action for children

Our year in action

Annual report 2011/12

as long as it takes

Contents

Farewell from our chair

Annual Reports are a time for reflection on the past and I write this as I am about to step down from the charity having completed six fascinating and hugely memorable years.

In this, her Jubilee Year, we remain grateful to Her Majesty for her continued support as our Patron – and one of the highlights of my tenure as chair was her visit to mark the 10th anniversary of our presence in Northern Ireland.

However when I joined Action for Children in 2006, NCH as the charity was then called had long been established as a leading provider of services for vulnerable children, young people and their families across the other home nations. Indeed in 2009, we celebrated 140 years of the organisation: in 1869 the Reverend Thomas Bowman Stephenson, a Methodist minister, opened our first children's home. While the charity is now independent of the Methodist Church, accountable instead to the Charity Commission, we are hugely grateful to the very many Methodists who continue to support our work.

In 2008, we took the momentous decision to re-launch the organisation as Action for Children – a fresh new identity which communicates what we do far more clearly, enabling us to campaign and speak out for children using the evidence base of our services as the foundation. We were increasingly able to prove that what works is to intervene as early as possible after a child or a family's problems are identified. This is particularly the case in child neglect, which we chose as our main campaigning focus in 2009. Since then we have raised millions of pounds to help neglected children directly, as well as raising awareness of the effects, causes and prevalence of neglect.

The governance challenges of a national charity of this scale have changed considerably over the years – both to accommodate the increasingly diverging four nations' agendas and to offer proactively creative, affordable solutions to commissioners and government based on our experience of what will have greatest positive impact in a time of economic constraint.

All this has placed increased demands on my fellow trustees and I am grateful to them for their unstinting support and commitment over the years and I wish my successor John O'Brien every success going forward. I would also like to put on record my thanks to our Chief Executive Clare Tickell, her executive team and all the staff and volunteers who enable us to make a difference to the lives of the most vulnerable children, young people and their families.

That's why we exist – for as long as it takes.

Pamela J Chesters
Chair

18 July 2012

Welcome to our annual report for 2011/12

This has been a year of intense pressure for the voluntary sector as a whole, and Action for Children has been no exception.

The recession has had a devastating impact on some of the vulnerable children, young people and families we support, and our services are witnessing daily an increase in need, and an erosion of the resources available in communities to meet it. Local authorities, on whom we depend for the majority of our funding, have faced decisions of unprecedented difficulty and complexity.

First and foremost, Action for Children has responded by rigorously ensuring we continue to provide the best possible quality of care, while doing our very best to protect the organisation's sustainability. It is our duty to focus as much of our expenditure as possible on direct services. We have taken steps therefore to reduce our management costs dramatically, while simultaneously investing in safeguarding and quality by ensuring every service has access to an expert lead practitioner. We have also invested in business development, to enable us better to meet the needs of our local authority partners, working closely with them to support the most vulnerable children as cost effectively as possible wherever we can.

Meanwhile, we must continue to track the impact of recession and public spending decisions on those children, young people and families who need us the most. Our first annual Red Book – outlining the impact of spending cuts on our services – was published on the anniversary of the Comprehensive Spending Review, and we will continue to hold governments to account in the coming year.

Similarly, our first Annual Review of Child Neglect was published during the year, setting a baseline against which we and other agencies can be judged. We will continue to campaign for the changes we know will benefit the UK's 1.5 million neglected children, and to appeal for funds to roll out the solutions that we can prove transform lives.

We are fortunate that our donated income continues to grow year on year, and we are deeply conscious of our responsibility to be transparent in our dealings with all funders – statutory and voluntary – about how our money is used. That is why we launched My Action for Children: a groundbreaking website which allows donors to choose exactly where their money goes.

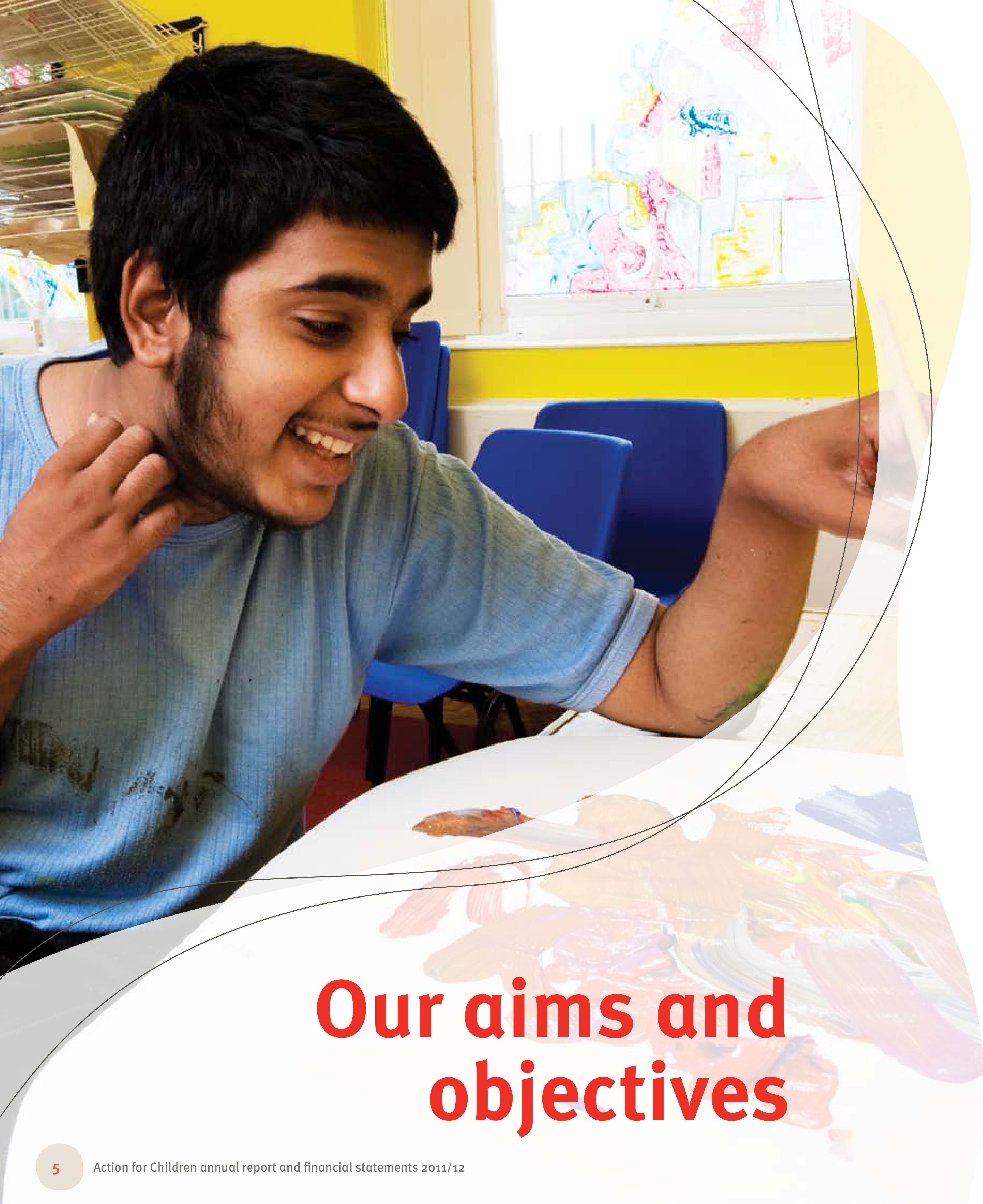
The achievements in this annual report are a source of great pride, and are testament to the way in which Action for Children's values of passion, equality and hope are demonstrated every day by our staff and volunteers to the thousands of children, young people and families we work with. The commitment our staff and volunteers show is all the more remarkable in such challenging times, and we are deeply grateful to them for all they do.

Finally, it is with some sadness that we say farewell to Pam Chesters who is standing down after six years as Chair. Pam has been a fantastic advocate of our work and has steered Action for Children through some challenging times. She has been an outstanding Chair and we wish her every success.

We welcome Pam's successor, John O'Brien and look forward to working with him in the future.

Dame Clare Tickell
Chief Executive

18 July 2012



Our aims and objectives

Action for Children is committed to helping the most vulnerable children and young people in the UK break through injustice, deprivation and inequality, so they can achieve their full potential.

Our values

Passion – we are driven by our desire to help children and young people overcome injustice and disadvantage

Equality – we believe all children and young people have equal worth and equal rights

Hope – we believe in a child or young person's potential, no matter what they have experienced or what they have done

Our vision

Our vision is of a world where all children and young people have a sense of belonging, and are loved and valued – a world where they can fulfil their potential, shape their destiny and experience the joy of life.

Our purpose

Our purpose is always to be there for the most vulnerable children and young people, helping them break through injustice, deprivation and inequality, so they can achieve their full potential.

Strategic objectives

Our primary strategic objectives are directly linked to our purpose:

- we will make a positive difference in the lives of children and young people and ensure all our decisions and actions are governed by this imperative
- we will maximise our opportunities to increase support to the most vulnerable children and young people
- we will continually improve our efficiency, effectiveness and long-term security

Each year we look at what we have achieved and the outcomes of our work, to understand how successful we have been in delivering against our strategic objectives, and how we have benefited the most vulnerable and neglected children and young people.

Public benefit requirement

We have had due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 4 of the Charities Act 2011.

This guidance sets out two key principles:

- the organisation must have an identifiable benefit
- the benefit must be to the public or a section of the public

As our sole purpose is to promote the wellbeing of the most vulnerable and neglected children and young people by safeguarding them and ensuring that they are cared for, that their families and carers have assistance and support and that their health and education are promoted, we meet these public benefit requirements.

How our activities deliver public benefit

Everything we do is focused on helping the most vulnerable and neglected children and young people to achieve their full potential. Our activities further our charitable purpose for the public benefit. We are satisfied the services we deliver to our beneficiaries are compatible with our objectives.

About 81 per cent of our income comes from local authority, central government and NHS funding. For some, including our schools and fostering and adoption services, our income is linked to individual placements. Our donated income, though less, is equally critical, enabling us to meet needs we would not otherwise meet.

We aim to provide as many of our services as possible without children, young people and their families having to make a financial contribution. In almost all cases it is our commissioning partner who meets the cost. Where we do have to charge for extra services, we will always help families to claim any relevant benefits or subsidies.

What we do and where we work

We work across the UK to deliver a range of services for children, young people and their families. This means we can achieve our ambitious charitable objectives.

Our Children's Centres are centres of excellence

100% of Action for Children Children's Centre services achieved satisfactory grades or better in their Ofsted inspections. 90% of these were rated good or outstanding in their work to meet the needs of service users and improve the outcomes for children. This compares with 73% of all Children's Centres nationally. Action for Children provided an excellent range of services to meet the diverse needs of parents and children. In particular, many of our services were praised for their efforts in reaching families described as "hard to reach" with our proactive and innovative methods.

'If they hadn't visited me in my home, I would never have bothered coming into the centre,' said one parent.

Our Children's Centres have a positive impact on outcomes, including health outcomes, for the most vulnerable children (King's College London, 2011). The centres made a positive impact in terms of reducing the risk of physical, sexual or emotional abuse of a child and concern about a child where this was an issue. Furthermore, they had a positive impact regarding domestic abuse.

Intensive Family Support

Intensive Family Support services provide a keyworker for families with a range of complex problems and where there is a risk of custody or care for young people and/or of eviction of the family as a result of anti-social behaviour. We work to overcome fear of using our services with families on the basis of frequent contact. We also work to develop positive self-esteem, greater confidence and improved parenting. Action for Children pioneered this approach in its Dundee service in 1995 and now provides a similar service in over 30 local authorities. This approach of family intervention and our role in providing it was applauded by Government when launching its Troubled Families initiative in December 2011.

We know from our evaluation and performance analysis that family intervention services have a successful track record of keeping young people safely out of care and custody and in preventing family evictions. We also know from our Social Return on Investment studies that Intensive Family Support services provide one of the most cost effective ways of supporting vulnerable families with up to £9.20 return for every £1 spent (Backing the Future, Action for Children/New Economics Foundation, 2009). Current work with the University of Loughborough will update our knowledge about the impact of our services and the realisable savings which can be achieved by local authorities through commissioning Action for Children to deliver Intensive Family Support.

Young people at risk

We have secured further funding to deliver therapeutic services. These programmes ensure achievement of positive outcomes for young people at risk of care or custody.

Adoption and fostering

We want children who cannot live with their birth families to have the same life chances as other children, particularly at a time when the numbers of children coming into care are increasing every year. We have recruited more foster carers to help provide choice for these children and we have continued to provide stable placements for children who often find it hard to settle with carers. During the year we undertook research into the success of our placements, and found that the quality of the carers we recruit and the level of support we provide for them are key factors in avoiding placement breakdown. We have also continued to work with the Children's Minister to improve the adoption process. Like many commentators, we are concerned that the use of adoption is falling and we are determined to continue to find appropriate placements for those children who are hardest to place – those from black and minority ethnic backgrounds, older children and groups of siblings.

Our services across the UK

In England, we have striven to ensure that our services can meet the twin challenges of rising levels of need and reduced resources. This has meant being totally focused on the needs of children and their families, finding different ways of doing things and doing all in our power to protect our frontline services. Our ability to deliver high quality services and to transform how these services are delivered is recognised by an increasing number of local authorities, who now choose us to deliver on a large scale. Recent examples have been the award of contracts to deliver the majority of children's centres in Hampshire, Oldham and Sandwell and significant short-break services for disabled children in Cambridgeshire. We have also been exploring new income streams to fund children's services, such as social impact bonds.

In Scotland, we are focused on retaining existing services, especially those for families, disabled children and young people. We have some excellent examples of evidence based early years programmes and intend to expand our services in that area by seeking a share of the £32m unallocated Early Years Fund. We will pilot work on tackling sectarianism and with young people on the cusp of serious and organised crime, as well as building on and expanding Roots of Empathy, a programme aimed at primary school children focusing on reducing problem behaviour, fighting and bullying. We will also continue to grow our share of the fostering market in line with our Fostering Growth Strategy.

In Wales, our services focus on family support, as part of our commitment to early intervention with families to combat the impact of neglect. Our Flying Start services are an integral part of this work. We continue to provide respite in the community for disabled children, offering both activities and more intensive residential respite. We have grown our services for looked after children by extending our residential children's homes services and continuing to grow our fostering service.

In Northern Ireland, where we have worked for over 10 years, we will continue to be active members of the Regional Children and Young People's Strategic Planning process and to show leadership in developing Early Intervention services as well as growing our share of the fostering market, including the pursuit of intensive fostering services. We are also anticipating work in two new areas in Northern Ireland: supported accommodation and functional family therapy.

Services for disabled children

We provide 20 early support, short break, family support and transition to adulthood services for disabled children in Wales; eight in Scotland and 39 in England. We also have two long term residential care services in England. These services enable children to have fun, promote resilience in families and achieve good outcomes. For example, 67% of children's communication skills improve, emotional and mental wellbeing improves for 56%, and 80% engage safely in a leisure activity of their choice.

International support

We continue to offer consultancy on children's services in southern Africa, Zimbabwe and Belize. Working with Methodist Church partners in six countries, we support the development of child protection policies and practice, training of childcare staff, and development of outreach programmes delivering community-based childcare schemes.

Our achievements in 2011/12

Last year, we set out a number of corporate priorities:

To support those most vulnerable to spending cuts we said we would improve outcomes for the most vulnerable and neglected children and young people

This is what we achieved

We have developed our new and innovative Family Partners service for neglected children.

Our on-going campaigning work has contributed to increased awareness and understanding of child neglect.

In partnership with the University of Stirling, we published our annual review of the state of neglect in the UK – *Child neglect in 2011*. In February 2012, more MPs wrote to the Department of Education about this issue than any other. We have made nation-specific recommendations which we are taking forward with governments across the UK.

We have launched a public campaign calling for a review of the law relating to child neglect. In the first five days of the campaign we increased awareness of the issue:

- Media coverage included The Sunday Times, The Times, The Independent, Sky News, Woman's Hour, BBC News and ITV News, as well as regional print and broadcast across the UK
- Over 1,000 people signed the pledge in the first week of the campaign
- Celebrities and influential figures tweeted support

Young people who use our services were involved in our successful campaign – 'On our own two feet' – which secured a Government commitment of £16.7 million to set up a new savings account scheme for children in care. The campaign was supported by MPs and Peers from across the political divide as well as 16 other supporting children's charities.

Independent research found that that our short break services enabled disabled children to participate in activities that might have been impossible previously or without the necessary specialist support. The research also showed that children's communication, personal care and behaviour all improved.

Our supported employment programmes have helped young people achieve in education, employment or training by improving their financial and practical life skills. These services also helped young people find suitable accommodation and build relationships through personal and social development programmes.

To support those most vulnerable to spending cuts we said we would increase the number of effective early intervention services we provide

This is what we achieved

We have won contracts to provide significant numbers of new Children's Centres as a result of local authorities outsourcing this work. At the beginning of April 2011 we managed 160 centres; today that number has increased to 216. In the last quarter of the year we developed creative collaborations and partnerships with a number of other organisations who are delivering effective early intervention services in the majority of our centres and we have therefore increased the number of these services we provide.

As part of a partnership with I CAN we are delivering the Early Language Development Programme (ELDP) funded by the Department for Education until 2015. This involves 30 of our centres' early years leaders working across their respective local authorities to train and deliver with partners, the ELDP programme to children and families.

We also work in partnership with the National Childbirth Trust (NCT) which, among other things, supports a development

in North Devon. Here Children's Centres have pooled budgets across a cluster of services to deliver the NHS pre-birth and beyond programme and to train our staff as breastfeeding peer supporters and parents as mentors.

To support those most vulnerable to spending cuts we said we would seek to limit reductions in spending on the most effective interventions and the most vulnerable children and young people

This is what we achieved

Our first annual *Red Book* which analysed the impact of government cuts on services was published in October 2011. We will repeat this exercise this year in order that we continue to keep at a high profile the importance of protecting the most vulnerable.

Action for Children's *Red Book 2011* analysed the impact of UK government spending decisions on vulnerable children, young people and families. It received widespread support and was used to illustrate the reality of government spending decisions within Parliamentary debates and questions. We successfully demonstrated the real impact of the cuts on our services, adding valuable evidence to the debate. We will repeat this exercise each year of the Comprehensive Spending Review cycle to ensure that we continue to influence decision-making to protect the most vulnerable.

Our influencing work has focused on key service areas that make a difference for vulnerable children and families. Our activity around Intensive Family Support has been instrumental in highlighting key issues in this area. We have provided a strong evidence-base to policy-makers to inform developments. Additional government funding has been allocated to this area of work.

We are involved in the Government's trial of payment by results in children's centres in three areas where we are the provider of these centres. We are working to ensure that we continue to meet the needs of the most vulnerable children.

Action for Children's Impact Report 2012 demonstrates how we have taken forward the debate around cost effectiveness. We have been able to show clearly that savings can be made by applying an innovative and evidence-based approach to service delivery.

To support those most vulnerable to spending cuts we said we would use our neglect appeal to provide extra support for neglected children and those at risk of neglect

This is what we achieved

We have already used donated income to fund our innovative Family Partners service. We are now seeking to expand this funding to replicate the model in others parts of the UK.

Despite the challenging external environment our fundraising income has increased significantly which has enabled us to support vulnerable and neglected children.

Action for Children and the University of Stirling are currently working together on a number of initiatives to improve services for neglected children by influencing both policy and practice. A key aspect of this work is the Annual Review, which has established a baseline of the current situation for neglected children in the UK.

In fundraising terms, as well as raising money for a new and innovative service for neglected children and their families, the neglect appeal will continue to improve and integrate our core fundraising activities, building on the uplift to our conventional income streams already achieved since the appeal was launched. We will continue to improve the return on our direct marketing and high value activity. Campaigning activity, driven by policy, media and campaigning teams, means more fundraising prospects. This in turn will benefit both partnership and legacy fundraising.

To increase the services we offer and to focus our resources on areas where we feel we can deliver the most value we said we would make a particular effort to win larger contracts

This is what we achieved

We decided upon three priority areas for development during 2011/12: Children's Centres, Intensive F amily Support and fostering. Our main expansions were in Hampshire, Norfolk, Northumbria, Oldham, Sandwell and Torbay. We have won a contract to deliver Multi Systemic Therapy in Derby and we hope to extend this service to Essex. This positions us as a provider of evidence based Intensive Family Support programmes that can be funded by social impact bonds. We have significantly invested in our fostering services to meet the rising number of children in care. Our marketing activities to gain new carers this year will enable us to provide more placements over the next two years.

In the last financial year there have been very few large scale opportunities for short break services across the UK. Where existing services have been retendered we have retained our services, such as Staffordshire Shared Care, Lincolnshire Community Activities, Cornel Clyd and Neath Port Talbot and on occasions we have managed to expand our services.

We have secured new residential short break services in Cambridgeshire and a new residential service in Buckinghamshire.

To increase the services we offer and focus our resources on areas where we feel we can deliver the most value we said we would increase our market share of fee-based placements to support a wider number of children and young people

This is what we achieved

Our occupancy rate has improved overall as we are using our foster placements more effectively to meet the needs of children and young people.

Over the past year we have transformed our schools portfolio. This has enabled us to rationalise and improve our provision, closing three of our schools and opening exciting new residential and day provision at Parklands Campus near Oxford. In addition we have improved the quality of provision in each of our schools with a clear focus on personalisation and achieving successful outcomes.

As a direct result of this work, the numbers of placements at two of our schools, Headlands in Wales and Parklands in Oxfordshire, have been steadily rising.

To offer best value as well as best quality and do better to achieve best practice in children's services in a cost-efficient and effective way we said we would:

- improve operational efficiency and budgets
- understand and deliver competitive costs
- obtain and publicise evidence that our partners see us as providing efficiency and excellent value for money, and improve on this

This is what we achieved

Our 'Shaping our Future for Children' change programme will reduce our overhead structure and costs but also ensure there is clear responsibility and accountability for all aspects of our work.
We will see some savings come through in 2012/13 with the full impact being seen in 2013/14. With further work also planned or underway, this will lead to a robust and sustainable forward financial plan but also a charity which can continue to deliver, with confidence, high quality services which meet the needs of our clients and funders and which draw on the added value that our fundraising team brings in.

We have also continued to maintain a close and rigorous eye on all costs and managed our best financial performance, before and after property sales, for some years despite the challenging external environment. Support service costs, for example, were £2.5m less than the previous year despite the inclusion of a redundancy cost provision. Further reductions will be seen in 2012/13 and later.

At the same time as we have been looking at how to reduce costs, we have also continued to engage with the increasing volume of services which are coming out to tender. It is clear from the evidence of our success in winning new opportunities that we remain competitive in the wider market place.

Elsewhere we have commented on steps taken to ensure our schools operations become more efficient, but it is not just in the provision of services and support functions that efficiency and reduced costs have been achieved. Extensive restructuring of our

fundraising team took place in 2009/10 resulting in a much improved fundraising outcome in 2010/11.They continued to improve their gross and net income positions In 2011/12, increasing these by 30% and 22% respectively.

The key test of whether we are seen as providing excellent value for money is whether our partners are prepared to commission and re-commission our services. With improved success rates on new work it is clear that they see us as an excellent provider, operating quality services that meet their needs and those of service users. We have set challenging targets for 2012/13 which extend the results already achieved. We have also ensured that we publicise the success of our services through our annual Impact Report. As noted elsewhere in this report, this clearly shows that savings can be made by applying an innovative and evidence-based approach to service delivery.

To increase our voluntary income and more accurately define how we operate we said we would:

- improve our income ratios across budgets
- increase legacy notifications to improve voluntary income
- deliver the My Action for Children web portal successfully attracting a wider number of stakeholders donating voluntary income

This is what we achieved

Despite the challenging and competitive external environment for the second year running we will achieve our net fundraising budget. The final net income of £8.3m is a 22% growth on the previous year; a remarkable achievement considering we continue to increase our investment in regular donor recruitment.

We have recently introduced a new donor welcome programme that has reduced new donor attrition by 77%. This will make a real difference to the outcome of our donor acquisition programme in 2012/13.

Our first national legacy appeal for some years was successful and we are also trialling localised legacy appeals for some of our residential services.

my.actionforchildren.org.uk is Action for Children's innovative new fundraising website that enables our services to submit requests for whatever is most needed locally. The website harnesses our extensive network of community-based fundraisers with the power of the internet to generate donations to fund these activities in full.

Launched in February 2011, to date over £585,000 has been raised from within the communities where our services are based. Donors can search for services on the website by postcode and find those closest to their home. They can also search by the type of service as well, so our services can also generate funds from right across the UK.

To balance autonomy and accountability we said we would:

- ensure everyone in the organisation knows our models for managing risk and safeguarding children and their role in these
- ensure everyone knows their own individual delegated authorities
- measure and improve the perception of our models and delegated authorities as helpful and an aid to decision-making

This is what we achieved

Our new organisational redesign reinforces the principle that all staff have a duty and responsibility to safeguard and promote the well-being of children and young people. This is reinforced by our annual review of our services which 'scores' them on a range of indicators and outcomes following implementation of our new design. We are updating our delegated authorities and have introduced clearer decision making processes for key areas of work.

To hone our commercial skills and develop new ways of working to respond to the new commissioning and funding environment we said we would improve our share of our chosen markets

This is what we achieved

We have strengthened our position as the leading voluntary sector provider of children's centres. In the south of England we have built on the success of our service in Buckinghamshire, gaining new county-wide contracts In Cambridgeshire and Hertfordshire. We have increased our foster care placements, maintaining market share in a growing market.

We are in the process of substantially lowering our costs while improving the quality of our local services. It has been a very tough year with the full impact of cuts in local authority funding coming through to us. Despite this we have provided more cost effective services for local authorities and our other customers.

Our research demonstrates that local authority commissioners increasingly see us as offering better value for money. We have been able to demonstrate not only the quality and impact of our services but our ability do things differently in partnership with local authorities.

To capture, use, record and replicate our innovation so that we can learn for the future we said we would develop a knowledge management and communication culture and tools which are widely used and self-sustaining

This is what we achieved

We are about to implement a new approach to developing and improving our services to ensure that the best of what we know and do is replicated UK-wide. A key part of this approach is "co-production" with children and young people. We are investing in this to ensure that everything we do is informed not only by the research, but also by the day to day experience of those using and benefiting from our services.

Building on our Knowledge and Information Strategy, we have begun to implement SharePoint to provide a new intranet and give staff a repository to store, find and re-use information across geographical and organisational boundaries. Tools such as instant messaging are being piloted and SharePoint blogs and discussions will increasingly allow staff to communicate in different ways across the organisation.

To build on our capability to measure outcomes we said we would ensure our use of outcome measures is extensive and accepted and supports our objectives, and influence the shaping and roll-out of intelligent approaches to payment by results

This is what we achieved

We revised our Outcomes Framework to make it more streamlined and to bring it up to date with new national policy drivers. We have provided training in this and have developed training materials around outcomes demonstration and production of report cards for use from Q1 in 2012-13.

We produced our Impact Report for 2012 which was published online in June 2012 to provide clear measures of our aggregate impact.

We concluded key research with partners to establish the impact of our children's centres and short breaks services for disabled children and began work to update our evidence base on the effectiveness and cost effectiveness of intensive family support.

We developed our relationships with social intermediary bodies who can obtain funding for payment by results schemes through social impact bonds and other approaches. We have developed a good working relationship with the country's leading social intermediary to put together in 2012-13 plans to take to local authorities a partnership package of social investment funding and service provision.

We developed relationships with partners and licensing authorities for evidence-based programmes on which social impact bonds largely depend in the current market. We have secured funding to run such programmes and therefore strengthened our position to act as a provider for the first social impact bonds which will take effect in 2012-13.

We continued to work with the Department for Education around the details of the payment by results schemes to operate in children's centres and our centres are taking part in this initiative in three different locations. We have achieved success in some instances in ensuring that the measures are based more on outcomes and less on process.

Moving forward in 2012/13

Drawing on our strategic objectives as well as our vision, our priorities for 2012/13 are summarised below. Our trustees and country committees will monitor our progress in achieving these priorities at a corporate level and in each of the four nations of the UK.

Strategic priorities

By 2015 we will be highly efficient and cost effective.

This means that in 2012/13 we must:

- Deliver the organisational change programme Shaping our Future for Children
- Become more effective at making, communicating and delivering on decisions in a timely way

By 2015 we will have strengthened our ability to champion the most vulnerable and neglected children and young people, supporting them directly and speaking out both with and for them.

This means that in 2012/13 we must:

- Continue to focus on our appeal and campaign on neglect, raising awareness and money, and taking action to reduce child neglect in the UK. We must find Action for Children's authentic campaigning voice – both fearless and child-centred
- Grow our donated income, both in real terms and as a proportion of our total income

By 2015 we will establish Action for Children as the preferred partner for our customers in local authorities and other funding bodies who commission services for vulnerable children and young people.

This means that in 2012/13 we must:

- Win as many large contracts as possible in our chosen range of services
- Understand, influence and meet the future needs of our customers

By 2015 we will establish Action for Children as a pioneer in achieving and understanding the impact we make in the lives of children and young people.

This means that in 2012/13 we must:

- Continue to improve the way we measure and prove our impact and the benefits of early intervention
- Develop a set of core products which meet the needs of children and young people

By 2015 we will be home to the best people who want to make a difference for children and young people.

This means that in 2012/13 we must:

- Manage change in a way that is open, engaging, inclusive and participative and develop new ways of valuing, sharing and learning from the innovation that happens in our services
- Build the skills our people need to be excellent at winning and retaining both services and customers, finding solutions, and responding flexibly to changing circumstances

Young people and campaigns

This year has seen us take a leap forward in involving children and young people more directly in our campaigning work.

In March 2011 we launched our successful 'On our own two feet' campaign, which secured £16.7m to fund a system of savings accounts for children in care. We also secured ongoing funding to ensure that every child in the UK who has been in care for a year or more will have a junior ISA opened for them, with an initial deposit of £200 in it. The campaign, which combined work with MPs and Treasury officials, supporter activism and media coverage, placed the experiences of Action for Children care leavers at its heart. As well as delivering the campaign report to 11 Downing Street, care leavers spoke bravely and passionately about their experiences to MPs and Peers at our launch event in the Houses of Parliament, which was integral to our success.

A comment from one of the young people involved:

- 'I can't tell you how proud I am to have been a part of the campaign and know young care leavers will have a better future'

This year has also seen the formation of our first ever Young Campaigners Group, which has played a lead role in the development and delivery of a number of elements of our 'Take your action for children' neglect appeal. The group learned about the theory of campaigning and how young people can feel empowered to bring about positive change in their communities and more widely. They then put this into action collecting hundreds of signatures for our early intervention petition, which two of the group then delivered to 11 Downing Street in March, receiving a personal response from the Prime Minister, David Cameron.

What our young campaigners said about their trip to Downing Street:

- Nazrana (15): 'I was overwhelmed because it's a once in a lifetime opportunity to take a picture outside David Cameron's house. This is probably the best day of my life, so I want to thank everyone who supported me throughout the whole time – A DAY I WILL NEVER FORGET'
- Sunday (16): 'Child neglect is a perpetual war which needn't be fought, a race that needn't be run, and a struggle which needn't be endured. I feel great knowing I am on the front line, battling the neglect of children head on'

Artwork created by our young campaigners was also used as the lead creative for our ground-breaking report 'Child neglect in 2011', launched in January 2012. As well as featuring in the report itself, the striking imagery was used in postcards distributed across the UK and a series of adverts in national newspapers. The group also created a special film for the campaign launch, interpreting our report using their own words and images, which was shown at our launch event at the Houses of Parliament and can be seen on the Action for Children website.

We are proud of what we have achieved by involving young people in our campaigning work but are determined to keep on improving. With this in mind, we are aiming to launch further young people's campaign groups in Wales, Scotland and Northern Ireland over the coming year.

Involving service users, supporters and volunteers

Children and young people's participation

We continue to involve children and young people in a wide range of activities, including influencing decision makers in Action for Children and in the wider world.

A group of young people from projects in Scotland have worked with some of our trustees to help them understand and engage with issues that are particularly important to young people. Through a series of engagement days, the young people and trustees developed materials, including a DVD, to explain what governance means to Action for Children and how to get involved with trustees.

A group of young people helped test out our corporate plan. This is one element of work to ensure we are held accountable to those who use our services. We have continued to increase the involvement of children and young people in the recruitment of staff, reflecting our ambitions set out last year. This has been enhanced by the co-delivery of our *The Right Choice* training by young people alongside project staff in events throughout the UK.

Our arts portfolio continues to offer a wide range of creative opportunities to children and young people as ways of expressing themselves. This year arts work has contributed to the neglect campaign and the 'design an egg' competition to coincide with our Big Egg Hunt fundraising event. Children and young people designed and judged this year's Christmas cards.
As a result of our two youth arts weekends, a drama performance was written and performed for audiences as diverse as our own Byte Night fundraising event and professional conferences including the Children England Conference and the British Association for the Study and Prevention of Child Abuse and Neglect conference in Belfast.

Customer care and complaints

We aim to treat people well and respect their rights. This is why we collect feedback about our services on a regular basis, handle complaints fairly and effectively, celebrate compliments and learn from all the feedback we receive.

During the year we succeeded in resolving all service user complaints locally. Service users tell us this is preferred rather than involving independent investigators, and 92% of complainants asked said they were satisfied with how we responded to their complaint.

We resolved over 80% of complaints within ten working days – an improvement on last year.

We collected 1,897 compliments from service users this year, an increase of 667 on last year and ten times the number of complaints received. We have been piloting a new tool to help analyse compliments, so we can understand what works well for service users and replicate that elsewhere in the organisation.

We analysed themes from our complaints and compliments and shared learning from these throughout the organisation.

Volunteering

Research carried out by NCVO (National Council for Voluntary Organisations) and OPM (Office for Public Management) found that volunteers in our Children's Centres alone are worth an economic equivalent of almost £1.2m. More than that though, they provide an informal reassuring presence for families, act as positive role models to the local community, contribute unique skills and experience, as well as bringing practical support and providing a pastoral role to families. They help to break down any stigma of using the children's centres, widen participation and become a community resource by creating new relationships between people.

We increased the number of people volunteering with us by 17% on last year, and now have 2002 people regularly volunteering with us.

In addition, over 31,777 supporters carried out fundraising activities in local communities, and 440 employees in our corporate partners' organisations contributed a further 440 days to events, team challenges and other volunteering, equivalent to over £105,000.

Equality and diversity

We have continued to demonstrate our commitment to being an employer of choice for all, with targeted equality and diversity activity, reflecting the ambitions of our Equality Scheme.

We have made effective use of equality impact assessments in a wide range of work, including contributing to winning successful major new contracts and ensuring we understand the impact of our major organisational change programme Shaping our Future for Children.

Our partnership with the Network for Black Professionals (NBP) has grown this year, and we held a 'lunch and learn' event jointly with them, to enable staff from across the organisation to learn more about the NBP and our range of anti-racist activity.

Our performance in the annual Stonewall Workplace Equality Index was again substantial. We improved our ranking by a further 68 places, and were 116th in the index, the sixth best-performing voluntary sector organisation this year. Stonewall were so impressed by our continuous improvement that they invited us to speak at their annual Workplace Equality conference. Our Lesbian, Gay, Bisexual, Transgender (LGBT) champion spoke about the ways in which we support and work with LGBT staff and service users.

We have co-led work across the voluntary sector alongside the Equality and Diversity Forum and the Equality and Human Rights Commission that has now launched an equality and human rights framework for the whole of the voluntary sector. This will help the sector better show how we work for all, and challenge ourselves to do the very best in terms of human rights and equality.

As part of this year's anti-bullying week, young people from a number of projects used art to explore anti-bullying messages, and helped us design a set of anti-bullying posters that are now displayed in all our premises.

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' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year.

Under that law the trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 in the Charities SORP
- 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 a going concern basis unless it is inappropriate to presume that the charitable 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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.

How we are organised

Legal status

Action for Children is a charitable company limited by guarantee and is governed by a Memorandum and Articles of Association dated 6 January 2005. Our objects are 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 better care and safeguarding them
- providing assistance to them, their families and carers
- promoting their health
- promoting their education and establishment in life

Action for Children is 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.

Trustees

There are currently 15 trustees and these individuals make up Action for Children's Council.

Our close historic links with the Methodist Church are reflected in our constitution and we value the knowledge and expertise of those trustees who are Methodists. Trustees and committee members are appointed for the skills and experience they can bring to the organisation. Children and young people are involved in the selection process for new appointees. Once appointed, trustees and new committee members undertake an induction programme, including a structured introduction to the organisation, and undertake to make links with services in their area. Regular developmental sessions are also provided.

The normal term of office is three years, after which trustees may be eligible for re-appointment for a second term. In exceptional circumstances, trustees may be appointed for one further non-renewable term of up to three years.

All our trustees give their time voluntarily and receive no benefits from the charity.

Any expenses reclaimed from the charity are set out in note 3 to the financial statements.

Council

Council meets formally five times a year and is responsible for Action for Children's long-term objectives and for providing overall financial and organisational control. Trustees bring considerable experience and expertise from their business and professional activities. Council reviews its own and the Chair's performance regularly and shares the results with the organisation.

Delegation arrangements

Trustees have delegated responsibility for specific areas of activity to a number of committees that regularly report to Council. These committees have agreed terms of reference and include specialist co-opted members, in addition to trustees.

There is a trustee-approved formal scheme of delegation, which sets out delegation arrangements for our decision-making bodies and incorporates accountabilities for staff across the organisation.

Committees

Finance Committee

Purpose:

- to oversee all the financial aspects of the charity
- to advise Council on the most appropriate financial strategy

Investment Sub-group

Purpose:

- to advise the Finance Committee on investment strategy and planning
- to make recommendations regarding the appointment and performance of investment managers

Audit Committee

Purpose:

- to ensure we meet our statutory accounting obligations
- to ensure we maintain an effective system of internal control and risk management

Remuneration Committee

Purpose:

- to review the salary policy for all staff and to determine the remuneration of the Chief Executive and direct line reports

Nominations Committee

Purpose:

- to identify, recruit and propose new members of Council and to ensure their induction, support and development
- to approve the approach to and appointment of ambassadors

Scotland Committee

Purpose:

- to oversee the delivery of our strategic objectives in Scotland through the provision of high-quality children's services, taking into account any geo-political priorities that may affect our work in the national context

Wales Committee

Purpose:

- to oversee the delivery of our strategic objectives in Wales through the provision of high-quality children's services, taking into account any geo-political priorities that may affect our work in the national context

England Committee

Purpose:

- to oversee the delivery of our strategic objectives in England through the provision of high-quality children's services, taking into account any geo-political priorities that may affect our work in the national context
- to act as the Action for Children adoption agency, receiving an annual report on performance in accordance with the Adoption Agency Minimum Standards

(Currently Council oversees activities in Northern Ireland, but trustees intend eventually to establish a Northern Ireland committee.)

Executive Management Team

The Executive Management Team, which is made up of the chief executive and four executive directors, is responsible for the overall day-to-day management of the organisation. The executive management team oversees the following areas:

- Corporate Resources
- External Relations and Communications
- Finance, Property and IT
- Operations

Internal control

The key elements of our systems of financial control, which are designed to discharge the responsibilities of the trustees, include:

- definitions of the responsibilities and delegated authorities of heads of departments
- a comprehensive medium- and short-term planning process supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of performance and monthly reviews of financial results involving variance reporting and quarterly updates of forecast out-turns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital and revenue expenditure subject to formal, detailed appraisal and review
- financial regulations detailing financial controls and procedures approved by the Audit Committee and Council
- an independent internal audit team with an annual programme of work approved and reviewed by the Audit Committee

We’re committed to helping the UK’s most vulnerable and neglected children and young people

Role of internal audit

The Audit Committee reviews and monitors the work undertaken by the internal auditors at each of its meetings. Subsequent to the year end, following a competitive selection exercise, BDO were appointed as internal auditors in place of KPMG who had been our internal auditors since 2003.

Risk management

Our risk management framework helps to ensure that we identify and manage key risks which could affect our ability to deliver our objectives, and ultimately achieve our charitable aims. One of the main elements of the framework is the corporate risk register, which provides a means of documenting, evaluating, mitigating, and then monitoring and reviewing our risks.

In order for risk management to be fully effective, it is important that it is integral to everything that we do, and is part of our decision making, and service delivery processes. Therefore, we have integrated our risk framework into our business planning process, so that key risks are taken into account when we devise our strategies, and each business plan contributes to the delivery of these strategies, and to the mitigation of the corporate Risks.

The corporate risk register is restructured so that risks are classified under three new classifications in order to help to communicate the risks, and to clarify to stakeholders where these risks are managed within the organisation:

Executive Management Team Leadership – strategic overarching risks

These are risks that are the direct responsibility of our Executive Management Team concerning the strategic leadership and direction of the organisation, and making the right decisions.

Delivering the basics – operational risks

These are the risks that we need to address operationally every day as part of normal service delivery, and which are managed across the organisation.

Strategic priorities – current year priorities

These are risks associated with delivering the current year priorities, and are communicated and managed across the organisation

Risks are evaluated in terms of impact and likelihood, and the top risk areas in 2011/12 covered the following themes:

- Keeping our service users and staff safe and well (safeguarding; health & safety)
- Ensuring the charity remains viable (achieving income targets, marshalling our resources effectively)
- Delivering our strategic priorities (delivery programmes, business continuity)

We have similarly structured our Key Performance Indicators (KPIs) under the same three groupings so that there is a clearer alignment between our corporate risk register, and our performance management framework. The key benefit of this is that we can use the same set of KPIs both to monitor our performance against achieving our objectives, and to assess our risk management and mitigation.

The governance arrangements for risk management are that the overall responsibility for establishing systems of internal control, which includes risk management, lies with the Council of trustees, and the implementation of these systems is the responsibility of the Executive Management Team. An independent review of the adequacy of these arrangements is provided by the Audit Committee.

Our ethical framework

Trustees have developed an ethical framework to help us consider any ethical issues that might arise and enable us to make decisions in a clear and transparent fashion. This will apply when receiving donations, working with suppliers or partners, investing funds and appointing trustees, staff and ambassadors. We recognise there are no simple answers and that issues will often have to be decided on a case-by-case basis.

Financial review

As the harsh economic conditions continue and our local authority commissioning partners have to respond to severe spending cuts, we expected last year to present challenges. Along with increased demand for services for vulnerable children and young people, there is financial pressure on our charitable activities and fundraising opportunities are more competitive.

In this climate the overall financial result for 2011/12 was positive, but with some continuing challenges. We benefited significantly from the sale of our Highbury head office at the start of the year, but excluding asset disposals, total income was down £15m. Net expenditure for the year before property sales, investment gains and pensions liability loss was £0.8m, a continuing improvement on the £4.2m loss in the previous year.

Fundraising met the objectives for 2011/12 to increase net income and develop online donations. Gross income was up 30%, which delivered net income of £8.3m, up 22%. A fundraising partnership with Elephant Family was successful, raising income and profile with the Big Egg Hunt fundraising event. We will continue to improve our focus for fundraising opportunities and look to improve the return we get on developing initiatives.

As local authorities have responded to their funding cuts our charitable income has fallen, mainly seen in family and youth services. Changes in local authority funding approaches for residential schools led us to decide to close Westwood School in Kent and merge Cotswold Community and the Spires, resulting in the launch of the Parklands campus at the Oxfordshire site which has made a good start since opening in September 2011.

We looked at how we could best respond to these income cuts, to continue our services for children and young people and ensure financial viability. Our focus has been on early intervention and neglect, targeting children's centre services in particular. Where local authorities have looked at new models of providing these services we have been able to demonstrate the excellence of our services and win new work. This is a hard, lengthy process and our planning of when new income would come in was optimistic for 2011/12. Not all the new opportunities in the budget were won, and there was slippage in others. This meant that our financial performance did not match the budget, but we did see the anticipated opportunities start to come through in the latter part of the year, a trend which is continuing. As a result we have been able to plan with more confidence for 2012/13, reflecting considerable success in translating the quality of our services into successful bids for tendered services. We have been able to agree a balanced budget for 2012/13, before contingencies, including pension fund payments, based on growth in operations, the cost reduction agreed through the 'Shaping our Future for Children' project and the strong fundraising performance last year.

Last year we mentioned the 'Work Smart' project which was aimed at reducing costs, while ensuring we remained a viable and innovative organisation able to continue to help vulnerable and neglected children and young people break through injustice, deprivation and inequality. Following the initial reporting of this project, we extended its remit to encompass a wider ranging restructure of how we work and our ability to operate in the more financially challenging circumstances that now exist. As a result we announced 'Shaping our Future for Children' a major restructuring programme in February and are currently implementing it. It will make a substantial reduction to our cost base and result in a greater ability to provide a robust, quality series of services for our clients and funders, as well as ensuring that we are able to better join up our fundraising 'asks' with our core work, so increasing the added value donated income can make to the children and families we work with.

Turning to the balance sheet, we saw another reduction in property assets following the sale of Highbury and the transfer of further remaining Sure Start properties to local authorities. The related Sure Start provision has again reduced considerably over the year and now stands at only £1.5m compared with £5.7m at the end of 2010/11. These changes have reduced both tangible assets and provisions, while working capital has increased as a result of generally lower creditors.

A larger change has been a worsening of the pensions deficit under FRS 17. This is discussed further below.

Underlying operating cashflow was broadly similar to the previous year, except in respect of the debtors, where we were unable to repeat a further reduction in the level of debtors seen in the 2010/11 cashflow. As a result, and reflecting the lower level of activity compared with that originally anticipated, we were unable to invest as much of the net property proceeds as originally planned, but we still managed to increase net investments by £3.8m compared with a reduction of £8.3m in the previous year.

Pensions

The year saw another large turn-around in the fortunes of the Pension Fund as assessed under FRS 17, reversing much of the improvement seen in the previous year but not enough to take us back to the position seen in 2009/10. Pension fund assets improved by £28.1m to £375.1m although this was less than the increase in liabilities which went up by £43.9m. These changes resulted in a pension liability of £55.6m, up by £15.8m from £39.8m at the end of the previous year. The increase in the value of Pension Fund assets relates to investment value gains, with income from contributions and investments matching pension payments and costs. The increase in liabilities was largely a result of a drop in the discount rate following the move in the markets to less risky assets, prompting a drop in yields on gilts and related assets. There was also a small element relating to an increase in longevity assumptions.

As we have noted previously, FRS 17 is by no means a perfect method of assessing the true pension liability, particularly at a time of market volatility. Having said that, 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 and are encouraged that despite that volatility, we remain broadly on the path of the agreed recovery plan. Supporting this has been the continued implementation of the investment strategy which has resulted in a lower risk asset portfolio but one which still retains a reasonable exposure to growth.

Group financial statements

In addition to the main charity, the group consolidated financial statements include two other charities that share common trustees and management.

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 the relief of young people under the age of 25 who are in need, hardship or distress. During the year, grants of £94,000 were made to Action for Children to support a number of projects.

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

- Action for Children Services Limited (company number 2332388) is a wholly owned subsidiary for the primary purpose of trading in the provision of welfare and educational services. The company performed successfully in 2011/12, as reflected in the performance of the Action for Children group described in this annual report. The company made a profit of £4,375,000 in the year, which has been transferred to Action for Children under Gift Aid.
- Action for Children Trading Limited (company number 3776025) is a subsidiary for our fundraising and trading activities. The company made a profit of £583,000 in the year, which has been transferred to Action for Children under Gift Aid.
- Action for Children Developments Limited (company number 6842765) is a company limited by guarantee, wholly owned by Action for Children. The company will facilitate property developments in support of the charity's objectives. The company did not trade in the year ended 31 March 2012.

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 2012, the endowment funds were £6.9m and the specific-purpose funds £2.8m.
- Unrestricted, designated funds currently comprise the capital fund, which is the amount invested in tangible fixed assets used in the charity's operational work, net of financing. The amount of the designated funds was £42.8m at 31 March 2012.
- The revaluation reserve is the amount by which investment market values exceed their historic cost. This is required by company law. This amounted to £7.3m at 31 March 2012.
- 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 is determined by the reserves policy. The general fund amounted to £16.3m at 31 March 2012.
- The pension reserve represents the difference between the fair values of pension assets and liabilities. This amounted to a deficit of £55.6m at 31 March 2012.

Reserves policy and forward financial forecast

As a charity, Action for Children only has a very 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 annually the reserves policy 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 Council. A risk-appraisal approach, applying likelihoods to a range of future costs, 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 five-year forward 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 to children, young people and their families.

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. The trustees judge that reserves between £25m and £35m are required, within which range the mid-point of £30m will be targeted. The range is based on a risk assessment of requirements over the next five years.

Although general reserves increased in the year to £23.6m, they were below the target range at 31 March 2012. Whilst this is slightly below the lower end of where we need to be, the trustees believe the charity has sufficient reserves on current projections to see it through the next three years. Over and above this, the current five-year financial plan sets out capital and other expenditure plans to support Action for Children's vision and strategic objectives. As a result of such plans, reserves are projected to increase to, and remain within, the target range due to a balanced operating budget.

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 and note 5 to the financial statements and, on the prescribed basis of calculation, shows a liability of £55.6m. The deficit on an ongoing 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 2012/13 and the following year which cover a period of 12 months from the signing of these accounts. The plans are built on a secure foundation of contract income alongside an achievable net fundraising target. Further, since the start of the year we have continued our recent experience in winning new contracts such that overall income is ahead of target. Where we have any residual risk we have, as set out above, the capacity to manage such exposures as may arise through flexing our cost base as well as planning, monitoring and managing our cash flows accordingly. Although the general economic climate remains uncertain we believe that we are well placed to continue our operations appropriately.

Elsewhere in this report we set out our risk management approach as well as the key risks we face. In addition we remain broadly on target against the pension deficit recovery plan agreed with the Pension Fund trustees, despite the significant market changes since that date.

Taking all of the above into account, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they believe that the going concern basis remains the appropriate basis on which to prepare the annual report and accounts.

Investments

The larger part of the charity's investments are managed by the Central Finance Board (CFB) of the Methodist Church. 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 research, company meetings and networking over a wide range of issues. Its implementation involves exclusion of companies deemed inappropriate as investments, as well as constructive engagement with those where such a policy is felt likely to lead to positive change. The CFB produces original research on themes such as the environment, climate change and human rights. The CFB 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's ethical investment policy precludes investment in companies whose principal purpose is involvement with alcohol, tobacco, pornography and armaments, or in companies that use child labour. Action for Children's own ethical framework ensures there is a clear and consistent approach to all matters where we have some control and that impact on the wellbeing and life chances of children. This affects all areas of our work and actions including policy, fundraising and procurement. It also covers investments and supports the approach adopted by the CFB.

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. We continue to review our investment policy in light of this. Investment decisions and performance are discussed and reviewed by a sub-group of the finance committee, which includes three members with investment experience. Stock markets continue to be volatile, but overall the value of investments rose last year with a gain of £0.2m. Investment income rose with new purchases at the start of the year and slightly increased company dividends, but low interest rates prevailed for the year.

The CFB fund performance is measured against a benchmark relevant to the investments. Overall there was satisfactory performance for the year and highlighting two examples, the corporate bond fund performing 1.1% ahead of benchmark, but the UK equity fund was 1.5% under benchmark. For the year the ethical policy had a negative impact of 0.7% compared to the unadjusted index. Performance is reviewed and discussed with the CFB by the charity's investment group on a regular basis.

Pamela J Chesters
Chair

18 July 2012

Independent auditor's report to the members and trustees of Action for Children

We have audited the financial statements of Action for Children for the year ended 31 March 2012 which comprise the consolidated statement of financial activities (incorporating the income and expenditure account), the group and parent charitable company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an 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 company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 32, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including the group 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report set out on pages 4-49 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
18 July 2012

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

Financial statements for the year ended 31 March 2012

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Notes	Unrestricted funds £'000	Restricted funds: Specific purpose £'000	Restricted funds: Endowment £'000	Total 2012 £'000	Total 2011 £'000
Incoming resources	2					
Incoming resources from generated funds						
Voluntary income						
Donations and gifts		11,306	3,823	-	15,129	10,711
Legacies		5,060	-	-	5,060	4,698
		16,366	3,823	-	20,189	15,409
Activities for generating funds						
Trading income and shop sales of donated goods		-	-	-	-	117
Investment and other income		925	-	-	925	745
		17,291	3,823	-	21,114	16,271
Incoming resources from charitable activities						
Children in care		29,659	-	-	29,659	31,414
Disability		34,427	-	-	34,427	33,057
Supporting families		77,764	1,474	-	79,238	94,118
Youth		17,476	315	-	17,791	23,309
		159,326	1,789	-	161,115	181,898
Other incoming resources						
Net gain on disposal of fixed assets		14,702	-	-	14,702	2,260
Pension finance credit	5	1,031	-	-	1,031	-
		15,733	-	-	15,733	2,260
Total incoming resources		**192,350**	**5,612**	**-**	**197,962**	**200,429**
Resources expended	3,4					
Costs of generating funds						
Costs of generating voluntary income						
Donations and gifts		9,330	2,337	-	11,667	8,449
Legacies		269	-	-	269	263
		9,599	2,337	-	11,936	8,712
Costs of activities for generating funds						
Trading and shop operating costs		-	-	-	-	34
Investment management costs		36	-	-	36	26
		9,635	2,337	-	11,972	8,772
Resources expended on charitable activities						
Children in care		32,693	-	-	32,693	33,348
Disability		34,886	-	-	34,886	33,986
Supporting families		83,038	1,487	-	84,525	99,511
Youth		19,189	312	-	19,501	25,865
		169,806	1,799	-	171,605	192,710
Governance costs		516	-	-	516	832
Pension finance charge	5	-	-	-	-	9
Total resources expended		179,957	4,136	-	184,093	202,323
Net income/(expenditure) for the year before transfers		12,393	1,476	-	13,869	(1,894)
Transfers between funds	14	988	(988)	-	-	-
Net income/(expenditure) for the year before other recognised gains and losses		**13,381**	**488**	**-**	**13,869**	**(1,894)**
Other recognised gains/(losses)						
Net gains/(losses) on investment assets	7	271	-	(61)	210	1,779
Actuarial (loss)/gain on pension liability	5	(25,845)	-	-	(25,845)	22,560
Net movement in funds		**(12,193)**	**488**	**(61)**	**(11,766)**	**22,445**
Funds brought forward		23,073	2,357	6,932	32,362	9,917
Funds carried forward	13,14	**10,880**	**2,845**	**6,871**	**20,596**	**32,362**

All activities derive from continuing operations. There are no recognised gains or losses in the current or preceding financial year other than as shown in the statement of financial activities. The surplus for the year, including realised gains of £100,000, for Companies Act purposes was £13,901,000 (2011 deficit of £1,828,000, including realised gains of £61,000).

Balance sheets

	Notes	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Fixed assets					
Tangible assets	6	44,376	53,248	44,376	53,248
Investments	7	28,255	24,489	22,561	18,773
		72,631	**77,737**	**66,937**	**72,021**
Current assets					
Stock	8	548	-	548	-
Current asset investments	9	784	-	784	-
Debtors	10	19,097	20,812	14,945	12,888
Short-term deposits		10,836	10,779	9,107	9,989
Cash at bank and in hand		639	-	-	-
		31,904	**31,591**	**25,384**	**22,877**
Creditors: amounts falling due within one year	11	**(24,937)**	**(30,991)**	**(20,031)**	**(23,961)**
Net current assets/(liabilities)		**6,967**	**600**	**5,353**	**(1,084)**
Total assets less current liabilities		**79,598**	**78,337**	**72,290**	**70,937**
Provisions for liabilities	12	**(3,451)**	**(6,185)**	**(3,451)**	**(6,185)**
Net assets excluding pension liability		**76,147**	**72,152**	**68,839**	**64,752**
Pension liability	5	**(55,551)**	**(39,790)**	**(55,551)**	**(39,790)**
Net assets including pension liability		**20,596**	**32,362**	**13,288**	**24,962**
Funds					
Restricted funds:					
Endowments		6,871	6,932	-	-
Specific purpose		2,845	2,357	2,845	2,357
Total restricted funds		**9,716**	**9,289**	**2,845**	**2,357**
Unrestricted funds:					
Designated funds		42,844	47,535	42,844	47,535
General fund		16,332	7,499	15,895	7,031
Revaluation reserve		7,255	7,829	7,255	7,829
Total general fund and revaluation reserve		23,587	15,328	23,150	14,860
Pension reserve	5	(55,551)	(39,790)	(55,551)	(39,790)
Total unrestricted funds		**10,880**	**23,073**	**10,443**	**22,605**
Total funds	13-15	**20,596**	**32,362**	**13,288**	**24,962**

These accounts were approved by Council on 18 July 2012 and signed on its behalf.

Pamela Chesters, Chair

Gerald Russell, Trustee

Company number 4764232

Consolidated cash flow statement

	Notes	2012 £'000	2011 £'000
Net cash outflow from operating activities		(14,872)	(10,799)
Returns on investments and servicing of finance			
Interest received	2	202	122
Dividends received	2	604	498
Rental income from investment properties	2	119	125
		925	745
Capital expenditure and financial investment			
Purchase of tangible fixed assets	6	(2,184)	(6,053)
Purchase of investments	7	(5,505)	(625)
Proceeds of sale of fixed assets		21,156	8,149
Proceeds of sale of investments	7	1,107	8,955
Proceeds of sale of investment properties	7	842	71
		15,416	10,497
Net cash inflow before use of liquid resources		1,469	443
Management of liquid resources			
(Increase) in short-term deposits		(57)	(414)
Increase in cash		1,412	29
Reconciliation of net expenditure to net cash outflow from operating activities			
Net income/(expenditure) before other recognised gains and losses		13,869	(1,894)
Investment income	2	(925)	(745)
Net gain on disposal of tangible fixed assets		(14,702)	(2,260)
Depreciation	6	4,602	5,234
Pensions service cost	5	730	1,454
Pension finance (credit)/charge	5	(1,031)	9
Pension employer contributions	5	(9,783)	(8,906)
(Increase) in stock		(548)	-
(Increase) in current asset investments		(784)	-
Decrease in debtors		1,715	5,152
Decrease in creditors		(5,281)	(4,223)
Decrease in provision for liabilities	12	(2,734)	(4,620)
Net cash outflow from operating activities		(14,872)	(10,799)

	At 1 April 2011 £'000	Cash flow £'000	At 31 March 2012 £'000
Analysis of net funds			
Net (bank overdraft)/cash in hand	(773)	1,412	639
Short-term deposits	10,779	57	10,836
Total	10,006	1,469	11,475

	£'000
Reconciliation of net cash flow to movement in net funds	
Net funds at 1 April 2011	10,006
Net funds at 31 March 2012	11,475
Movement in net funds in the period	1,469
Cash inflow from increase in liquid resources	(57)
Increase in cash in the period	1,412

Notes to the financial statements

1 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 2005). published in 2005, the Companies Act 2006 and applicable United Kingdom accounting standards and law.

The particular accounting policies adopted by the Council 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, Action for Children Trading Limited and, until 9 November 2010, Bessels Leigh School Trust 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 Nicholas Galperin Trust are also treated as subsidiaries and consolidated in the group accounts.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income, there is certainty of 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.

Incoming resources from charitable activities, including capital grants, are included in the SOFA when they are receivable. The full amount of capital grants is taken to 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 incoming resources are 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.

Resources expended

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 and shop operating 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.

Resources expended 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 both direct charitable work and fundraising, allocations of their costs are made on a basis which reflects the use made of those services, for example, staff numbers or floor area occupied.

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 corporate resources department is involved in the compliance with the constitutional and statutory requirements of operating a charitable company.

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 FRS17. 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 scheme 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 small 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.

1 Accounting policies (continued)

Funds

General funds are unrestricted funds which are available for use, at the discretion of the Council, 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 Council for particular purposes. The aim and use of each designated fund are set out in the annual report of the Council and the notes to the financial statements. The Council 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 that 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, 999 year leasehold 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 land and 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 years

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

Where capital grants have been received from the Sure Start Unit to purchase or build properties, those properties are treated as fixed assets of the charity and depreciated in line with the policy set out above.

A provision has been set up to reflect the liability to transfer these properties to local authorities, or repay the capital grant, in line with the conditions of the Children Act 2004. Further details are included in notes 6 and 12.

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 consolidated statement of financial activities within other recognised gains and losses in the year and in note 7.

Stock

Stock represents goods for resale and are valued at the cost to bring them to a marketable state.

Current asset investments

Current fixed assets are those acquired by legacy but not required for business use. They are deemed to be for short term disposal and are valued at market value less costs at the time of gift.

Liquid resources

Liquid resources are represented by cash balances held on a short term basis.

Overages

The charity retains under certain sale agreements the right to an element of overage on subsequent increases in the value of land or property being sold. The right to a future profit is inherently uncertain until the exchange or, in some cases, completion of a property sale. Recognising as well that some arrangements are dependent on the completion of all sale units within a development, the policy is to recognise such sales when there is virtual certainty over receipt and the amount can be reliably measured. Given the nature of such agreements, this is not expected to be until close to (or at the same time as) the completion of the final sales of the properties within the development.

2 Incoming resources

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.

Subsidiaries and associated charities

Action for Children Services Limited and Action for Children Trading 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 and fundraising 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. Action for Children also wholly owns a company called Action for Children Developments Limited that has not traded.

2 Incoming resources (continued)

A summary of the results for the year ended 31 March 2012 is given below.

	Trading subsidiaries		Associated charities			
	Services £'000	Trading £'000	NCH £'000	Nicholas Galperin £'000	Total 2012 £'000	Total 2011 £'000
Turnover	54,292	640	-	-	54,932	70,134
Cost of sales	(49,921)	(101)	-	-	(50,022)	(64,417)
Gross profit	4,371	539	-	-	4,910	5,717
Charitable activities	-	-	(124)	(96)	(220)	(298)
Administration costs	(9)	(3)	-	(1)	(13)	(173)
Surplus/(deficit) on ordinary activities before interest	4,362	536	(124)	(97)	4,677	5,246
Investment income	13	47	124	66	250	204
Net (losses)/gains on investment assets	-	-	(32)	(28)	(60)	331
Surplus/(deficit) on ordinary activities before Gift Aid	4,375	583	(32)	(59)	4,867	5,781

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

	Trading subsidiaries		Associated charities			
	Services £'000	Trading £'000	NCH £'000	Nicholas Galperin £'000	Total 2012 £'000	Total 2011 £'000
Fixed assets	-	-	3,878	1,816	5,694	5,716
Current assets	8,393	847	622	1,029	10,891	12,614
Creditors	(8,393)	(847)	(34)	(3)	(9,277)	(10,930)
Net assets	-	-	4,466	2,842	7,308	7,400

Charity statement of financial activities

Total incoming resources of the charity were £197,929,000 (2011 £200,288,000) and the net movement in funds was a deficit of £11,674,000 (2011 surplus £22,248,000). Incoming resources include a management fee of £49,960,000 (2011 £64,307,000) from Action for Children Services Limited in respect of social work undertaken on behalf of the company, and £2,000 (2011 £2,000) from Nicholas Galperin Trust in respect of administration assistance undertaken for the trust.

Investment and other income	2012 £'000	2011 £'000
Listed equities and unit trusts	6	2
Unlisted equities	3	5
CFB funds – UK	499	427
CFB funds – overseas	96	64
Interest income	202	122
Income from securities	806	620
Rental income from investment properties	119	125
	925	745

3 Resources expended

	Direct costs £'000	Support costs £'000	2012 total £'000	2011 total £'000
Costs of generating funds				
Costs of generating voluntary income				
Donations and gifts	10,839	828	11,667	8,449
Legacies	255	14	269	263
Costs of activities for generating funds				
Trading and shop operating costs	-	-	-	34
Investment management costs	36	-	36	26
	11,130	842	11,972	8,772
Resources expended on charitable activities				
Children in care	30,581	2,112	32,693	33,348
Disability	29,550	5,336	34,886	33,986
Supporting families	66,257	18,268	84,525	99,511
Youth	15,337	4,164	19,501	25,865
	141,725	29,880	171,605	192,710
Governance costs	508	8	516	832
Pension finance charge	-	-	-	9
Total resources expended	**153,363**	**30,730**	**184,093**	**202,323**

Support costs allocation	HR, training and policy costs £'000	Strategy, premises, finance and IT costs £'000	2012 total £'000	2011 total £'000
Costs of generating funds				
Costs of generating voluntary income				
Donations and gifts	185	643	828	1,166
Legacies	6	8	14	12
Costs of activities for generating funds				
Trading and shop operating costs	-	-	-	8
Investment management costs	-	-	-	-
	191	651	842	1,186
Resources expended on charitable activities				
Children in care	1,215	897	2,112	2,800
Disability	2,445	2,891	5,336	5,936
Supporting families	5,455	12,813	18,268	17,719
Youth	981	3,183	4,164	5,625
	10,096	19,784	29,880	32,080
Governance costs	8	-	8	13
Pension finance charge	-	-	-	-
Total support costs	**10,295**	**20,435**	**30,730**	**33,279**

Support cost allocation

HR, training and policy costs are allocated on the basis of head counts of employees across the different activities. Strategy, premises, finance and IT costs are allocated on the basis of the numbers of projects, departments or business units across the different activities.

Trustee costs

Thirteen trustees were reimbursed travel expenses totalling £6,000 (2011 12 recipients of £5,000). Trustees are not entitled to and did not receive any remuneration.

3 Resources expended (continued)

	2012 £'000	2011 £'000
Fees payable to the auditors of Action for Children		
In respect of the charity audit	96	125
In respect of subsidiaries and associated trusts audits	13	11
	109	136
In respect of other services (certificates for project partners, tax and other advice)	151	88
	260	224
Value added tax		
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:	4,515	4,955
Rentals under operating leases		
Plant and machinery	55	47
Land and buildings	2,613	2,598
	2,668	2,645
Depreciation	4,602	5,234
Governance costs – direct		
Wages, salaries and related costs	192	302
Internal and external audit fees	162	317
Legal fees	96	24
Other costs	58	176
	508	819

4 Employees' emoluments

Staff costs comprise:	2012 £'000	2011 £'000
Wages and salaries	104,192	109,364
Temporary staff costs	9,281	12,839
Social security costs	8,833	9,813
Action for Children Pension Fund – defined benefit current service cost	1,026	1,603
Action for Children Pension Fund – defined contribution cost	2,864	2,908
Teachers', local government pension scheme and NHS Pension Fund contributions	290	348
	126,486	136,875

	Full-time equivalent		Employees	
Average staff numbers:	2012 no.	2011 no.	2012 no.	2011 no.
Full-time	2,693	2,715	2,693	2,715
Part-time and sessional	1,515	1,535	2,775	3,724
	4,208	4,250	5,468	6,439

The number of staff whose emoluments fell within each of the following bands was:		
£60,001 to £70,000	19	21
£70,001 to £80,000	10	7
£80,001 to £90,000	5	4
£90,001 to £100,000	1	4
£110,001 to £120,000	2	1
£140,001 to £150,000	1	1

28 of the staff listed above were accruing benefits under the Action for Children Pension Fund defined contribution section (2011 30). The amount of contribution paid in respect of these staff to the scheme was £292,000 (2011 £288,000).

5 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.

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 such valuation, at 31 March 2009, showed a deficit of £95m (a funding level of 73%), 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 valuation as at 31 March 2012 is currently under way.

Action for Children is paying deficit contributions of £7.5m per annum for a period of 19 years commencing in 2010/11. The recovery plan has been accepted by the Pensions Regulator. It is underpinned by a Memorandum of Understanding to regularly communicate and share information between the employer and the Pension Fund and supported by a charge in favour of the Pension Fund over assets of £40m owned by Action for Children in the event of default.

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

Employee	Employer
3%	5%
4%	5%
5%	5%
6%	6%
7%	7%
above 7%	7%

In addition the employer pays 2% contribution into the defined benefit section to cover death in service, ill-health early retirement costs, and to meet the administration costs of the Pension Fund.

Contribution rates for the Fair Deal TUPE section are 6% for the employee and 10.5% for the employer.

The total employer contribution to the defined benefits section of the Action for Children Pension Fund for the year was £9,783,000 (2011 £8,906,000).

Membership of the Pension Fund at 31 March 2012 was:

	2012	2011
Active members – defined benefit section	61	68
Active members – defined contribution section	1,659	1,838
	1,720	1,906
Deferred members	3,936	3,772
Pensioner members	1,857	1,762
	7,513	7,440

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 different financial assumptions from the FRS 17 valuation detailed below, which is carried out for accounting disclosure purposes. At 31 March 2012, on the ongoing valuation basis used for the triennial valuation, rolling forward the 2009 funding assumptions, the deficit was £96m (a funding level of 80%). The FRS 17 position shown below is a deficit of £56m (a funding level of 87%).

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.

FRS 17 valuation

These financial statements have been prepared in line with the requirements of FRS 17 on Retirement Benefits. The FRS 17 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 17 actuarial assumptions determined by financial markets and demographic conditions are shown below. A later table shows the sensitivity of the liability to these assumptions.

5 Pensions (continued)

Financial assumptions	2012	2011
Inflation – RPI	3.2% pa	3.5% pa
Inflation – CPI	2.5% pa	2.8% pa
Rate of increase in salaries	3.7% pa	4.0% pa
Rate of increase of pensions in payment	3.2% pa	3.5% pa
Rate of increase of deferred pensions	2.5% pa	2.8% pa
Discount rate	4.6% pa	5.5% pa

Demographic assumptions	2012		2011	
Average life expectancy in years:	**Males**	**Females**	**Males**	**Females**
Member currently aged 60	87.2 years	88.7 years	86.9 years	88.5 years
Member currently aged 40, aged 60 in 2032	89.0 years	90.0 years	88.7 years	87.7 years

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 base tables are a suite of bespoke assumptions that reflect the characteristics of the Pension Fund's membership. Future improvement in longevity is in line with the medium cohort projections, scaled in line with ClubVita experience. A 1% pa minimum improvement is applied for males and 0.75% pa for females.

	31 March 2012			31 March 2011		
Balance sheet position	Value £'000	Asset allocation %	Expected return %	Value £'000	Asset allocation %	Expected return %
Equities and diversified growth funds	168,376	45%	6.8%	184,668	53%	7.8%
Corporate bonds	71,111	19%	4.6%	40,971	12%	5.5%
Government bonds	68,060	18%	3.3%	82,639	24%	4.3%
Liability driven investment fixed interest and cash	30,996	8%	3.3%	-	0%	4.3%
Property	31,825	9%	4.8%	31,493	9%	5.8%
Net current assets	4,781	1%	0.5%	7,239	2%	0.5%
		100%	**5.21%**		100%	**6.36%**
Total fair value of assets	375,149			347,010		
Actuarial value of liabilities	(430,700)			(386,800)		
Deficit recognised in the balance sheeet	**(55,551)**			**(39,790)**		

Analysis of amounts charged to the statement of financial activities	2012 £'000	2011 £'000
Current service cost	(1,026)	(1,603)
Gain on curtailments and settlements (net transfers out of the Pension Fund)	296	149
Charged to resources expended	(730)	(1,454)
Expected return on Pension Fund assets	21,940	21,992
Interest cost on Pension Fund liabilities	(20,909)	(22,001)
Pension finance credit/(charge)	1,031	(9)
Experience gain on liabilities	8,845	1,942
Changes in assumptions underlying the present value of the Pension Fund liabilities	(45,100)	18,600
Actuarial (loss)/gain on liabilities	(36,255)	20,542
Actual return less expected return on the Pension Fund assets – actuarial gain on assets	10,410	2,018
Total recognised actuarial (loss) /gain	**(25,845)**	**22,560**
Cumulative amount of recognised actuarial gains and losses since April 2002	(104,006)	(78,161)

5 Pensions (continued)

Reconciliation of the Pension Fund liabilities	2012 £'000	2011 £'000
Pension Fund liabilities at the start of the year	386,800	399,200
Current service cost	1,026	1,603
Interest cost	20,909	22,001
Contributions by Pension Fund members	74	287
Actuarial loss/(gain)	36,255	(20,542)
Net transfers out of the Pension Fund	(2,025)	(1,216)
Benefits and expenses paid	(12,339)	(14,533)
Pension Fund liabilities at the end of the year	430,700	386,800

Reconciliation of the fair value of the Pension Fund assets	2012 £'000	2011 £'000
Pension Fund assets at the start of the year	347,010	329,407
Expected return on assets	21,940	21,992
Contribution by Pension Fund members	74	287
Contributions by the employer	9,783	8,906
Actuarial gain	10,410	2,018
Net transfers out of the Pension Fund	(1,729)	(1,067)
Benefits and expenses paid	(12,339)	(14,533)
Pension Fund assets at the end of the year	375,149	347,010

The estimated Action for Children contributions to the defined benefit sections of the Pension Fund for the year to 31 March 2013 are £8,400,000.

History of the Pension Fund valuations and experience gains and losses	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of the Pension Fund assets	375,149	347,010	329,407	253,043	297,278
Actuarial value of liabilities	(430,700)	(386,800)	(399,200)	(292,500)	(313,900)
Pension Fund (deficit)	(55,551)	(39,790)	(69,793)	(39,457)	(16,622)
Actuarial gain/(loss) on the Pension Fund assets	10,410	2,018	59,282	(64,948)	(23,411)
Percentage of Pension Fund assets	2.77%	0.58%	18%	(25.67%)	(7.88%)
Experience gain/(loss) on the Pension Fund liabilities	8,845	1,942	(2,592)	506	129
Percentage of Pension Fund liabilities	2.05%	0.5%	(0.65%)	0.17%	0.04%
Total actuarial (loss)/gain recognised on the Pension Fund liabilities	(36,255)	20,542	(94,892)	35,706	51,529
Percentage of Pension Fund liabilities	(8.42%)	5.31%	(23.77%)	12.21%	16.42%

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.

Assumption	Change in assumption	Impact on Pension Fund liabilities %	Impact on Pension Fund liabilities £m
Discount rate	+/- 0.1%	-/+ 1.7%	+/- £7.5m
Rate of inflation	+/- 0.1%	+/- 1.7%	+/- £7.5m
Rate of salary growth	+/- 0.1%	+/- 0.4%	+/- £2.0m
Life expectancy	+/- 1 year	+/- 2.0%	+/- £9.0m

6 Tangible fixed assets

	Assets in the course of construction £'000	Freehold land and buildings £'000	Leasehold land and buildings £'000	Computers and equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
Group and charity							
Cost or valuation							
At 1 April 2011	317	58,912	11,266	15,664	3,447	4,517	94,123
Additions	1,095	46	-	465	6	572	2,184
Transfers	(720)	114	-	540	66	-	-
Disposals	-	(9,644)	(2,089)	(112)	(107)	(549)	(12,501)
At 31 March 2012	692	49,428	9,177	16,557	3,412	4,540	83,806
Depreciation							
At 1 April 2011	-	18,822	6,707	9,986	2,916	2,444	40,875
Charges for year	-	747	597	2,282	146	830	4,602
Transfers	-	-	-	-	-	-	-
Disposals	-	(3,873)	(1,517)	(111)	(98)	(448)	(6,047)
At 31 March 2012	-	15,696	5,787	12,157	2,964	2,826	39,430
Net book value:							
At 31 March 2012	692	33,732	3,390	4,400	448	1,714	44,376
At 31 March 2011	317	40,090	4,559	5,678	531	2,073	53,248

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 £9,592,000 (2011 £10,516,000).

Freehold and leasehold land and buildings include properties funded by the Sure Start Unit with a net book value of £1,532,000 (2011 £5,713,000). To reflect changes introduced through the Children Act 2004, Action for Children is transferring these properties to local authorities. The assets will transfer out of Action for Children's ownership and balance sheet, matched by a release of the provision included in the balance sheet, referred to in note 12.

Of the total cost or valuation of leasehold land and buildings £2,770,000 (2011 £3,979,000) 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 2012 amounted to £nil (2011 £120,000).

Commitments to operating lease payments due within the next year were:

	Land and buildings £'000	Plant and equipment £'000	2012 £'000	2011 £'000
Within one year	205	4	209	167
Within two to five years	790	18	808	749
After five years	432	-	432	328
	1,427	22	1,449	1,244

7 Investments

		Group		Charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Value at 31 March					
Securities					
Units in funds managed by the Central Finance Board of the Methodist Church:	Action for Children share of funds				
CFB UK equity fund	2.3%	7,096	8,413	5,998	7,277
CFB overseas fund	4.5%	5,775	3,578	5,454	3,253
CFB gilt fund	0.9%	271	-	271	-
CFB corporate bond fund	1.0%	820	778	820	778
CFB short fixed interest fund	12.2%	2,069	1,003	2,069	1,003
CFB managed fund	8.5%	4,275	4,252	-	-
CFB inflation linked	1.0%	226	-	226	-
CFB deposit fund	0.0%	1,660	1	1,660	1
		22,192	18,025	16,498	12,312
Listed fixed interest securities		3	5	3	2
Listed equities and unit trusts		248	245	248	245
Unlisted equities		30	30	30	30
		22,473	18,305	16,779	12,589
Investments in subsidiaries		-	-	-	-
		22,473	18,305	16,779	12,589
Investment properties		5,782	6,184	5,782	6,184
Total investments		**28,255**	**24,489**	**22,561**	**18,773**

All investments are held in the United Kingdom.

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.

The historical cost or earliest known valuations of investments held at 31 March 2012 were:

Securities £19,560,000 (2011 £22,648,000)

Investment properties £222,000 (2011 £222,000)

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Investment gains and losses				
Securities				
Market value at 1 April	18,305	25,545	12,590	20,236
Acquisitions during the year	5,505	625	5,360	-
Sale proceeds of disposals during the year	(1,107)	(8,955)	(1,000)	(8,405)
Net investment (losses)/gains in SOFA	(230)	1,090	(171)	759
Market value at 31 March	22,473	18,305	16,779	12,590
Investment properties				
Market value at 1 April	6,184	5,566	6,184	5,566
Sale proceeds of disposals during the year	(842)	(71)	(842)	(71)
Net investment gains in SOFA	440	689	440	689
Market value at 31 March	5,782	6,184	5,782	6,184

7 Investments (continued)

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 (2011 £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 (2011 £74). During the year shares which had a cost of £26 (2011 £26) were transferred to the charity by Action for Children Developments Limited, another wholly owned subsidiary.

(iii) Action for Children Developments Limited is a wholly owned company registered in England and Wales. It is limited by guarantee and does not trade.

8 Stock

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Eggs for Big Egg Hunt	548	-	548	-
	548	-	548	-

9 Current asset investments

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Property acquired through legacy	784	-	784	-
	784	-	784	-

10 Debtors: amounts falling due within one year

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Local authority and other government contracts	14,173	17,018	6,550	7,975
Prepayments	1,154	376	1,154	376
Accrued income	3,068	2,822	2,306	2,362
Amounts owed by subsidiary undertakings	-	-	3,854	1,122
Other	702	596	1,081	1,053
	19,097	20,812	14,945	12,888

11 Creditors: amounts falling due within one year

	Group		Charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank overdraft	-	773	27	2,000
Trade creditors	4,089	5,078	3,927	5,066
Tax and social security	3,821	4,858	2,397	2,764
Amounts owed to subsidiary undertakings	-	-	-	920
Other creditors	8,496	10,970	6,666	6,684
Accruals	3,585	4,623	3,574	4,612
Deferred income	4,946	4,689	3,440	1,915
	24,937	30,991	20,031	23,961

12 Provisions for liabilities

	Group and Charity	
	2012 £'000	2011 £'000
Fixed asset capital grants		
At 1 April	5,713	10,253
Additional provision in the year	-	1,174
Provision utilised	(4,181)	(5,714)
At 31 March	1,532	5,713
Leases and dilapidations		
Provision for onerous leases	218	179
Provision for lease dilapidations	447	293
	665	472
Redundancies	1,254	-
	3,451	6,185

Fixed asset capital grants of £1,532,000 represent the net book value of Sure Start properties that have been funded by capital grants (2011 £5,713,000). As also described in note 6, to reflect changes introduced through the Children Act 2004, Action for Children is transferring these properties to local authorities. These changes have resulted in the capital grant being shown as a liability. The balance is being depreciated and is released against the transfer of the properties and is not anticipated to incur any cash flow.

13 Analysis of group net assets between funds

	Restricted		Unrestricted			
Fund balances at 31 March 2011 are represented by:	Endowment funds £'000	Specific purpose funds £'000	Designated funds £'000	General fund and revaluation reserve £'000	Pension reserve £'000	Balance sheet total £'000
Tangible fixed assets	-	-	44,376	-	-	44,376
Investments	5,694	-	-	22,561	-	28,255
Other current assets	-	-	-	1,332	-	1,332
Debtors	32	-	-	19,065	-	19,097
Cash and short-term deposits	1,179	2,845	-	7,451	-	11,475
Other liabilities and provisions	(34)	-	(1,532)	(26,822)	-	(28,388)
Pension liability	-	-	-	-	(55,551)	(55,551)
Total funds	6,871	2,845	42,844	23,587	(55,551)	20,596

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 comprises the capital 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 transfers out of designated funds reflect the net amounts released to the general fund in the current year. For the capital fund this is principally depreciation, offset by new purchases, the release of the provision for capital grants and the repayment of financing.

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 17 valuation detailed in note 5 gives rise to an asset or liability being recognised by the charity. The recognition of the pension asset or liability results in the creation of a pension reserve, as included above.

14 Group statement of fund movements

	Notes	Brought forward £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Carried forward £'000
Annual income fund		1,895	-	-	-	30	1,925
Lincoln City and County Home		58	-	-	-	-	58
Nicholas Galperin Trust		2,433	-	-	-	(28)	2,405
Scholarship fund		280	-	-	-	(1)	279
Sheila Mildred Gage		10	-	-	-	-	10
Sidney Charles Salter		236	-	-	-	-	236
St Leonard's Convalescent Home		2,020	-	-	-	(62)	1,958
Endowment funds		**6,932**	**-**	**-**	**-**	**(61)**	**6,871**
Accenture (Youthbuild)		8	-	-	-	-	8
Balfour Beatty (Play Equipment)		169	100	(168)	90	-	191
Barclays (see below)		1,050	353	(310)	(703)	-	390
Bauer		80	-	-	(80)	-	-
Big Lottery Fund (see below)		66	398	(394)	-	-	70
Byte Nite Board (Bayswater Project)		28	207	(92)	-	-	143
Chevron (Energy for Learning)		16	20	(6)	-	-	30
Dell (Inspire IT)		114	166	(104)	-	-	176
DHSSPS (Chance for Change)		-	425	(425)	-	-	-
E.ON (Energy Partnership)		-	277	(118)	20	-	179
FedEx (Delivering Change)		52	76	(19)	-	-	109
Football Association		50	54	(2)	-	-	102
Gap (see below)		74	37	(37)	-	-	74
Go Play Foundation (Two of a Kind)		-	90	(47)	63	-	106
Hays Plc (Employability Programme)		65	30	(95)	-	-	-
HBOS Foundation (Housing Matters)		24	-	-	-	-	24
Henry Smith Charity (Moving on Renfrew)		4	57	(44)	-	-	17
Herbal Life (Healthy Lifestyles)		17	15	(22)	-	-	10
Home Sense		54	52	(27)	-	-	79
HSCB (see below)		-	1,047	(1,047)	-	-	-
Inspiring Scotland (Roots of Empathy)		-	511	(323)	(22)	-	166
Laidlaw Youth Trust (Moving on Renfrew)		3	-	(3)	-	-	-
Lloyds TSB (see below)		125	37	(162)	-	-	-
My Action for Children		50	195	(68)	30	-	207
Northern Ireland Housing Executive (Sperrin & Lakeland Floating Support)		8	258	(264)	(2)	-	-
Northern Rock		-	39	(31)	-	-	8
St Leonard's Convalescent Home		-	60	(60)	-	-	-
Vodafone Software Suites		93	-	(4)	-	-	89
Other projects under £50,000		207	1,108	(264)	(384)	-	667
Specific purpose funds		**2,357**	**5,612**	**(4,136)**	**(988)**	**-**	**2,845**
Capital fund		47,535	-	-	(4,691)	-	42,844
Designated funds		**47,535**	**-**	**-**	**(4,691)**	**-**	**42,844**
General fund		7,499	192,350	(190,041)	5,679	845	16,332
Revaluation reserve		7,829	-	-	-	(574)	7,255
General fund and revaluation reserve		**15,328**	**192,350**	**(190,041)**	**5,679**	**271**	**23,587**
Pension reserve	5	**(39,790)**	**-**	**10,084**	**-**	**(25,845)**	**(55,551)**
Total – unrestricted		**23,073**	**192,350**	**(179,957)**	**988**	**(25,574)**	**10,880**
Total funds		**32,362**	**197,962**	**(184,093)**	**-**	**(25,635)**	**20,596**

14 Group statement of fund movements (continued)

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

	Brought forward £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Carried forward £'000
Barclays:					
Employability Programme	-	-	-	128	128
Financial Futures	837	-	-	(837)	-
Money Skills	213	353	(310)	6	262
	1,050	**353**	**(310)**	**(703)**	**390**
Big Lottery Fund:					
Caerphilly Parents	17	66	(72)	-	11
Hereson Family & Community Centre	13	-	(13)	-	-
Lisalanna After School	-	22	(20)	-	2
Skills For Living	10	222	(211)	-	21
Street Level	5	-	(5)	-	-
Tayavalla Shared Care	-	7	(6)	-	1
Young Fathers Network	21	81	(67)	-	35
	66	**398**	**(394)**	**-**	**70**
GAP:					
Employability Programme	-	37	(37)	-	-
One to One support	74	-	-	-	74
	74	**37**	**(37)**	**-**	**74**
HSCB:					
Clooney Family Centre	-	38	(38)	-	-
Eastern Area Young Carers	-	209	(209)	-	-
Family Group Conferencing	-	43	(43)	-	-
Family Support – Early Intervention	-	295	(295)	-	-
Family Support Hub	-	17	(17)	-	-
Locality Action Family Groups	-	94	(94)	-	-
Northern Area Young Carers	-	254	(254)	-	-
Southern Area Young Carers	-	97	(97)	-	-
	-	**1,047**	**(1,047)**	**-**	**-**
Lloyds TSB:					
Alness Families	32	-	(32)	-	-
Guernsey Youth Housing	9	37	(46)	-	-
Inverness Family	67	-	(67)	-	-
Lochaber Families	17	-	(17)	-	-
	125	**37**	**(162)**	**-**	**-**

15 Charity statement of fund movements

	Notes	Brought forward £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Carried forward £'000
Accenture (Youthbuild)		8	-	-	-	-	8
Balfour Beatty (Play Equipment)		169	100	(168)	90	-	191
Barclays (see above)		1,050	353	(310)	(703)	-	390
Bauer		80	-	-	(80)	-	-
Big Lottery Fund (see above)		66	398	(394)	-	-	70
Byte Nite Board (Bayswater Project)		28	207	(92)	-	-	143
Chevron (Energy for Learning)		16	20	(6)	-	-	30
Dell (Inspire IT)		114	166	(104)	-	-	176
DHSSPS (Chance for Change)		-	425	(425)	-	-	-
E.ON (Energy Partnership)		-	277	(118)	20	-	179
FedEx (Delivering Change)		52	76	(19)	-	-	109
Football Association		50	54	(2)	-	-	102
Gap (see above)		74	37	(37)	-	-	74
Go Play Foundation (Two of a Kind)		-	90	(47)	63	-	106
Hays Plc (Employability Programme)		65	30	(95)	-	-	-
HBOS Foundation (Housing Matters)		24	-	-	-	-	24
Henry Smith Charity (Moving on Renfrew)		4	57	(44)	-	-	17
Herbal Life (Healthy Lifestyles)		17	15	(22)	-	-	10
Home Sense		54	52	(27)	-	-	79
HSCB (see above)		-	1,047	(1,047)	-	-	-
Inspiring Scotland (Roots of Empathy)		-	511	(323)	(22)	-	166
Laidlaw Youth Trust (Moving on Renfrew)		3	-	(3)	-	-	-
Lloyds TSB (see above)		125	37	(162)	-	-	-
My Action for Children		50	195	(68)	30	-	207
Northern Ireland Housing Executive (Sperrin & Lakeland Floating Support)		8	258	(264)	(2)	-	-
Northern Rock Foundation		-	39	(31)	-	-	8
Vodafone Software Suites		93	-	(4)	-	-	89
Other projects under £50,000		207	1,108	(264)	(384)	-	667
Specific purpose funds		**2,357**	**5,552**	**(4,076)**	**(988)**	**-**	**2,845**
Capital fund		47,535	-	-	(4,691)	-	42,844
Designated funds		**47,535**	**-**	**-**	**(4,691)**	**-**	**42,844**
General fund		7,031	192,377	(190,037)	5,679	845	15,895
Revaluation reserve		7,829	-	-	-	(574)	7,255
General fund and revaluation reserve		**14,860**	**192,377**	**(190,037)**	**5,679**	**271**	**23,150**
Pension reserve	5	**(39,790)**	**-**	**10,084**	**-**	**(25,845)**	**(55,551)**
Total – unrestricted		**22,605**	**192,377**	**(179,953)**	**988**	**(25,574)**	**10,443**
Total funds		**24,962**	**197,929**	**(184,029)**	**-**	**(25,574)**	**13,288**

16 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.

17 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 2012 these grants amounted to £551,000 (2011 £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 £35m over freehold properties and of £5m 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.

There is a contingent liability that, in the event of Parklands Campus (formerly Bessels Leigh School Trust Limited) ceasing to be an Approved Special School, the managing trustees shall be liable to repay to the Department for Education and Science up to the greater of the total grants received of £265,000 and the value of those assets for which the grants were received.

18 Related parties

All transactions with subsidiaries, associated charities and trustees are disclosed in the financial statements. Further details can be found in notes 2, 3, 10 and 11.

Action for Children Council, officers and advisers

Patron

Her Majesty The Queen

The Council of trustees

Chair

Pamela Chesters

Vice-Chair

Catherine Dugmore

Trustees

The Revd Bill Anderson (retired 31 August 2011)
Allan Burns CBE
Ruby Beech (Methodist Church appointee)
Les Clifford (from 20 July 2011)
Christopher Daws (retired 31 August 2011)
Nicola Douglas
David Findley
Stanley Goudie CBE (from 1 December 2011)
The Revd John Howard (from 1 December 2011)
Andrew McDonald
Gareth Matthewson OBE
Gerald Russell
Heather Schroeder CBE
Paul Snell CBE
Terry Wynn

Executive management team

Chief Executive

Dame Clare Tickell

Executive Director of Finance

Simon Bass

Executive Director of Human Resources, then Executive Director of Corporate Services

Richard Cove (until 27 February 2012)

Executive Director of External Relations and Communications

Polly Neate

Interim Executive Director of Human Resources

Bill Nuttall (from 7 March 2012)

Executive Director of Operations

Jacob Tas

The principal committees of Action for Children and their membership

England Committee

Andrew McDonald (Chair)
The Revd Bill Anderson (until 31 August 2011)
Ruby Beech
Pamela Chesters
Nicola Douglas
Catherine Dugmore
Robert Green
John Howard (from 22 February 2012)
Emran Mian (from 30 June 2011)
Gareth Matthewson OBE
Heather Schroeder CBE
Terry Wynn

Scotland Committee

Allan Burns CBE (Chair)
Pamela Chesters
Isobel Freeman
Flora Martin
The Revd Lily Twist
Terry Wynn

Wales Committee

Gareth Matthewson OBE (Chair)
Pamela Chesters
David Findley
Beverlea Frowen (until 14 September 2011)
Robert Herritty
Keith Ingham
The Revd Christopher Pritchard (until 17 May 2012)
Sheila Thomas (until 17 May 2012)

Finance Committee

Gerald Russell (Chair)
Ian Bucknell (until 30 June 2012)
Pamela Chesters
Les Clifford (from 20 July 2011)
Christopher Daws (until 31 August 2011)
Stephen Musgrave

Investment Sub-group

Christopher Daws (Chair until 31 August 2011)
Alan Broughton (until 24 November 2011)
Ian Bucknell (Chair from 1 September 2011 until 30 June 2012)
Peter Davies
Pryesh Emrith
Christopher Sexton (from 1 December 2011)

Audit Committee

Catherine Dugmore (Chair)
Les Clifford (from 1 December 2011)
Christopher Daws (until 31 August 2011)
Phil Goss
Stanley Goudie CBE (from 10 May 2012)
Alan Pateman Jones
Paul Snell CBE

Nominations Committee

Pamela Chesters (Chair)
Catherine Dugmore
David Findley

Remuneration Committee

Pamela Chesters (Chair)
Catherine Dugmore
David Findley
Gerald Russell

Principal professional advisers

Bankers

HSBC Bank plc
8 Victoria Street
Westminster
London SW1H 0NJ

External Auditors

Grant Thornton UK LLP
Grant Thornton House
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Internal Auditors

KPMG LLP (until 31 March 2012)
8 Salisbury Square
London EC4Y 8BB

BDO LLP (from 1 April 2012)
55 Baker Street
London W1U 7EU

Investment Managers

Central Finance Board of the Methodist Church
9 Bonhill Street
London EC2A 4PE

Principal Solicitors

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