the settlement of pension liabilities is a very long-term process, with costs spread over many years, the funding level is volatile. Valuations are snapshots on one day and are sensitive to changes in financial market factors. The actuary provides a regular report on the funding position of the Pension Fund and this is closely monitored by the Pension Fund and charity.



## 6. Pensions (cont.)

### FRS 102 valuation

These financial statements have been prepared in line with the requirements of FRS 102. The FRS 102 valuation is only in respect of the defined benefit sections of the Action For Children Pension Fund and the following analysis only covers that element of the Pension Fund. The principal FRS 102 actuarial assumptions, determined by financial markets and demographic conditions, are shown below. A later table shows the sensitivity of the liability to these assumptions.

### Financial assumptions

	2018	2017
Inflation - RPI	3.20% pa	3.20% pa
Inflation - CPI	2.20% pa	2.20% pa
Rate of increase in salaries	3.70% pa	3.70% pa
Rate of increase in pensions in payment	3.10% pa	3.10% pa
Rate of increase in deferred pensions	2.20% pa	2.20% pa
Discount rate	2.55% pa	2.55% pa

### Demographic assumptions

	2018		2017	
	Males	Females	Males	Females
Average life expectancy in years:				
Member currently aged 60	87.8	90.3	87.7	90.2
Member currently aged 40, aged 60 in 2038	89.6	92.2	89.6	92.0

Action For Children Pension Fund subscribes to ClubVita (a subsidiary of Hymans Robertson), which provides demographic and longevity analysis based on pooled experience from occupational pension schemes.

The mortality assumption derived for the Fund is calculated with reference to key characteristics of each individual member within the Fund that are known to affect life expectancy. It considers and takes into account each member's affluence, lifestyle, age, gender and retirement type.

## 6. Pensions (cont.)

### Balance sheet position

	2018		2017	
	Value	Asset allocation	Value	Asset allocation
	£'000	%	£'000	%
Liability driven investment fixed interest	237,287	39	234,009	39
Equities	201,763	33	178,789	30
Corporate debt	36,971	6	69,482	12
Property	105,722	17	75,061	12
Diversified growth funds	29,681	5	30,316	5
Net current assets	3,017	0	14,789	2
Total fair value of assets	614,441	100	602,446	100
Actuarial value of liabilities	(614,574)		(617,294)	
<b>Deficit recognised in the balance sheet</b>	<b>(133)</b>		<b>(14,848)</b>	

### Analysis of amounts charged to the statement of financial activities

	2018	2017
	£'000	£'000
Current service cost	(128)	(118)
Administration costs	(851)	(704)
<b>Charged to total expenditure</b>	<b>(979)</b>	<b>(822)</b>
Interest income on the Pension Fund assets	15,213	16,928
Interest cost on the Pension Fund liabilities	(15,495)	(17,227)
<b>Pension finance charge</b>	<b>(282)</b>	<b>(299)</b>
	£'000	£'000
Actual return on assets excluding amounts included in net interest	8,909	90,430
Actuarial gain/(loss) on liabilities	(2,072)	(100,462)
<b>Total recognised actuarial gain/(loss)</b>	<b>6,837</b>	<b>(10,032)</b>

## 6. Pensions (cont.)

### Reconciliation of the fair value of the Pension Fund assets and liabilities

	<b>Assets 2018</b>	<b>Liabilities 2018</b>	<b>Fund 2018</b>	<b>Assets 2017</b>	<b>Liabilities 2017</b>	<b>Fund 2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Assets/(liabilities) at the start of the year	602,446	(617,294)	(14,848)	503,158	(515,734)	(12,576)
Interest income/(cost)	15,213	(15,495)	(282)	16,928	(17,227)	(299)
Current service cost	-	(128)	(128)	-	(118)	(118)
Administration costs	-	(851)	(851)	-	(704)	(704)
Contributions by members	22	(22)	-	25	(25)	-
Contributions by the employer	9,139	-	9,139	8,881	-	8,881
Actuarial gain/(loss)	8,909	(2,072)	6,837	90,430	(100,462)	(10,032)
Benefits and expenses paid	(21,288)	21,288	-	(16,976)	16,976	-
Assets/(liabilities) at the end of the year	614,441	(614,574)	(133)	602,446	(617,294)	(14,848)

The estimated Action For Children contributions to the defined benefit sections of the Pension Fund for the year to 31 March 2019 are £9,100,000.

### Sensitivity of the Pension Fund liabilities

The sensitivity of the liabilities (in both percentage and £ terms) to changes in the key assumptions used to measure the Pension Fund's liabilities is shown in the table below.

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on Pension Fund liabilities %</b>	<b>Impact on Pension Fund liabilities £m</b>
Discount rate	+/- 0.1%	-/+ 2.00%	-/+ £12.4m
Rate of inflation	+/- 0.1%	+/- 1.62%	+/- £10.0m
Rate of salary growth	+/- 0.1%	+/- 0.02%	+/- £0.1m
Life expectancy	+/- 1 year	+/- 4.00%	+/- £24.6m

## 7. Tangible fixed assets

Group and Charity	Assets in the course of construction	Freehold land and buildings	Leasehold land and buildings	Computers and equipment	Furniture and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2017	527	31,403	4,189	18,622	3,450	2,325	60,516
Additions	627	-	-	51	-	-	678
Transfers	(1,153)	624	67	462	-	-	-
Reclassification as investments	-	(4,567)	-	-	-	-	(4,567)
Disposals	-	(4,702)	-	(1,879)	-	(291)	(6,872)
At 31 March 2018	1	22,758	4,256	17,256	3,450	2,034	49,755
<b>Depreciation</b>							
At 1 April 2017	-	11,174	3,267	16,908	3,366	1,805	36,520
Charges for year	-	395	133	807	27	252	1,614
Transfers	-	(37)	37	-	-	-	-
Reclassification as investments	-	(575)	-	-	-	-	(575)
Disposals	-	(1,672)	-	(1,419)	-	(272)	(3,363)
At 31 March 2018	-	9,285	3,437	16,296	3,393	1,785	34,196
<b>Net book value:</b>							
At 31 March 2018	1	13,473	819	960	57	249	15,559
At 31 March 2017	527	20,229	922	1,714	84	520	23,996



## 7. Tangible fixed assets (cont.)

Assets in the course of construction comprise incomplete building, major refurbishment and capital project work, and are not depreciated.

The cost of land, which is not depreciated, was £4,801,000 (2017 £5,653,000).

Of the total cost or valuation of leasehold land and buildings, £2,420,000 (2017 £1,190,000) relates to leases due to expire within 50 years or less.

It is not considered that any assets have suffered permanent impairment to their value.

Capital commitments for contracts placed in respect of capital expenditure less amounts incurred to 31 March 2018 amounted to £nil (2017 £nil).

Commitments to operating lease payments were:

	Land and buildings	Plant and equipment	2018	2017
	£'000	£'000	£'000	£'000
Within one year	148	-	148	273
Between one and five years	1,818	-	1,818	1,373
After five years	3,323	-	3,323	9,893
	5,289	-	5,289	11,539

## 8. Intangible fixed assets

Group and Charity	£'000
At 31 March 2017	-
Brands purchased during the year	48
Depreciation charged for the year	(6)
Net book value at 31 March 2018	42

## 9. Investments

Market value at 31 March		Group		Charity	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Securities</b>	Action For Children share of funds				
Units in funds managed by the Central Finance Board of the Methodist Church:					
CFB UK equity fund	1.4%	5,561	5,625	5,561	5,625
CFB overseas fund	3.1%	5,723	5,719	5,723	5,719
CFB gilt fund	5.3%	624	701	624	701
CFB corporate bond fund	0.8%	825	801	825	801
CFB short fixed interest fund	13.3%	2,395	2,352	2,395	2,352
CFB managed fund	33.8%	10,003	10,039	-	-
CFB inflation linked	2.7%	582	637	582	637
CFB deposit fund	3.7%	2,732	2,562	2,732	2,562
		28,445	28,436	18,442	18,397
Unlisted equities		5	5	5	5
		28,450	28,441	18,447	18,402
<b>Investments in subsidiaries</b>		-	-	-	-
		28,450	28,441	18,447	18,402
<b>Investment properties</b>		17,943	12,729	17,943	12,729
<b>Total investments</b>		46,393	41,170	36,390	31,131

All investments are held in the UK.

Investments are valued at current market value, but where listed shares have a limited market their fair value is reviewed. Unlisted investments are valued at cost or, if donated to Action For Children, at valuation at the time of donation.

Investments in subsidiaries are valued at the higher of cost and estimated value at the time of acquisition, less any diminution in value.

Investment properties are valued at the end of each year on the basis of open market value, by external firms of chartered surveyors, Savills and CBRE.

The historical cost or earliest known valuations of investments held at 31 March 2018 were:

- Securities £17,511,000 (2017 £17,285,000)
- Investment properties £6,349,000 (2017 £3,469,000)

## 9. Investments (cont.)

### Investment gains and losses

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Securities</b>				
Market value at 1 April	28,441	24,353	18,402	15,854
Acquisitions during the year	1,120	3,305	1,120	3,305
Sale proceeds of disposals during the year	(1,120)	(3,305)	(1,120)	(3,305)
Net investment gains/(losses) in SOFA - realised	35	333	35	333
Net investment (losses)/gains in SOFA - unrealised	(26)	3,755	10	2,215
Market value at 31 March	28,450	28,441	18,447	18,402
<b>Investment properties</b>				
Market value at 1 April	12,729	7,080	12,729	7,080
Reclassification from fixed assets at book value	3,992	3,277	3,992	3,277
Sale proceeds of disposals during the year	(943)	-	(943)	-
Net investment losses in SOFA - realised	(7)	-	(7)	-
Net investment gains in SOFA - unrealised	2,172	2,372	2,172	2,372
Market value at 31 March	17,943	12,729	17,943	12,729

### Investments in subsidiaries

- (i) Action For Children Services Limited is a wholly owned company registered in England and Wales handling the primary purpose trading activities of Action For Children. The investment comprises shares at a cost of £100 (2017 £100).
- (ii) Action For Children Trading Limited is a wholly owned company registered in England and Wales handling fundraising trading activities of Action For Children. The investment comprises shares at a cost of £100 (2017 £100).
- (iii) Action For Children Developments Limited is a wholly owned company registered in England and Wales handling nursery and new developmental activities of Action For Children. It is limited by guarantee.
- (iv) Action For Children (Scotland) Limited is a wholly owned company registered in Scotland. The investment comprises one share at a cost of £1 (2017 £1) and it has not traded.
- (v) Action For Children (Wales) Limited is a wholly owned company registered in England and Wales. The investment comprises one share at a cost of £1 (2017 £1) and it has not traded.
- (vi) Action For Children (Northern Ireland) Limited is a wholly owned company registered in Northern Ireland. The investment comprises one share at a cost of £1 (2017 £1) and it has not traded.

## 10. Debtors

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due after more than one year - other	24	49	-	-
	24	49	-	-
Amounts falling due within one year				
Trade receivables	19,007	16,959	9,876	8,681
Prepayments	739	694	739	694
Accrued income	4,808	6,587	2,837	3,916
Amounts owed by subsidiary undertakings	-	-	3,449	4,630
Other	204	381	772	944
	24,758	24,621	17,673	18,865
	24,782	24,670	17,673	18,865

## 11. Creditors: amounts falling due within one year

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade payables	2,434	3,185	2,370	3,184
Tax and Social Security	3,553	3,654	1,778	1,719
Other creditors	3,940	4,570	2,844	2,988
Accruals	4,635	5,164	4,388	5,120
Deferred income	3,970	4,174	1,761	2,032
Amounts owed to subsidiary undertakings	-	-	571	-
	18,532	20,747	13,712	15,043

## 12. Provisions for liabilities

Group and Charity	Onerous leases £'000	Lease dilapidations £'000	Redundancies £'000	Total £'000
At 1 April 2017	962	948	139	2,049
Additional provision in the year	-	264	151	415
Provision utilised	(92)	(192)	(139)	(423)
At 31 March 2018	870	1,020	151	2,041



## 13. Analysis of group net assets between funds

Fund balances at 31 March 2018 are represented by:	Restricted		Unrestricted			Group balance sheet total
	Endowment funds	Specific purpose funds	Designated funds	General fund and revaluation reserve	Pension reserve	
	£'000	£'000	£'000	£'000	£'000	
Tangible fixed assets	-	-	15,559	-	-	15,559
Intangible fixed assets	-	-	-	42	-	42
Investments	9,767	-	21,750	14,876	-	46,393
Debtors	49	-	-	24,733	-	24,782
Cash and short term deposits	-	3,976	-	8,729	-	12,705
Other liabilities and provisions	(49)	-	-	(20,524)	-	(20,573)
Pension liability	-	-	-	-	(133)	(133)
Total funds	9,767	3,976	37,309	27,856	(133)	78,775

Further analysis of the funds and movements during the year are given in note 14. The purposes of the main funds are noted below.

Endowment funds are monies received which must be retained as a capital fund for the benefit of the charity. The Annual Income fund provides income for general purposes. The Nicholas Galperin Trust operates for the relief of young persons, under the age of 25, who are in need, hardship or distress.

St Leonard's Convalescent Home Trust provides the advantages of a temporary home to children who require the benefit of sea air.

Specific purpose funds represent legacies, donations and other income that can only be used for particular purposes.

Designated funds are part of the charity's unrestricted funds that are earmarked by the trustees for a particular purpose and currently comprise the capital fund and the charged asset fund. The capital fund is the amount invested in fixed assets used in the charity's operational work, net of capital grants and associated financing. The charged asset fund is the value of the charity assets charged to the Pension Fund, less the value of operational properties which are already part of the capital fund.

The transfers out of designated funds reflect the net amounts released to the general fund. For the capital fund this is principally depreciation, offset by new purchases. For the charged asset fund, movements reflect adjustment for property sales and revaluation.

The revaluation reserve represents the difference between the historic costs of investment fixed assets and the revalued amount included in the balance sheet, excluding investments that are part of endowment funds.

The FRS 102 valuation detailed in note 6 creates an asset or liability, which is matched by a corresponding pension reserve.

## 14. Group statement of fund movements

	Note	Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
		£'000	£'000	£'000	£'000	£'000	£'000
Annual Income fund		2,783	-	-	-	(10)	2,773
Lincoln City & County Home		84	-	-	-	-	84
Nicholas Galperin Trust		3,422	-	-	-	(13)	3,409
Scholarship fund		403	-	-	-	(1)	402
Sheila Mildred Gage		14	-	-	-	-	14
Sidney Charles Salter		341	-	-	-	(2)	339
St Leonard's Convalescent Home		2,756	-	-	-	(10)	2,746
<b>Endowment funds</b>		<b>9,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36)</b>	<b>9,767</b>
Balfour Beatty (Play Equipment)		114	-	-	-	-	114
Barclaycard		118	-	(118)	-	-	-
Big Lottery Fund	16	377	670	(730)	13	-	330
Byte Nite Board		217	3	(143)	(69)	-	8
Chevron (Energy for Learning)		23	-	-	(10)	-	13
CBRE		-	125	(22)	-	-	103
Dell (Inspire IT)		129	221	(194)	-	-	156
Deloitte LLP		-	115	(58)	10	-	67
Fedex (Delivering Change)		119	37	(61)	-	-	95
Football Association		25	-	-	-	-	25
Fujitsu (Digital Case)		546	-	(181)	-	-	365
Bank of Scotland Foundation (Housing Matters)		24	-	(24)	-	-	-
Health & Social Care Board (Waterside Surestart)		-	497	(497)	-	-	-
Herbalife Family Foundation		39	13	(13)	-	-	39
Heritage Lottery Fund (BME Heritage)		20	38	(55)	-	-	3
Home Sense		260	-	(53)	-	-	207
House of Fraser Foundation		191	256	(200)	(7)	-	240
Legacies		300	(35)	-	-	-	265
Moondance Foundation		-	162	(19)	-	-	143
Morrisons Foundation		159	142	(152)	83	-	232
My Action For Children		107	-	(10)	3	-	100
Nestle		19	-	(21)	2	-	-
Nominet		-	84	(89)	5	-	-
Northern Ireland Housing Executive	16	-	758	(758)	-	-	-
Royal Mail (The Blues Programme)		-	226	(236)	10	-	-
Sandwell Family Partners		34	72	(69)	-	-	37
Stavros Niarchos Foundation (Wigan FIP)		33	-	(6)	-	-	27
St Leonard's Convalescent Home		-	83	(83)	-	-	-
Tampon Tax Fund (Swansea Sail)		-	155	(153)	-	-	2
Turner & Townsend Education		66	155	(62)	-	-	159
Wrigley Oral Health		120	-	(123)	3	-	-
Other projects under £50,000		1,808	540	(1,143)	41	-	1,246
<b>Specific purpose funds</b>		<b>4,848</b>	<b>4,317</b>	<b>(5,273)</b>	<b>84</b>	<b>-</b>	<b>3,976</b>

## 14. Group statement of fund movements (cont.)

	Note	Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
		£'000	£'000	£'000	£'000	£'000	£'000
Capital fund		23,996	-	-	(8,437)	-	15,559
Charged asset fund		15,887	-	-	5,863	-	21,750
<b>Designated funds</b>		<b>39,883</b>	<b>-</b>	<b>-</b>	<b>(2,574)</b>	<b>-</b>	<b>37,309</b>
General fund		13,431	147,024	(151,422)	2,490	226	11,749
Revaluation reserve		14,123	-	-	-	1,984	16,107
<b>General fund and revaluation reserve</b>		<b>27,554</b>	<b>147,024</b>	<b>(151,422)</b>	<b>2,490</b>	<b>2,210</b>	<b>27,856</b>
<b>Pension reserve</b>	<b>6</b>	<b>(14,848)</b>	<b>-</b>	<b>7,878</b>	<b>-</b>	<b>6,837</b>	<b>(133)</b>
<b>Total - unrestricted</b>		<b>52,589</b>	<b>147,024</b>	<b>(143,544)</b>	<b>(84)</b>	<b>9,047</b>	<b>65,032</b>
<b>Total funds</b>		<b>67,240</b>	<b>151,341</b>	<b>(148,817)</b>	<b>-</b>	<b>9,011</b>	<b>78,775</b>

## 15. Charity statement of fund movements

	Note	Brought forward	Income	Expenditure	Transfers	Gains and losses	Carried forward
		£'000	£'000	£'000	£'000	£'000	£'000
Balfour Beatty (Play Equipment)		114	-	-	-	-	114
Barclaycard		118	-	(118)	-	-	-
Big Lottery Fund	16	377	670	(730)	13	-	330
Byte Nite Board		217	3	(143)	(69)	-	8
Chevron (Energy for Learning)		23	-	-	(10)	-	13
CBRE		-	125	(22)	-	-	103
Dell (Inspire IT)		129	221	(194)	-	-	156
Deloitte LLP		-	115	(58)	10	-	67
Fedex (Delivering Change)		119	37	(61)	-	-	95
Football Association		25	-	-	-	-	25
Fujitsu (Digital Case)		546	-	(181)	-	-	365
Bank of Scotland Foundation (Housing Matters)		24	-	(24)	-	-	-
Health & Social Care Board (Waterside Surestart)		-	497	(497)	-	-	-
Herbalife Family Foundation		39	13	(13)	-	-	39
Heritage Lottery Fund (BME Heritage)		20	38	(55)	-	-	3
Home Sense		260	-	(53)	-	-	207
House of Fraser Foundation		191	256	(200)	(7)	-	240
Legacies		300	(35)	-	-	-	265
Moondance Foundation		-	162	(19)	-	-	143
Morrisons Foundation		159	142	(152)	83	-	232
My Action For Children		107	-	(10)	3	-	100
Nestle		19	-	(21)	2	-	-
Nominet		-	84	(89)	5	-	-
Northern Ireland Housing Executive	16	-	758	(758)	-	-	-
Royal Mail (The Blues Programme)		-	226	(236)	10	-	-
Sandwell Family Partners		34	72	(69)	-	-	37
Stavros Niarchos Foundation (Wigan FIP)		33	-	(6)	-	-	27
Tampon Tax Fund (Swansea Sail)		-	155	(153)	-	-	2
Turner & Townsend Education		66	155	(62)	-	-	159
Wrigley Oral Health		120	-	(123)	3	-	-
Other projects under £50,000		1,808	540	(1,143)	41	-	1,246
<b>Specific purpose funds</b>		<b>4,848</b>	<b>4,234</b>	<b>(5,190)</b>	<b>84</b>	<b>-</b>	<b>3,976</b>
Capital fund		23,996	-	-	(8,437)	-	15,559
Charged asset fund		15,887	-	-	5,863	-	21,750
<b>Designated funds</b>		<b>39,883</b>	<b>-</b>	<b>-</b>	<b>(2,574)</b>	<b>-</b>	<b>37,309</b>
General fund		12,816	129,600	(136,152)	2,490	226	8,980
Revaluation reserve		14,123	-	-	-	1,984	16,107
<b>General fund and revaluation reserve</b>		<b>26,939</b>	<b>129,600</b>	<b>(136,152)</b>	<b>2,490</b>	<b>2,210</b>	<b>25,087</b>
<b>Pension reserve</b>	<b>6</b>	<b>(14,848)</b>	<b>-</b>	<b>7,878</b>	<b>-</b>	<b>6,837</b>	<b>(133)</b>
<b>Total - unrestricted</b>		<b>51,974</b>	<b>129,600</b>	<b>(128,274)</b>	<b>(84)</b>	<b>9,047</b>	<b>62,263</b>
<b>Total funds</b>		<b>56,822</b>	<b>133,834</b>	<b>(133,464)</b>	<b>-</b>	<b>9,047</b>	<b>66,239</b>



## 16. Group and Charity statement of fund movements, further detail

Funds received from the following trusts and organisations have been granted towards expenditure on the following projects:

	Brought forward	Incoming resources	Outgoing resources	Transfers	Carried forward
	£'000	£'000	£'000	£'000	£'000
<b>Big Lottery Fund</b>					
Breaking the Cycle	14	59	(58)	-	15
Denbighshire Bridge	5	10	(23)	8	-
Family School Link	-	12	(6)	-	6
Family Support Volunteers	28	78	(74)	-	32
Functional Family Therapy	2	-	-	-	2
Gael Og Digitalising Future Generations	1	-	-	-	1
Improving Family Futures Bridgend	77	27	(100)	-	4
Little Steps Big Steps	-	-	1	-	1
Monmouthshire Parent Network	2	21	(25)	2	-
Moray Care Farming	77	-	(66)	-	11
Roots of Empathy (England & Wales)	41	-	(35)	-	6
Scottish Border	33	52	(55)	-	30
Side Step	-	123	-	-	123
Silverton Short Breaks (Awards For All)	2	-	-	-	2
Skills for Living	-	83	(62)	-	21
Swansea Sail	-	165	(147)	-	18
Uplands Outdoor Play Area	-	-	(3)	3	-
Young Fathers' Network (Clackmannanshire & Perth)	73	40	(77)	-	36
Young Fathers' Network (Devon)	22	-	-	-	22
	<b>377</b>	<b>670</b>	<b>(730)</b>	<b>13</b>	<b>330</b>
<b>Northern Ireland Housing Executive</b>					
Northern Ireland Regional Supported Lodgings	-	156	(156)	-	-
Rosseroy Grove Supported Accommodation	-	271	(271)	-	-
Sperrin & Lakeland Floating Support	-	331	(331)	-	-
	<b>-</b>	<b>758</b>	<b>(758)</b>	<b>-</b>	<b>-</b>

## 17. Taxation

Action For Children, as a charity, is exempt from taxation of income and gains falling within Section 478 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent they are applied to its charitable objects. No tax charge arises in any of the subsidiary entities included in the group accounts due to their policy of gifting all taxable profits to Action For Children each year.

## 18. Contingent liabilities

Certain grants received in respect of property alterations and improvements, and equipment, attach conditions whereby amounts could be repayable in the event of the relevant property or equipment being sold or ceasing to be used for the stated purpose. At 31 March 2018 these grants amounted to £551,000 (2017 £551,000). This relates to property and equipment where the conditions of the grant continued to be fulfilled.

Action For Children has agreed a recovery plan with the Action For Children Pension Fund for clearing the pension fund deficit. To support the recovery plan, on 7 March 2011, a security agreement was signed creating a first legal charge to Action For Children Pension Fund of £32m over freehold properties and of £8m over CFB investment units. The charge becomes enforceable in the event of default, including Action For Children becoming insolvent, ceasing business or failing to pay contributions in line with the schedule of contributions or Pensions Regulator direction.

## 19. Related parties

All transactions with subsidiaries, associated charities and trustees are disclosed in the financial statements. Further details can be found in notes 3, 4 and 9.

# Legal and administrative details

	Advisors		Trustees
<p>Action For Children is a charitable company limited by guarantee and registered with the Charity Commission under registration number 1097940 and with the Office for the Scottish Charity Regulator under number SC038092. Our company number is 4764232.</p> <p><b>Registered Office</b></p> <p>Action For Children 3 The Boulevard Ascot Road Watford WD18 8AG</p>	<p><b>Banker</b></p> <p><b>HSBC Bank plc</b> The Peak 333 Vauxhall Bridge Road London SW1V 1EJ</p>		
	<p><b>External Auditors</b></p> <p><b>Grant Thornton UK LLP</b> 30 Finsbury Square London EC2A 1AG</p>	<p><b>External Panel Solicitors</b></p> <p><b>Capsticks</b> 1 St George's Road London SW19 4DR</p>	<p><b>Board of Trustees</b></p> <p><b>Chair</b> John O'Brien</p>
	<p><b>Internal Auditors</b></p> <p><b>Moore Stephens</b> 150 Aldersgate Street London EC1A 4AB</p>	<p><b>Blake Morgan</b> 6 New Street Square London EC4A 3DJ</p>	<p><b>Vice Chair</b> Catherine Guthrie (existing Trustee and appointed as Vice Chair on 16 November 2017)</p>
	<p><b>Investment Managers</b></p> <p><b>Central Finance Board</b> of the Methodist Church 9 Bonhill Street, London EC2A 4PE</p>	<p><b>Douglas Jones Mercer</b> 16 Axis Court Mallard Way Swansea Vale Swansea SA7 0AJ</p>	<p>The Reverend Doctor Sheryl Anderson Les Clifford Richard Cryer Gill Ellis (from 21 Sept 2017) Patricia Gordon (from 1 July 2017) Stanley Goudie (until 31 December 17) Tracy Griffin Jo Larbie (from 25 May 2017) Debbie Morgan Dr Daleep Mukarji OBE (Methodist Church appointee) Markus Ruetimann Paul Snell CBE (until 1 Sept 2017) Yvette Stanley (until 31 March 2018) Fiona Thorne</p>
		<p><b>Cleaver Fulton Rankin</b> 50 Bedford Street Belfast County Antrim BT2 7FW</p>	
		<p><b>Edwards and Co.</b> 28 Hill Street Belfast BT1 2LA</p>	
		<p><b>Morton Fraser</b> 145 St Vincent Street Glasgow G2 5JF</p>	
		<p><b>Burness Paull</b> 120 Bothwell Street Glasgow G2 7JL</p>	



## Executive Leadership Team

### Chief Executive

Sir Tony Hawkhead  
(until 2 February 2018)

Carol Iddon  
(Acting CEO from  
3 February to  
31 July 2018)

Julie Bentley  
(from 1 August 2018)

### Managing Director for Children's Services

Carol Iddon

### Managing Director Shared Services

Charles Scott

### Managing Director of Fundraising, Communications and Policy

Nicholas Jones

## Principal Committees

### Finance Committee

Richard Cryer  
(Chair – from  
1 June 2017)  
Les Clifford  
(Chair until June 2017)  
Stephen Musgrave  
(until June 2018)  
John O'Brien  
Christopher Sexton  
Tracy Griffin

### Audit & Risk Committee

Markus Ruetimann  
(Chair)  
Sheryl Anderson  
Alan Pateman-Jones  
Mike Pavey

### Governance & Remuneration Committee

John O'Brien (Chair)  
Richard Cryer  
Gill Ellis  
Patricia Gordon  
Catherine Guthrie  
Debbie Morgan  
Daleep Mukarji  
Markus Ruetimann

### Northern Ireland Committee

Stanley Goudie  
(Chair – until 31  
December 17)  
Patricia Gordon  
(Chair – from  
1 January 2018)  
Alex Burke  
(Young Persons  
Co-opted Member)  
Brian Dornan  
The Reverend Samuel  
McGuffin (until 31  
December 2018)  
John O'Brien  
Grainne Stockton  
(Young Persons  
Co-opted Member)

### Scotland Committee

Catherine Guthrie  
(Chair)  
Shona Cotterill  
Peter Mills  
Paul Renz  
Lesleyann Russell  
Mary Smith

### Wales Committee

Debbie Morgan (Chair)  
Paul Bulpin  
Freda Lewis  
Mary Williams  
(until 31 May 2018)  
Iona Wyn  
Lauren Thomas  
(Young Persons  
Co-opted Member)  
Jack Matson  
(Young Persons  
Co-opted Member)

### England Committee

Yvette Stanley  
(Chair – until  
31 March 2018)  
Gill Ellis  
(Chair from  
1 April 2018)  
Sheryl Anderson  
Will Morrey  
Leon Mexter  
Alistair Russell  
Lauren Seager-Smith



# By saying thank you

We are incredibly grateful to everyone who has supported the charity over the past year. Every pound given enables us to reach out and help the very children who need us most.

**While we can't thank every single supporter, we'd like to say a huge thank you to the following:**

## **Our Patron**

HRH The Duchess of Cambridge

## **Our Ambassadors**

Jenny Agutter OBE

Baroness Armstrong of Hill Top

Bill Bottrill

Michael Buerk

Gordon Bullock

Lavinia Carey OBE

Ken Deeks MBE

Richard Farleigh

Shirley Anne Field

Nerys Hughes

Jessica Hynes

Martha Kearney

Diane Keen

Larry Lamb

Matthew Lewis

Sian Lloyd

Emily Maitlis

Flora Martin MBE

Lord McConnell of Glenscorrodale

Sir Trevor McDonald OBE

Dermot Murnaghan

Lynda Myles-Till MBE

Mary Nightingale

Baroness Richardson of Calow OBE

Angela Rippon CBE

Neville Shulman CBE

Alastair Stewart OBE

Lady Henrietta St. George

Sister Eluned Williams MBE

Kevin Whately

## **Our Supporters**

150 Club members

Adint Charitable Trust

The Alice Ellen Cooper Dean Charitable Foundation

The ARI Masterserve Foundation

Arts Council England

Barclays

BBC Children in Need

The Big Lottery Fund

Bluestone Community Foundation

The Book People Ltd

Busy Bees Nurseries

Byte Night 2017 Boards

(National Chair:

Ken Deeks MBE

Regional Chairs:

Caron Alexander,

Alastair Brown,

Murray Dickson,

Dr Alistair Forbes,

Sally Hanson, John Howarth,

Tony Hughes,

Rhona Hutchon,

Andrew McManus,

Charles Le Strange Meakin,

Darren Lemon,

Andrew Moore, Mike Rebeiro,

James Robbins,

Alistair Russell, David Sadler,

Jonathan Summerlin,  
Jeremy Thomas, Julia Yates  
and all the 2017 Byte Night  
Vice Chairs, Board Members  
and sleepers across the UK).

CBRE

CEO Sleepout 2018 Committee  
(Committee Chair: Tim Griffin,  
Committee Members:  
Mike Tobin OBE, Manny Pinon,  
Nia Williams and all the 2018  
CEO Sleepout sleepers).

Charles Jacob Charitable Trust

Chapman Charitable Trust

The Corra Foundation

Crerar Hotels Trust

Dell

Deloitte LLP

Denbighshire Voluntary  
Service Council

DM Thomas Foundation  
for Young People

Dobbies Garden Centres

Donald Forrester Trust

Douglas-Jones  
Mercer Solicitors

Edith Murphy Foundation

The Entertainment Quiz  
Committee 2017/18  
(Members: Liz Bales,  
Kristina Boler,  
Lavinia Carey OBE,  
Marisa Clifford,  
Eddie Cunningham,  
Charlie McAuley,  
Christos Michaels,  
Denise Parkinson,  
Adam Rubins,  
Matt Smith,  
John Trafford-Owen.)

The Edinburgh Committee

FedEx

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The Gleneagles Golf Day  
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Herbalife Nutrition and the  
Herbalife Family Foundation

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Hilda Farr Charitable Trust

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Howat Foundation

The Mrs Janet T Isles  
Denny Trust

Mrs. V.A. Lacey Will Trust

London and Quadrant  
Housing Trust

Lloyds Banking Group

McNulty Trust

Moondance Foundation

The Morrisons Foundation

Northwood Charitable Trust

Never Mind  
the Business Committees;

Glasgow, Belfast, Aberdeen  
& Swansea

Nominet Trust

Northwood Charitable Trust

Norton Rose Fulbright

PG Paper

Pines and Needles

The Premier League

Dr Christine and Mr Alan Piper

The Robertson Trust

Royal Mail

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Sainsbury's

Teri Spain

The Sports Dinner Committee

The Spring Ladies  
Lunch 2017/18 Committee  
(Members:  
Elizabeth Hammond,  
Samina Hand,  
Vanessa Hoddle,  
Lynda Myles-Till MBE,  
Denise Parkinson,  
Mary Ross,  
Alison Rowntree-Taylor,

Annya Sand,  
Elena Shchukina,  
Ciara Stewart,  
Joanne Tye)

Schuh Trust

Short Breaks Fund

Sir John Fisher Foundation

STV Children's Appeal

Tampon Tax Fund

Tibra Capital Foundation

towergate Insurance

Turner & Townsend

Ultimate News Quiz  
2018 Committee (Chairs:  
Baroness Anne Jenkin,  
Martha Kearney, Chris Shaw  
and all the 2018  
Committee Members)

Valero Energy Ltd

Wider Plan

The Woman of Influence Board

Women Taking Action  
(Daisy Goodwin (Chair),  
Marisa Clifford,  
Catherine Balmond,  
Simone Bono, Michelle Quest,  
Madhavi Vadera,  
Anne Richards, Susan Flynn)

Woodmansterne Publications  
Ltd

XL Catlin

The Yes Chef Committee

Thank you to everyone who has  
participated in, or organised,  
the many challenges, events  
and activities around the  
UK – raising vital funds, while  
generally having fun.

We were founded by the  
Methodist minister Thomas  
Bowman Stephenson, just  
shy of 150 years ago, and  
continue to extend our thanks  
and appreciation to our many  
supporters in the Methodist  
Church, for the wonderful  
commitment and support  
we receive from them.



## By getting involved

### Visit our website

To find out more about the work we do across the UK and how you can support us visit **[actionforchildren.org.uk](https://actionforchildren.org.uk)**

If you have a question or a comment about our work, get in touch. Call our Supporter Care team on **0300 123 2112**

Or you can find us on:

Twitter  
**@actnforchildren**

Facebook  
**actionforchildren**

YouTube  
**actionforchildrenUK**

### How you can help

There are many different ways individuals can get involved with fundraising or volunteering. We are always on the lookout for corporate partners and companies to sponsor events as well. Just visit our website to find out more.

**[actionforchildren.org.uk/get-involved](https://actionforchildren.org.uk/get-involved)**

Legacies go a long way in ensuring we can maintain the level of services we offer across the UK. If you can find room in your will for Action For Children, your legacy will live on helping disadvantaged child for years to come.

**[actionforchildren.org.uk/legacy](https://actionforchildren.org.uk/legacy)**

### Make a donation

Regular donations help us reach out to more children who urgently need support. You can truly help children achieve their potential.

**[actionforchildren.org.uk/donate](https://actionforchildren.org.uk/donate)**

Post  
**Action For Children**  
**3 The Boulevard**  
**Ascot Road**  
**Watford**  
**WD18 8AG**

Phone  
**0300 123 2112**

### Endnotes

Some children, young people and adults shown in this report have been helped by Action For Children. In other instances we have used models or changed names to safeguard and protect the identity of those we have helped.

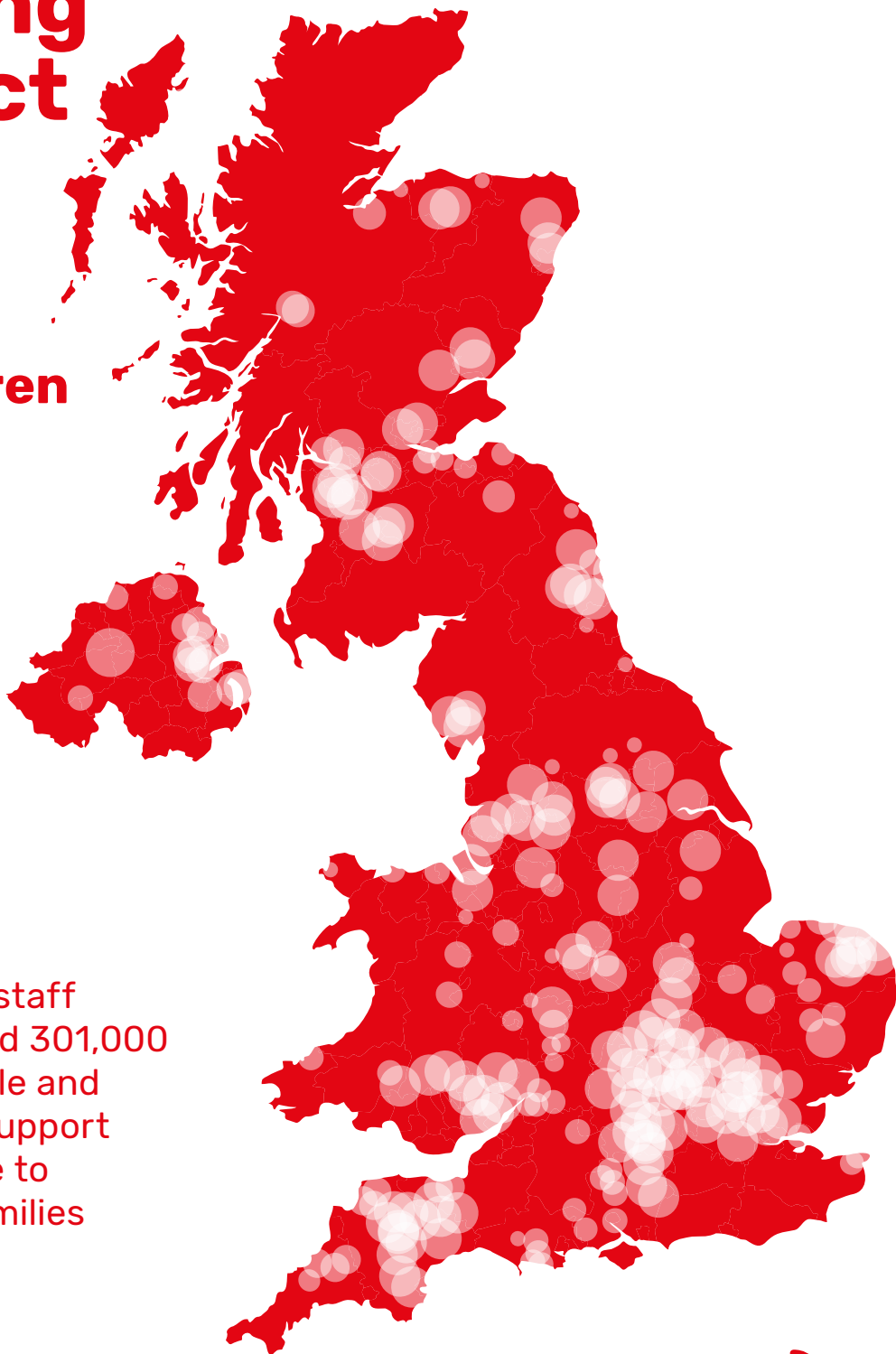
### Improvement data from e-Aspire analysis of 2017/18 targeted work unless otherwise stated.

1. Analysis of 10,771 disabled children.
2. Analysis of 10,032 children (aged 0-5) we worked with in a targeted way in our children and family centres in 2017/18.
3. Analysis of 5,853 children and young people (aged up to 25) who received targeted support to provide them with safe and loving homes.
4. Analysis of 212 student who had completed the Blues Programme across 32 schools.
5. Analysis of 26,741 children and young people.
6. New Economics Foundation and Action for Children (2009) Backing the Future .

# By making an impact across the UK

We help children  
from before  
they are born  
until they are  
young adults

In 2017/18 our 7,000 staff and volunteers helped 301,000 children, young people and families. Our digital support services are available to young people and families in all areas of the UK.



**350**

England

**91**

Wales

**87**

Scotland

**24**

Northern  
Ireland





## **Action For Children**

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3 The Boulevard  
Ascot Road  
Watford  
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### **YouTube**

actionforchildrenUK

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