



Building
stronger
families
150 years

Family Action Annual Report & Accounts 2017/18



Early Years



Children &
Families



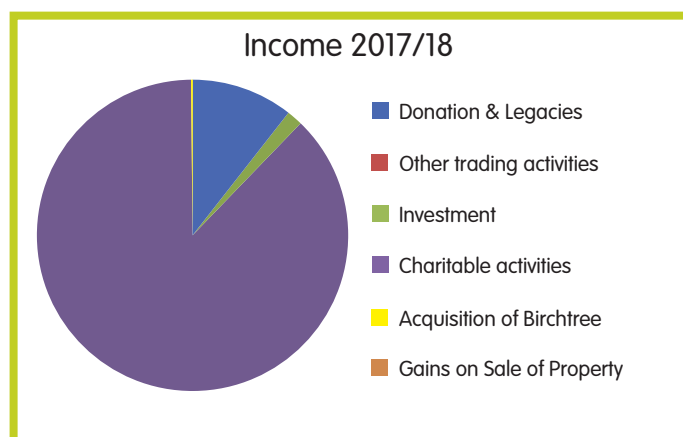
Adult Mental Health
& Wellbeing



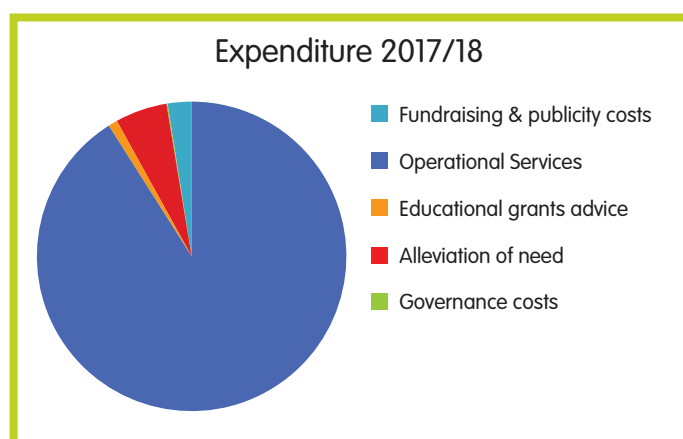
Grants

Income & Expenditure Charts

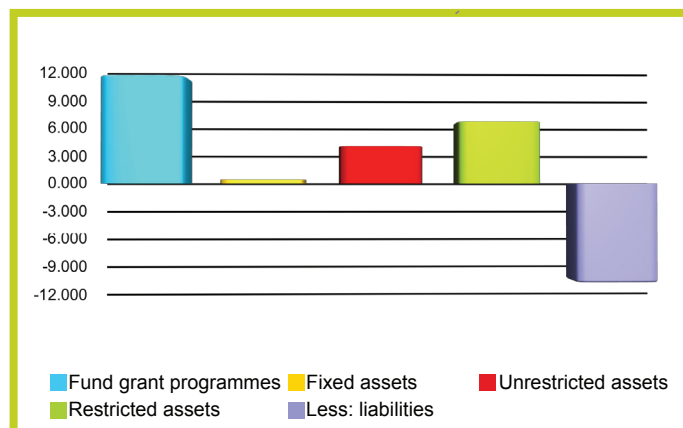
| | £'million | £'million |
|---------------------------|---------------|---------------|
| | 2017/18 | 2016/17 |
| INCOME | | |
| Donation & Legacies | 2.472 | 1.906 |
| Other trading activities | 0 | 0.126 |
| Investment | 0.385 | 0.364 |
| Charitable activities | 20.497 | 19.115 |
| Acquisition of Birchtree | 0.035 | 0 |
| Gains on Sale of Property | 0 | 0.419 |
| | <u>23.389</u> | <u>21.930</u> |



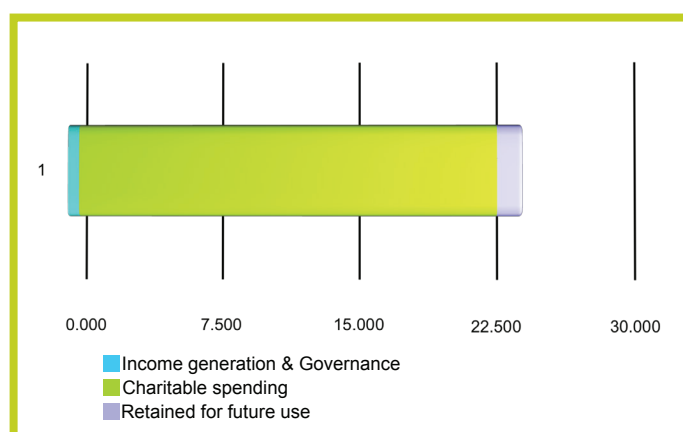
| | £'million | £'million |
|-------------------------------|---------------|---------------|
| | 2017/18 | 2016/17 |
| EXPENDITURE | | |
| Charitable activities: | | |
| Fundraising & publicity costs | 0.55 | 0.597 |
| Merchandising costs | 0 | 0.146 |
| Operational Services | 20.098 | 20.176 |
| Educational grants advice | 0.212 | 0.25 |
| Alleviation of need | 1.198 | 0.32 |
| Governance costs | 0.026 | 0.027 |
| | <u>22.084</u> | <u>21.516</u> |



| | £'million | £'million |
|---|---------------|--------------|
| | 2017/18 | 2016/17 |
| ASSETS & LIABILITIES (note 22) | | |
| Restricted investments and Endowments invested to - | | |
| Fund grant programmes | 10.664 | 10.995 |
| Fixed assets | 0.408 | 0.32 |
| Unrestricted assets | 3.710 | 3.856 |
| Restricted assets | 6.189 | 6.497 |
| Less: liabilities | (9.805) | (12.526) |
| Total net assets | <u>11.166</u> | <u>9.142</u> |



| | £'million | £'million |
|--------------------------------|-----------|-----------|
| | 2017/18 | 2016/17 |
| CHARITABLE SPENDING | | |
| Income generation & Governance | 0.576 | 0.624 |
| Charitable spending | 21.508 | 20.746 |
| Retained for future use | 1.305 | 0.414 |



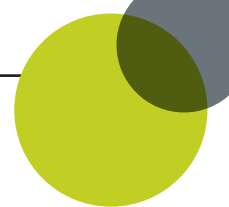
| | | |
|------------|-----|-----|
| EMPLOYEES | 680 | 703 |
| VOLUNTEERS | 450 | 583 |



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Trustees' Report

Welcome from Mary Fulton, Chair of Family Action



I am delighted to present to you the Family Action Trustees' report for 2017/18. This has been a year of growth and achievement for Family Action despite the challenging economic environment and prospects for the year ahead look very promising.

Family Action continues to be a modern, entrepreneurial Charity with fantastically dedicated staff and tremendous drive. As ever we remain determined to increase our impact further with the vulnerable children, adults and families that we serve.

Family Action works with many tens of thousands of families, adults and children every year. We work with people who are struggling with anxiety and depression, other mental health issues, family conflict, parenting challenges, poverty, social isolation and many other difficulties. Whatever the issue or combination of issues, we help people to find the right way forward for them. We have included some direct feedback from a range of our service users on the next two pages to give you a better insight into the impact of our work in the words of the people we serve.

As we enter our 150th year the need for Family Action's services is as great as ever. Please support us so that we can do even more.

Mary Fulton
Chair of Trustees
27th September 2018



Trustees' Report (continued)

Our Purpose and Activities

Family Action provides services and financial support to strengthen poor, disadvantaged and socially isolated families and children. We empower our service users through designing excellent services and in ensuring that they are heard and listened to. We are committed to maximising our impact so that children and families can look forward to the future and not be defined by their past.

Family Action supports many tens of thousands of families, adults and children a year through more than 140 community-based services across England, Wales and the Isle of Man and a growing programme of national services. We help many more every year with financial assistance through our education and welfare grant programmes that cover the UK. We provide services to strengthen families and communities, to build skills, resilience and to improve outcomes for children and their parents. Our services transform lives and are grouped under the following themes:

Early Years work

Family Action supports families from preparing for the birth of their child to preparing their child to go to school including:

- **Perinatal** services working with women at risk of post natal depression from pregnancy to their child's first birthday;
- **Evidence based parenting programmes** to support children's emotional and social development; and
- **Managing high quality nurseries, pre-schools and Children's Centres.**

Children and Families work

Family Action offers services to children, parents and to whole families:

- **Family Support** from short term targeted interventions to support with specific issues to intensive support for families with complex and enduring need;
- **Therapeutic** work with families including Multi Systemic Therapy and Parents as Partners.
- **Emotional health and wellbeing** services including counselling and therapeutic work for children who have suffered trauma, bereavement or abuse;
- **Intensive work** with children and young people in care with complex needs;
- **Mentoring services** for disadvantaged children, young people and care leavers;
- **Young Carers** services including working with schools to identify and support young carers and their families;
- **Relationship Support** including Family Group Conferencing, Conflict Resolution, Mediation, working with separated parents and co-parenting;
- **WellFamily** services in GP surgeries and hospitals which offer advice, support and counselling for patients with non-medical issues;
- **Welfare benefits advice** and debt recovery; and
- **Grants** for families and individuals in need

Adult Mental Health and Wellbeing work

Family Action works to support and sustain adult recovery through:



Trustees' Report (continued)

- A range of services that provide practical, emotional and financial support;
- Mentoring and befriending services;
- Grants to adults with mental health problems; and
- Provision of a Deputy and Trustee Service

Our Staff

Family Action is committed to encouraging diversity, promoting equal opportunities, and providing fair treatment in all that we do. We strive for a working environment that is inclusive, free from discrimination and where everyone is treated with dignity and respect.

We believe that people with different backgrounds, skills, attitudes and experiences bring fresh ideas and perspectives to the workplace. We seek to encourage and harness these differences in order to meet the changing needs and requirements of our staff, volunteers, service users, governance, partners, funders and supporters. We were delighted this year to be named in The Sunday Times Best 100 List of Not for Profits to work for.

We hold the Investors in Diversity Accreditation Level 2 for our commitment to Equality & Diversity. We also hold the Level 2 – Disability Confident Employer status which confirms that Family Action is committed to the recruitment and retention of disabled people, and that we do the following to enable this:

- Interview all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities. We operate a guaranteed interview process for any candidate who meets the essential criteria for a role, and ensure that where candidates require reasonable adjustments in the selection process, that these are implemented. All recruiting managers receive training in our recruitment processes.
- Ensure there is a mechanism in place to discuss, at any time, but at least once a year, with disabled employees what can be done to make

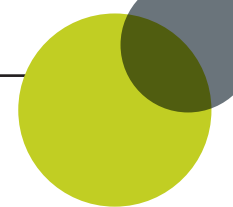
sure they can develop and use their abilities.

We do this through monthly supervisions with all staff, and annual appraisal reviews where career development is discussed with every employee at Family Action. There are many opportunities for staff to get involved in exciting projects, and all staff are encouraged to do this.

- Make every effort when employees become disabled to make sure they stay in employment. We discuss with employees any reasonable adjustments needed to support them during the course of their employment, and ensure appropriate support is put in place to accommodate these requirements where feasible.
- Take action to ensure all employees develop the appropriate awareness needed to make these commitments work. We promote this through our organisational policies, and through the work of the Equality and Diversity Steering Group.

Good communication is integral to all that we do at Family Action. There are a number of ways in which staff and managers are kept informed.

- Our staff intranet is regularly updated to ensure that all employees are kept informed about key updates about important news, strategic developments, training opportunities, compliments received or key organisational initiatives such as our annual staff engagement survey, appraisals, and recognition awards just to name a few. We also produce a regular and very popular health and safety/safeguarding bulletin for the whole organisation.
- Information on progress against our strategic objectives, growth, and financial progress is communicated and cascaded up and down the organisation through a range of forums including; senior leadership meetings, regional and team meetings, and individual supervisions, so everyone in the organisation is kept informed.
- Our Chief Executive regularly communicates from his own email on important organisational matters. He writes a monthly blog that looks



Trustees' Report (continued)

back and looks ahead, celebrates successes and keeps everyone informed on key news, opportunities and challenges.

- Our Chief Executive provides regular updates on progress towards our strategic objectives whenever there is an opportunity, be that at monthly corporate induction of new staff, meetings or during his visits to services.
- We hold regular Joint Negotiating Committee meetings with our recognised unions and staff to discuss issues that impact upon staff including policies and procedures, organisational changes, and health and safety issues.
- We hold a Staff Forum where staff have the opportunity to raise concerns about issues impacting on them in the workplace, and where solutions to issues raised are discussed.

Our Volunteers

Family Action is fortunate to have more than 450 volunteers across our range of services and our numbers of volunteers are increasing. Our volunteers support our work in so many different ways:

- as befrienders in our Perinatal Services;
- in parent support roles in our Children's Centres;
- as advisers on our Digital Parent Support Service;
- as mentors to disadvantaged children and young people accessing our Friendship Works service;
- through the provision of practical support in our Emotional Health and Wellbeing services for adults; and crucially
- as fundraisers for us.

Family Action is hugely grateful for the amazing contribution of each and every one of our volunteers.

"Mentoring has been both rewarding and enjoyable; it has provided me with the opportunity to contribute towards helping two fun intelligent young people to start realising the potential they have in life, whilst making friendships and experiencing aspects of London that I would not have otherwise have benefited from. Winning Islington Volunteer of the Year is recognition of the importance that supporting our young people

develop has, and the excellent work and support provided by Friendship Works throughout this process." *Mat*

"I decided to become a volunteer because I had a very long career break to have a family ... I saw that Family Action had this new Digital Parent Support Service initiative and I thought that's a great thing for me to be involved with - something new I could offer to other people using what I had learned through experiences in my life and this was a great starting point for me. I would tell anyone who was thinking of volunteering to definitely do it, especially if you have time on your hands. If you have gone through a lot of experiences in your life where you feel you can help people, why not?" *Rawa*

Our Values

Our Values and Behaviours underpin all that we do. All Family Action staff demonstrate our values and behaviours in their work and in their professional relationships with colleagues, volunteers, partners and service users.

We are **People Focused**;
 We have a **Can Do** attitude;
 We strive for **Excellence** in everything we do; and
 We have **Mutual Respect** for colleagues, volunteers, partners and service users.

Our Impact

Family Action is committed to measuring the impact of our work. We seek to triangulate the impact of our services through service user feedback, compliance with contractually agreed outcomes and independent evaluation of the effectiveness of our service models. We publish regular Impact Reports and develop Theories of Change for our different service models as a matter of course. We have an internal Outcomes and Impact team that considers the best outcomes tools to use to measure the impact of our work and that commissions independent evaluations of our services. We also have an externally chaired Evaluations Board that oversees our research, evaluation and impact work.



Trustees' Report (continued)

Many of Family Action's services receive wonderful feedback. Here are just a few examples of the feedback received from our service users and partners:

We took on the running of the **Mother and Baby unit at HMP Styal** during the 17/18 year. This is what one of the women said about our staff:

"Nanette, Abi, Ange and everyone on the mother and baby unit. I just want to say thank you. Thank you for your support and encouragement. Thank you for believing in me enough to fight my corner for me. Thank you for not letting me give up when I've felt so hopeless. I know this battle is far from over but I just wanted you all to know that for everything you have done, are doing and will do for me in the future I will always appreciate it and I won't ever forget it. Again from the bottom of my heart Thank you, all of you"

Every year Family Action organises a national **Christmas Toy Appeal** across our services to provide Christmas presents for disadvantaged children who might not otherwise receive anything. During Christmas 2017 we provided presents for 6,000 children. We receive magnificent support from some 60 corporates whose are matched with individual Family Action services and whose staff then buy, wrap presents for children from those services. A parent whose child had benefitted from our Toy Appeal sent us the following message:

"I'm beyond words. Those presents are simply amazing. You can't imagine how happy Sophia is right now. Her eyes are still glowing! Thank you and Family Action so much for those lovely, amazing and so very generous gifts. I really can't find enough thank you words right now."

Family Action's **Lincolnshire Behaviour Outreach Support Service** works with children and young people who are on the verge of exclusion from school. The service steps in when the school has exhausted its own resources and needs specialist help. Florry, one of our BOSS workers received the following thanks from a child, parent and school after she had worked with the child through our service:

Pupil feedback: Thank you for everything you've helped me with. I feel like a completely different person, for example look at me 3 or 4 months ago and look at me now, you wouldn't think I was the same person. You've been there for me through thick and thin and I can't thank you enough for sticking by me and not giving up. It's going to be really sad to see you go but you've turned me into the most amazing student that there isn't much more you can do. I will miss you.

School Feedback: The BOSS service has been excellent for M. Without the support I don't think she would have survived school. She has learnt to manage her temper and has really matured in a short space of time. The way that you communicated with school updating us on issues that had happened outside of school really helped us to deal with some of her outbursts. The communication was excellent and without this we would have struggled to deal with some of her issues. The support was so effective that the service has now closed.

Parents/Guardians Feedback: M will really miss you! I am astounded in the difference you have made to her and of course moving schools which was a game changer. I haven't seen her this happy in a long time! Thank you for listening to her and without your help I'm sure that things would be different now! Thank you for all the time and effort you have put into M as I now see a completely different girl. Thank you again Florry for everything.

Family Action's Newpin Family Support service in Wandsworth supports families with complex needs. Emma, Kalita, Debbie and Mandy at Wandsworth Newpin were given a letter of thanks from the mother of a service user. She writes that she has

"seen her daughter's "confidence rising and her personality growing". She further writes "I am not sure if you know how much I appreciate you guys. Your work with her has been invaluable to me. I have peace of mind knowing she has support other than me"



Trustees' Report (continued)

Strategic Report

Achievements and Performance

We continue to work towards our Stronger than Ever at 150 organisational strategy. The Strategy has four broad themes: Stronger Organisation, Stronger Systems and Impact, Stronger Services and Innovation and Stronger Growth and Partnerships but we have identified three overarching priorities: in the run up to our 150th Anniversary in 2019:

- to grow our charity in order to help thousands more families to have better lives;
- to innovate our service provision so that we can address new and urgent areas of work; and
- to diversify our income base in order to reduce our reliance on any one single source of funding.

Growth is very challenging in the current financial environment but Family Action did very well in 17/18 to exceed its 16/17 income and to win a considerable amount of new work – this included geographical expansion to Stockton on Tees, Staffordshire and Cheshire and acquired a small local pre-school Birchtree. At the end of the financial year we also won and began delivering a major new national contract for the Department for Education - The National Schools Breakfast Programme. This will see us delivering breakfast provision in over 1,770 schools over the period to March 2020 in collaboration with our subcontractor Magic Breakfast. We also negotiated mergers with three other charities BAND (adult mental health), Happy Days Pre School and Off Centre (therapeutic services for young people and young adults) that will all come in to Family Action at the very beginning of the 18/19 financial year.

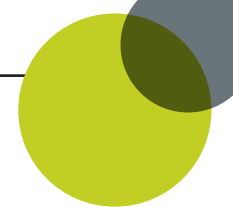
Innovation remains a key priority for Family Action as we seek to drive the charity forward in a difficult economic climate. During the year we responded immediately and creatively to the Grenfell Fire – setting up an immediate crowdfunder and then rapidly setting up a Grenfell grants service to help the people affected by the fire. We have also created a responsive long-term Integrated Support Service for the Grenfell community. An additional focus this year has been on developing and obtaining funding for a new Edge of Care service model. We had the service model and the required

funding in place by year end and the service will go live in 2018/19.

Diversification of our income base is important to us because it helps us to ensure that we are not overly dependent on any one source of income. In 2017/18 we continued to reduce our historic over-reliance on Local Authority funding by continuing to increase the proportion of income that we receive from fundraising, health, schools, Central Government contracts and our own income producing services.

At the beginning of the 17/18 year the Trustee Board agreed ten key priorities that we needed to focus on during the 2017/18 financial year. Those ten key priorities and our progress against them are set out below:

1. **Maintain positive morale and engagement** – in the light of so much external uncertainty ensuring that our staff feel confident to power forward is vital. We have worked hard on morale and engagement all year and are implementing an action plan in this area. A morale and engagement survey of our staff group received an encouraging response evidencing that staff morale and engagement is already good and helping us to understand what else we could do to improve morale and engagement further. Independent verification of our progress in this areas was provided when we made the Top 100 in The Sunday Times List of Best Not for Profits.
2. **Ensure Head Office functions meet the needs of an excellent organisation** – we recognise that our support functions such as HR, IT and Facilities need to be the best that they can be if the organisation is to continuously improve. Improvements introduced during the year include the procurement of a new external IT service provider and the procurement of a new electronic HR system. We will reap the benefits of both of these changes in the 18/19 financial year.
3. **Further increase fundraised income to £4m in 17/18** – fundraising has grown rapidly in Family Action in recent years and we need to continue to build on that success as part of our income diversification strategy. We raised an outstanding £5.7m through fundraised income during 17/18 of which about £1.7m related to Grenfell fundraising.
4. **Develop and implement our Volunteering**



Trustees' Report (continued)

Strategy and maximise use of volunteers in service provision – Family Action is increasing our volunteering workforce and we hope to have 1000 volunteers in the next few years. We have worked hard during the year to ensure that our offer to volunteers and our recruitment, training and supervision processes are market-leading. We appointed a National Lead on Volunteering to drive our work in this area forward.

5. **Create exciting plans to mark our 150th Anniversary** – 2018 is Family Action's 150th year and the Charity will celebrate its 150th Anniversary in 2019. These are wonderful milestones that we are proud to celebrate and determined to maximise for the benefit of our service users. We have worked hard to create ambitious plans for our 150th Anniversary and those plans will come to fruition over the next 12 months. We are hoping to mark our 150th through fundraising for new services, a high profile campaign and a series of events to celebrate our history and contribution.
6. **Pilot new digital services** – we were delighted to launch our Special Guardianship Support Service and our National Digital Parent Support Service during the year.
7. **Improve organisational oversight and management of risk and quality** – this is essential as our service range diversifies, becomes more challenging and increasingly incorporates out of hours work. We have established an internal Risk and Quality Board which has an organisation-wide remit. Our Trustee-led Quality & Performance Committee has also led a very active programme of review work over the year looking at issues as diverse as staff morale, co-production practice and how the collection of performance data across the organisation can be improved.
8. **Develop our workforce** – this priority is multi-faceted and incorporates our learning and development offer to staff, practice sharing between equivalent, but geographically dispersed services and the introduction of new talent management initiatives. During the year we have increased the learning and development opportunities offered to our staff including a new externally provided leadership and management qualification. We recognise that there is more to be done here and the priority will continue into 18/19 with additional investment.
9. **Identify high focus areas for new service development informed by research, horizon**

scanning and insight work – this is essential if Family Action is to remain at the cutting edge of service development. During the year we have worked hard to develop new service models for Edge of Care and for Social Prescribing in a hospital context. We obtained funding for both.

10. **Further diversify our income base** – this is essential to contain financial risk. We did very well during the financial year to win new work in a range of new geographical areas, to win the very large National School Breakfast Programme contract from the Department of Education and to negotiate three mergers with high quality specialist charities that will add to our spectrum of services.

Key achievements during the year included:

- Reaching 45,000 families through our work in 2017/18;
- Winning 20 new services during a very challenging year;
- Responding rapidly to the Grenfell disaster by crowdfunding over £325,000 and then immediately establishing our Grenfell grants service in order to get the monies raised out to the families quickly
- Being trusted by Haley Yearwood to disburse over £1.3m in crowdfunded monies that she raised for Grenfell. We did this by establishing the Haley Yearwood Grenfell Grants Programme (£750,000 disbursed) and through establishing a three year Grenfell Integrated Support Service with the remainder of the monies raised;
- Developing and securing funding for a new edge of care service to be piloted in 18/19;
- Negotiating and agreeing mergers with three other charities: BAND, Happy Days Pre-School and Off Centre;
- Fundraising exceeding its target for the year and raising more than £5.7m;
- Winning the National Schools Breakfast Programme in partnership with Magic Breakfast;
- Winning a range of other significant new contracts including HMP Styal Mother and Baby Unit, a Community Outreach and Volunteering Service in Stockton on Tees and an Early Years service across Staffordshire Children's Centres.
- Launching our National Special Guardianship Support Service
- Launching our National Digital Parent Support Service



Trustees' Report (continued)

Financial Review

Family Action's total income for the year was £23.4m (2017 £21.9m). 95% of our income was restricted to funding specific services. Income for Operational Services came from Local Authorities, central government and NHS Trusts for the provision of specific services. These funders are listed in the accounts (Note 5a, b & c).

We have continued to grow our core work, develop new service models and implement our income diversification strategy. The Training and Consultancy subsidiary continues to grow with turnover this year increasing to £183k, (2017: £126k). Overall, we employed a monthly average of 680 staff in the year.

Total expenditure amounted to £22.1m (2017 £21.5m), with £21.5m (2017 £20.3m) relating to Operational Services.

Total Funds at year-end were £11.1m (2017 £9.1m). There was a reduction on the Pension deficit valuation at year-end from £9.3m to £7.9m (see pension fund statement for further details). We have also seen a slight reduction in the capital value of the Endowment funds from £11.0m in 2017 to £10.7m in 2018. The net increase in total funds was £2m.

Fundraising approach and performance

The charity undertakes fundraising activity to its supporters via a range of methods, including but not exclusively direct mail, fundraising events, challenge events, corporate fundraising, crowd funding, Trusts and Grants fundraising and email fundraising in line with the Fundraising Code of Practice set by Fundraising Regulator. Our fundraising promise, (which is available on our website to reassure supporters of our approach), is:

When you support us you can be sure of the following:

- We will never sell your contact details to anyone
- If you are an individual supporter we will only

contact you if you have expressed an interest in our work

- If we phone you, we will always check you are happy to take the call
- If you ask us to change how we communicate with you, or stop, we will respect that
- We do not engage in cold-calling, door-to-door or street fundraising. We try hard to ensure no one ever feels pressurised to support our work
- We are registered with the Fundraising Regulator and adhere to the Fundraising Code of Practice.
- All our activities are open, fair, honest and legal.

In 2017/18, the charity did not work with any third party fundraising organisations.

All our fundraising staff have regular supervision and appraisals, as well as a development plan, to ensure we are working to best practice standards and regularly reinforcing our fundraising ethics. We have an ethical fundraising policy which is reviewed at least annually.

The charity is registered with the Fundraising Regulator and adheres to the standards of the Fundraising Code of Practice. No complaints about fundraising activity were received in the year.

Our overall fundraising performance to March 2018 was £5,487k (2017: £3,076k) of which £411k were Corporate and Individual donations including Legacies; with the remainder being grants from Lottery, Trusts and Charitable Funds. (Notes 5a&b)

Administration Costs

During the year, we again made substantial progress in improving our efficiency, through the continued development of a range of performance, quality and modernisation initiatives, together with further investment in IT systems and infrastructure. We continue to contain our central administration costs at a level



Trustees' Report (continued)

commensurate with our levels of income, but with a commitment to maintain the quality of support to our Operational Services to ensure we remain competitive and competent in the work that we do.

Reserves Policy and Going Concern

The Trustees have considered their policy on building up reserves and established that the appropriate level of free reserves is one that allows the Charity to continue its normal activities in the event of a significant drop in funding or loss of projects. In considering the nature and diversity of our income, the Trustees believe this should ideally be 6 months running costs of the central operation which runs the Charity. i.e. Head Office; the running costs of which is £3.598m for 2018/19, therefore the target free reserves is £1.8m.

Our freely available funds, being unrestricted reserve not committed or invested in tangible fixed assets held by the Charity at 31 March 2018 were £1.6m an increase of £100k from last year, is equivalent to 5.3 months running costs. General Funds form part of our Unrestricted Reserves which, totalled £3.747m at 31 March 2018 compared with last year £3.706m. Funds designated for specific purposes stood at £2.1m, a reduction of £100k compared with last year.

Notes 18-19 of the accounts show the various funds or reserves by type and summarise the year's movements on each fund. Note 20 shows the assets and liabilities attributable to the various funds.

The strategy is to continue to build reserves through planned operating surpluses over the medium term. The Trustees have reviewed the operations and activities of the group and consider that adequate resources continue to be available to fund the activities for the foreseeable future. On this basis, the Trustees are of the view that Family Action and the group are a going concern.

Pension Fund

In common with other Charities with final salary schemes, our pension scheme shows a deficit which stood at £7.9m at 31 March 2018 (£9.2m last year) and under UK accounting standards, we are required to account for this deficit on the balance sheet (Note 10).

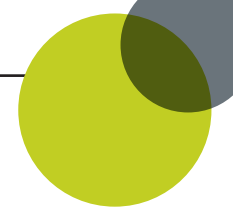
The deficit on the defined benefit pension scheme reduced by £1.3m in the year to 31 March 2018 compared with an increase of £1.4m last year. The main financial assumptions as at 31 March 2018 have changed since 31 March 2017: Corporate bond yields have decreased slightly, leading to a lower discount rate, from 2.55% to 2.50%. Inflation expectations have fallen slightly from 3.2% to 3.15%. In combination, these places a lower value on the Scheme's liabilities.

There has been a change in demographic assumptions at 31 March 2018 compared to 31 March 2017 due to the Charity using the updated CMI 2017 model for future mortality improvements. Additionally, the new cash commutation factors introduced in February 2018 have been accounted for. Overall, this has led to a loss of £3.0m (2017, loss of £6.74m).

Also since the 31 March 2017 accounting date, funding results of the 1 January 2017 actuarial valuation have been reported. The Scheme experience from this actuarial valuation was a gain of £4.2m, resulting from member, demographic and inflation experience.

Thus the overall impact of all these changes meant a reduction in the scheme liabilities from £9.2m to £7.9m.

The Charity continues to make significant annual payments towards the deficit under an agreed repayment plan made with the Pension Regulator in May 2015. A new recovery plan following the triennial valuation in January 2017 has been submitted and approved by the Pension Regulator.



Trustees' Report (continued)

The Trustees are aware that the deficit on the scheme on FRS102 basis will fluctuate with changing market conditions and that their responsibility is to meet the required contributions. They do not consider this deficit to represent an immediate demand on the Charity's funds and do not, therefore, consider that there are any resultant limitations on resources available for general application or on the application of any restricted income funds.

Investment Policy and Performance

The Trustees primary aim is to achieve sufficient income and capital growth from investments so as to permit without interruption the continued provision of the Charities core services.

More specifically the objectives have been prioritised in the form of 'Primary' and 'Secondary':

Primary

- To generate £300,000 to £350,000 per annum of 'clean' income available to distribute as Grants.

Secondary

- Capital growth to keep pace with inflation
- Diversification
- Minimise volatility within a 'balanced' approach to risk (A balance of risk and reward, with the overall value of the investments maintained)

The Investment Portfolio is managed by Epoch Wealth Management. It has been a very strong 12 months from a performance and risk management perspective, despite the significant events which has occurred (Brexit, political events in US and UK etc) during the period.

The investment strategy generated income of £348k during the year, an increase of £27k compared with the previous year total of £321k. This is the highest level of income generated since Epoch took over the management of the portfolio. The forecast income for 2018/19 is £355k.

The capital value of funds reduced to £10.664m at the end of the financial year compared with £10.995m in 2017, a reduction of £351k. With income at 3.2% of capital value, almost the same level as last year (3.1%) and capital value decrease of 3.2% (increase of 10.22% in 2016/17) reflecting a market performance as at 31st March 2018, the overall return in the year was nil compared with 10.25% in 2016/17. It should be noted that the portfolio moved to the discretionary service during the year with minimal out of market impact on the value.

The performance of this strategy continues to be reviewed by Trustees, the Investment Committee and Epoch on a quarterly basis, with a more in-depth review annually.

The Investment Committee continues to have oversight in respect of the management of the endowment portfolio and relationship with the investment managers, to provide assurance to the Board of Trustees in respect of the strategies and management of the endowment portfolio in accordance with the agreed Investment Strategy.

The above policy and performance review statement relates to the substantial endowment fund portfolio held by the Charity. In addition to this the Charity holds certain surplus funds that the Trustees consider are available to invest over the short to medium term dependent on the liquidity needs of the Charity. The Trustees review the investment needs of the Charity on an annual basis. We hold cash that is not immediately needed in a money market call account.

Plans for Future Periods

As previously stated our three overarching strategic objectives in the run up to our 150th Anniversary in 2019 are:

- to **grow** our charity in order to help thousands more families to have better lives;
- to **innovate** in our service provision, and as an organisation and employer too, so that we can



Trustees' Report (continued)

address new and urgent areas of work as well and imaginatively as possible; and

- to **diversify our income** base to reduce our reliance on any one single source of funding.

In addition, the Trustee Board has agreed there are six key priorities that we must concentrate on in the 2018/19 financial year. Those six key priorities and an explanation of how they were chosen, is set out below:

1. **Successful delivery of new major services (scope, scale, location, platform and quality)**

We have won a range of exciting new work for delivery in 18/19. This includes the National Schools Breakfast Programme that will be a major focus of attention for the charity. On a smaller scale we have also been very successful in winning significant contracts in new locations: e.g. Cheshire, Staffordshire, Stockton on Tees and in new areas of focus (prison work, Early Years co-ordination etc.) and we will also be merging with three charities (BAND, Happy Days Pre-School and Off Centre very early in the 2018/19 financial year. We will be working very hard to maximise the opportunity provided by these new services and mergers. We also recently launched our new National Digital Parent Support Service which will scale up considerably in 2018/19 and which will also need to be a major focus of attention throughout the year.

2. **Maximise opportunity presented by our 150th Anniversary (profile, heritage and FR)**

We are determined to make the most of our 150th Anniversary. We hope that it will bring us increased profile and considerable fundraised income.

3. **Sustain turnover of £30m+ long term (geographical, national and larger contracts)**

Family Action's turnover should be comfortably over £30m in 2018/19. Having achieved that long held strategic goal we now need to keep our income above £30m. We recognise that The National Schools Breakfast Programme contract is only for 2 years in the first instance and so our

focus on growing the charity has to continue if we want to sustain the infrastructure that we have built up in recent years and that is now working so well. We have to make good strategic choices in the year ahead about what we bid for and how we maximise the opportunity presented by our 150th Anniversary.

4. **Go to next levels on workforce development (practice sharing strategy, succession planning, internal training, morale and engagement)**

As Family Action continues to grow it is absolutely vital for us to focus on developing our staff, retaining them and being the best we can be as an organisation. That is why we will be investing in enhancing our learning and development offer to staff in 2018/19. There is also more to do on morale and engagement and on practice sharing in the year ahead as we can make a real difference to staff through those routes. We are also being careful to identify people at all levels within the organisation in business critical roles where we would have a serious problem if they left so that we can reduce reliance on single individuals.

5. **Driving forward our volunteering offer**

We have over 450 volunteers already and our number of volunteers is growing steadily. This is a huge resource and we value it very highly. We have introduced a senior National Lead role on Volunteering within the organisation and we will also be working towards an accreditation across our volunteering activity.

6. **Develop and evidence quality in relation to outcomes/data collection/co-production**

This is all part of our continuing journey to collect better data so that we can evidence our impact better. Co-production ensures that service user voice and involvement is at the heart of our service design and delivery and we want to do more in this area in the year ahead. As ever our ambition is to keep improving so that we are Stronger than Ever at 150.



Trustees' Report (continued)

Structure, Governance and Management

Governing Document

Family Action has its origins in the Charity Organisation Society, which was established in 1869. Today, Family Action is a Company Limited by Guarantee governed by its Articles of Association last amended on 23 April 2015. It is registered as a Charity with the Charity Commission and as a Company with Companies House. Family Action subsidiaries include Family Action Enterprises Ltd, a trading subsidiary company and Friendship Works, a registered and charitable company that is now dormant following the merger and transfer of its trade and assets to Family Action in the previous year.

Appointment of Trustees

Our Articles of Association provide that Family Action may have up to 15 Trustees and the present members of the Board are listed in this report. The recruitment of Trustees is steered through the Governance Committee, chaired by the Chair of Trustees. We assess the strengths of the Board and the skills that we need for effective governance on an ongoing basis.

Trustee Induction and Training

All new Trustees receive a bespoke induction plan according to individual need. As a minimum, this includes meetings with the Chair, CEO, Director of Finance and other key staff, the opportunity to observe a Board meeting before joining the Board and a visit to a Family Action service. We also have a standard Trustee Induction Pack which we keep updated that contains key information about Trustees' legal duties and responsibilities under Charity and Company Law, the Charity Commission guidance on public benefit, the Charity's Articles of Association and detailed organisational information. We provide training as necessary to ensure that all Trustees are kept up to date with changing requirements. Trustee training in 17/18 included the new Charity Commission Charity Governance Code. Trustees have also been kept aware of the changing landscape around the

regulation of Charity fundraising and GDPR.

Organisation

The Board of Trustees administers the Charity. The Chief Executive is appointed by the Trustees to manage the day to day operations of the Charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees under its Executive Limitations, for operational matters including finance, contracts, service provision and employment. The Board meets five times a year and there are four Board sub committees: Audit Committee, Quality & Performance Committee, Governance Committee and Investment Committee, which meet up to four times a year.

Related Parties and Co-operation with other Organisations

Any interest between a Trustee or senior manager and the Charity must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

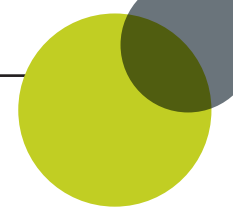
Trustee Indemnity insurance

Family Action provides insurance to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' Report.

Key Management Personnel Remuneration

The Directors consider the Board of Directors, who are the Trustees, and the Executive Group as comprising the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of the Executive Group is reviewed annually. In view of the nature of the Charity, the Directors



Trustees' Report (continued)

benchmark against pay levels in other Charities of similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. The remuneration bench-mark is the mid-point of the range paid for similar roles adjusted for a weighting of up to 30% for any additional responsibilities.

Risk Management

The Trustees have a risk management strategy which comprises:

- a review of the principal risks and uncertainties faced by Family Action and the group as a standing agenda item at every Board meeting, Audit Committee meeting and Quality & Performance Committee meeting;
- regular review of the principal risks and uncertainties faced by Family Action and the group by the Executive Group
- well-established policies, systems and procedures to mitigate any risks identified; and
- clear processes designed to minimise or manage any potential impact on Family Action and the group should those risks materialise.

The main risks are identified within Family Action's Risk Register. This ongoing and dynamic work has identified that protection of existing turnover and the challenge of achieving further growth in the current economic and political climate are major risks for Family Action, in particular failure to retain and gain new contractual income, and gain new unrestricted fundraised income. The ongoing uncertain external environment and its potential impact on staff morale and engagement is still a considerable risk that we must continue to mitigate. Furthermore, another major issue now is the challenge to ensure the successful implementation of the Department for Education's Breakfast Clubs Programme. It will alleviate some risks, but also introduce and increase others - the Executive Group will look to manage these as robustly as possible over the next couple of years and during the initial two year term of the contract.

Key factors in the management of these risks is the ongoing monitoring and review by the Executive

Group of our delivery of strategies to retain existing services and ensuring that we win new work at a sufficient rate through tendering and fundraising. Ensuring that staff morale and engagement is as strong as possible in an uncertain environment remains one of our organisational Strategic Priorities for 2018/19 and forms part of Family Action's Workforce Strategy and staff Wellbeing programme. Trustees will monitor the implementation of the Strategic Priorities and risk during the course of the year.

Attention has continued to be focused on income and service diversification in order to ensure that we protect our existing turnover, for example, through mergers.

There is also ongoing mitigation of non-financial risks such as those relating to Health & Safety, Safeguarding, Data Protection (and the new General Data Protection Regulations) and IT Security. Such risks are managed through robust policies and procedures, external quality accreditation, regular reviews by the Executive Group and regular awareness training for staff working in key risk areas.

Statement of Trustees' Responsibilities

The Trustees (who are also the Directors of Family Action for the purpose of Company Law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable Law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and Group and of the incoming resources and application of resources including the income and expenditure of the Charitable Company and Group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply



Trustees' Report (continued)

them consistently.

- Observe the methods and principles of the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Charity will continue on that basis.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charitable Company and Group to 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 Group, hence taking reasonable steps for the prevention, detection of fraud and other irregularities.

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

Public Benefit Statement

The Charities Act 2011 requires all charities to have a purpose that is for the public benefit. The public benefit requirement has two aspects: the "benefit" aspect and the "public" aspect.

All Family Action services provide an identifiable benefit that is capable of being proved by evidence and are made available to the public or sufficient sections of the public. This is entirely in accordance with the two aspects of the public benefit requirement.

The Trustees can confirm that they have complied with the duty in Section 17 of the Charities Act 2011

to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Family Action's charitable purpose is enshrined in its vision of a society where all families are free from poverty, disadvantage and social exclusion. The Trustees ensure that this purpose is carried out for the public benefit by delivering services in accordance with our strategic aims. Many of our services are open to all and our awareness raising and campaigning work benefits everyone.

Appointment of Auditors

A resolution proposing the re-appointment of our auditors will be submitted at our AGM in 2018.

Our Thanks

2017/18 has been a year of change that will lead to very significant growth in 2018/19. Trustees recognise the exceptional leadership of Family Action's Chief Executive David Holmes CBE and the huge contribution of the Executive Group, Senior Leadership Group and all our excellent staff, volunteers and supporters. I would like to thank them all. I am delighted that Family Action will enter its 150th year with more services, staff and volunteers than ever before. I would like to pay tribute to the very significant contribution of Bryan Portman who stepped down as Family Action's Chair after six years of dedicated service to the Board during the year. I would also like to thank John Rowlands OBE who stepped down as a Trustee during the year for his valuable contribution to the Board. During the year we welcomed Dez Holmes, Philippe Broadhead and Ian Hargrave as new Trustees. I welcome them all to their new roles.

In approving this Trustees' Report, the Board is also approving the Strategic Report included herein in their capacity as Company Directors.

On behalf of the Board.

Mary Fulton
Chair of Trustees



Trustees' Report (continued)

Patron

Her Majesty the Queen

Vice Patrons

Christine Davies CBE
Dr Andrew McCulloch
Dame Denise Platt DBE
Katie Vanneck-Smith
Professor Harriet Ward CBE

Officials

Bryan Portman*** (Chair) (to 14 December 2017)
Mary Fulton *** (Chair) (from 14 December 2017)
Warren Sean O'Callaghan (Vice Chair)
Siobhan Boylan**** (Honorary Treasurer)

Members

John Rowlands OBE (to 14 December 2017)
Aida Cable
Mary Fulton (became Chair from 14 December 2017)
Pim Piers**
Sophy Brown
Paul Hayes
Robert Tapsfield *
George Dunnett
Phillip Bowkley
Dez Holmes (from 22 March 2018)
Philippe Broadhead (from 22 March 2018)
Ian Hargrave (from 22 March 2018)

Chief Executive and Company Secretary

David Holmes CBE

Director of Finance

Funke Fatunla

General Counsel and Interim Director of Systems

Ricardo Gomes Da Silva

Director of Services & Innovations

Kat Aukett-left May 2018
Helen Cantrell – started July 2018

Director of Development & External Affairs

Jayne Stokes - left June 2018
Anja Bailey – Acting started June 2018

Family Action Registered Office

Unit 24 Angel Gate
City Road
London EC1V 2PT
Tel: 020 7254 6251
E-mail: info@family-action.org.uk
Web: www.family-action.org.uk

Family Action is governed by its Articles of Association. It is a registered Charity (No 264713) and Company limited by guarantee not having a share capital (No 01068186) in England and Wales. Registered as a Charity (No. 1206) in the Isle of Man.

Principal Advisers to Family Action

Bank

Coutts & Co
Commercial Banking
440 Strand
London
WC2R 0QS

Independent Auditor

haysmacintyre
10 Queen Street Place
London
WC1R 1AG

Investment Advisor

Epoch Wealth Management LLP
The Tramshed
Beehive Yard
Bath
BA1 5BB

Lawyers

Foot Anstey
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

****Chair of Investment Committees

*** Chair of Governance Committee

** Chair of Audit Committees

* Chair of Quality & Performance Committee





Independent Auditor's Report to the Members of Family Action

Opinion

We have audited the financial statements of Family Action for the year ended 31 March 2018 which comprise Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

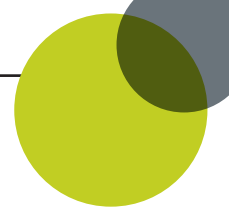
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt



Independent Auditor's Report to the Members of Family Action (continued)

the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the Strategic Report and the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the Strategic Report and the Directors' Report).

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Richard Weaver (Senior Statutory Auditor)
for and on behalf of haysmacintyre,
Statutory Auditors**

10 Queen Street Place
London
EC4R 1AG

Consolidated Statement of Financial Activities

For the year ended 31 March 2018



| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--|-------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Incoming and Endowments from: | | | | | | |
| Donations and legacies | 3 | 431 | 2,041 | - | 2,472 | 1,906 |
| Investment | 4 | 27 | 358 | - | 385 | 364 |
| Charitable activities | 5 | 4 | 19,703 | - | 20,497 | 19,241 |
| Gains on Sale of property | | - | - | - | - | 419 |
| Acquisition of Birchtree | 6 | - | 35 | - | 35 | - |
| Total | | 1,252 | 22,137 | - | 23,389 | 21,930 |
| Expenditure on: | | | | | | |
| Raising funds: | | | | | | |
| Fundraising and publicity costs | | 490 | - | 60 | 550 | 597 |
| Charitable activities | | 721 | 20,813 | - | 21,534 | 20,919 |
| Total | 7 | 1,211 | 20,813 | 60 | 22,084 | 21,516 |
| Net income/(expenditure) before investments gains/(losses) | | | | | | |
| Gains/(losses) on investments | 12 | 41 | 1,324 | (60) | 1,305 | 414 |
| | | - | 9 | (280) | (271) | 1,228 |
| Net income/(expenditure) before other recognised gains and losses | | | | | | |
| Remeasurement on net defined benefit pension liability | 10 | 41 | 1,333 | (340) | 1,034 | 1,642 |
| | | - | 990 | - | 990 | (4,690) |
| Net movements in funds | | 41 | 2,323 | (340) | 2,024 | (3,048) |
| Fund balance brought forward at 1 April 2017 | | 3,706 | (5,023) | 10,459 | 9,142 | 12,190 |
| Fund balances carried forward At 31 March 2018 | | 3,747 | (2,700) | 10,119 | 11,166 | 9,142 |

All amounts relate to continuing activities. Conduit activities are not included above but are set out in Note 22. The attached Notes form part of the financial statements.

Consolidated Summary Income and Expenditure Account

For the year ended 31 March 2018

| | 2018 £'000 | 2017 £'000 |
|---|---------------------|-------------------|
| Total income | 23,389 | 21,930 |
| Total expenditure excluding endowment funds charges | <u>(22,024)</u> | <u>(21,458)</u> |
| Net income before investments gains/(losses) | 1,365 | 472 |
| Gains/(losses) on investments (excluding endowment funds) | 9 | 57 |
| Net income for the year | <u>1,374</u> | <u>529</u> |

Total income comprises £1,252k unrestricted funds and £22,137k restricted funds.

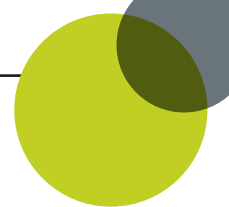
A detailed analysis of expenditure is available in the Consolidated Statement of Financial Activities and Note 7.

The Consolidated Summary Income and Expenditure Accounts are derived from the Consolidated Statement of Financial Activities with movements in endowment funds excluded to comply with Company Law. All income and expenditure are derived from continuing activities.

The Consolidated Statement of Financial Activities, together with the notes to the accounts, provides full information on the movements during the year on all the funds of the group.

The attached notes form part of the financial statements.





Consolidated Balance Sheet

At 31 March 2018 - Company Number: 01068186

| | Notes | 2018 | | 2017 | |
|--|-------|----------------|----------------------|----------------|---------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed Assets | | | | | |
| Tangible assets | 11 | | 408 | | 320 |
| Trust and Investments | 12 | | 10,664 | | 10,995 |
| Current Assets | | | | | |
| Debtors | 14 | 2,696 | | 1,905 | |
| Cash | | 7,203 | | 8,448 | |
| | | <u>9,899</u> | | <u>10,353</u> | |
| Creditors: amounts falling | | | | | |
| Due within one year | 15 | <u>(1,888)</u> | | <u>(2,268)</u> | |
| Net Current Assets | | | <u>8,011</u> | | <u>8,085</u> |
| Total Assets Less Current Liabilities | | | 19,083 | | 19,400 |
| Creditors: amounts falling | | | | | |
| Due after one year | 16 | | - | | (1,000) |
| Pension scheme deficit | 10 | | (7,917) | | (9,258) |
| Net Assets | 22 | | <u>11,166</u> | | <u>9,142</u> |
| Funds | | | | | |
| Unrestricted funds: | | | | | |
| General funds | 18 | | 1,602 | | 1,500 |
| Designated reserve | 18 | | 2,145 | | 2,206 |
| | | | <u>3,747</u> | | <u>3,706</u> |
| Restricted funds | | | | | |
| Income funds – include revaluation reserve of (£128k) (2017: £135k) | 19 | | 5,217 | | 4,235 |
| Pension Reserves | 10 | | (7,917) | | (9,258) |
| Endowment Funds - include revaluation reserve of £5,918k (2017: £6,232k) | 20 | | 10,119 | | 10,459 |
| | | | <u>11,166</u> | | <u>9,142</u> |

The Financial Statements on pages 19 to 45 were approved and authorised for issue by the Board of Trustees, and signed on its behalf on 27th September 2018 by:

Mary Fulton

Chair of Trustee Board

Siobhan Boylan

Honorary Treasurer

The attached notes form part of the financial statements.

Company Balance Sheet

At 31 March 2018 - Company Number: 01068186

| | Notes | 2018 | | 2017 | |
|--|-------|----------------|---------------|----------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed Assets | | | | | |
| Tangible assets | 11 | | 408 | | 320 |
| Investments | 12 | | 10,974 | | 11,005 |
| Current Assets | | | | | |
| Debtors | 14 | 2,819 | | 2,033 | |
| Cash | | 7,105 | | 8,353 | |
| | | <u>9,924</u> | | <u>10,386</u> | |
| Creditors: amounts falling due within one year | 15 | <u>(1,878)</u> | | <u>(2,242)</u> | |
| Net Current Assets | | | <u>8,046</u> | | <u>8,144</u> |
| Total Assets Less Current Liabilities | | | 19,128 | | 19,469 |
| Creditors: amounts falling due within one year | 16 | | - | | (1,000) |
| Pension deficit | 10 | | (7,917) | | (9,258) |
| Net Assets | | | <u>11,211</u> | | <u>9,211</u> |
| Funds | | | | | |
| Unrestricted funds: | | | | | |
| General funds | 18 | | 1,847 | | 1,569 |
| Designated reserve | 18 | | <u>2,145</u> | | <u>2,206</u> |
| | | | 3,792 | | 3,775 |
| Restricted funds | | | | | |
| Income funds – include revaluation reserve of £128k (2017: £135k) | 19 | | 5,217 | | 4,235 |
| Pension Reserves | 10 | | (7,917) | | (9,258) |
| Endowment Funds - include revaluation reserve of £5,918k (2017: £6,232k) | 20 | | <u>10,119</u> | | <u>10,459</u> |
| | | | <u>11,211</u> | | <u>9,211</u> |

As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities and Income and Expenditure Account of the Parent Charitable Company have not been presented as part of these financial statements. Net income before other recognised gains or losses is a surplus of £1,341k (2017: £3k Surplus). The results of the parent undertaking for the year ended 31 March 2018 is a net surplus of £2,001k (2017: deficit of £3,029k).

The Financial Statements on pages 19 to 45 were approved and authorised for issue by the Board of Trustees, and signed on its behalf on 27th September 2018 by:

Mary Fulton

Chair of Trustee Board

Siobhan Boylan

Honorary Treasurer

The attached notes form part of the financial statements.

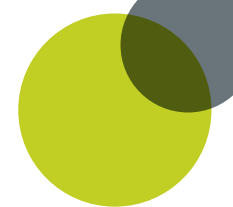


Consolidated Cash Flow Statement

For the year ended 31 March 2018

| | 2018 | | 2017 | |
|--|-------|----------------|-------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Reconciliation of net income to net cash flow from operating activities | | | | |
| Net income for the year before investment gains/ (losses) | | 1,305 | | 414 |
| Depreciation | | 73 | | 77 |
| Increase in debtors | | (791) | | 112 |
| (Decrease) in creditors | | (411) | | (375) |
| Decrease in pension scheme deficit, net of gains/losses | | (353) | | (576) |
| Net investment income | | (385) | | (364) |
| Investment manager fees | | 60 | | 58 |
| Gains on sale of property | | - | | (419) |
| | | (502) | | (1,073) |
| Net cash used in operating activities | | | | |
| Net cash used in operating activities | | (502) | | (1,073) |
| Cash flow from investing activities: | | | | |
| Dividends received | 358 | | 332 | |
| Interest received | 27 | | 32 | |
| Proceeds from sale of property | - | | 825 | |
| Purchase of tangible assets | (161) | | (73) | |
| Net cash provided by investing activities | | 224 | | 1,116 |
| Cash flow from financing activities: | | | | |
| Cash inflow from new borrowing | | - | | 1,000 |
| Repayments of borrowing | | (967) | | - |
| Change in cash and cash equivalents in the year | | (1,245) | | 1,043 |
| Cash and cash equivalents at the beginning of the year | | 8,448 | | 7,405 |
| Cash and cash equivalents at the end of the year | | 7,203 | | 8,448 |

The attached notes form part of the financial statements.



Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting Policies

(a) General information

Family Action is a charitable company limited by guarantee incorporated in England and Wales (co. number 01068186) and registered with the Charity Commission (Charity Registration no. 264713). The Charity's registered office address is Unit 24 Angel Gate, City Road, London EC1V 2PT. The members of the company are the Trustees named on the first page. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

(b) Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, which are carried at fair value and in accordance with the Statement of Recommended Practice for Charities (SORP 2015), applicable accounting standards (FRS 102) and the Companies Act 2006. Family Action is a public benefit entity as set out in section 3 of FRS 102.

(c) Basis of consolidation

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Charity and those of its subsidiary undertakings. The results of the subsidiaries are consolidated on a line-by-line basis on an acquisition basis from the date control passes to the Charity.

(d) Going concern

The Trustees consider that there are no material uncertainties regarding the Charity's ability to continue as a going concern.

(e) Restatement of comparative figures- due to change of policies

Presentation of income and expenditure of Family Action Enterprises Limited in the consolidated SOFA

Following a review of the activities undertaken in the charity's wholly owned subsidiary, Family Action Enterprises, the trustees have concluded that these are in furtherance of Family Action's charitable objects. On this basis, all income previously disclosed in previous years as "Income from other trading activities" and all expenditure disclosed as "expenditure on raising funds on trading activities" have been reclassified as income arising from and expenditure on charitable activities respectively and the comparative figures restated accordingly in the Consolidated Statement of Financial Activities. This restatement has increased reported prior year unrestricted income from charitable activities by £126k and unrestricted expenditure on charitable activities by £146k but has had no impact on total reported income or expenditure or the result for the year.

Grossing up of investment manager fees

Fees charged by Family Action's investment managers have this year been presented separately from investment gains and losses arising from the charity's investments whereas previously these were netted off. The comparative figures have been amended for comparability. This has increased endowment funds expenditure on raising funds reported and endowment fund gains on investments in the previous year by £58k. There has been no impact on the overall reported result for the current or previous year.

(f) (a) Entity combinations

Entity combinations are the effect on the accounts of Family Action and its consolidated accounts of changes to the structure of the charity and the group that arise from the acquisition of businesses and companies, the gift of charities and mergers between charities. In accounting for entity combinations, Family Action applies the requirements of Sections 19 and PBE34.75 – PBE34.86 of FRS 102 and the

Notes to the Financial Statements (continued)

For the year ended 31 March 2018



guidance set out in the Charity SORP 2015.

Unless the requirements for merger accounting are met, an acquiring entity is identified in an entity combination, being the dominant party in a charity merger or the contractual acquirer of a business or company. The assets and liabilities of the entity joining the group at the date of combination or being transferred to the parent charitable company are initially recognised in Family Action's accounts at their fair values. After that date, the accounting policies of Family Action are applied to recognition, de-recognition and valuation of the assets and liabilities.

When the transaction is in substance a gift from the Trustees or members of an existing charity, the fair value of the net assets and liabilities acquired is recognised as a gain or loss within the Statement of Financial Activities.

(g) Income

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Legacies are recognised on notification of an impending distribution or on receipt.

Donated services and facilities are included as 'income from donations and legacies' at their estimated value to the Charity when received, and under the appropriate expenditure heading depending on the nature of service or facility provided, at the same value and time. No amounts are included in the financial statements for services donated by volunteers.

(h) Expenditure

All expenditure is accounted for on the accrual basis and has been classified under headings that aggregate all costs related to the category.

Fundraising and publicity costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the Charitable activities.

Direct expenditure on charitable activities includes all costs directly relating to delivering the Charity's principal activities of providing services and financial support to families, individuals and groups within the community.

Support costs are those costs incurred directly in support of the expenditure on the objects of the Charity and governance costs and have been allocated, together with overheads, based on the head count. Governance costs are those incurred in connection with compliance with constitutional and statutory requirements of the Group.

(i) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at purchase cost and any incidental expenses of acquisition or deemed cost less accumulated depreciation and accumulated impairment losses. Amounts financed by unrestricted funds and costing more than £500 are capitalised.

Depreciation is provided on all tangible assets, other than freehold land, to write off the cost, less estimated residual value of each asset over its expected useful life on a straight-line basis. The

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

estimated useful lives are as follows:

- Freehold property – 50 years;
- Leasehold Improvements – term of the Lease
- Equipment – 4 years;
- Computers – 3 years;
- Furniture – 10 years
- IT infrastructure – 5 years

(j) Fixed asset investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investments in unlisted investments and subsidiary undertakings are stated at cost, less provision for diminution in value.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

(l) Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at the amortised cost using the effective interest method, less impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, with subsequent changes in fair value recognised in the SOFA, except that investments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the established cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the SOFA.

Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from third parties are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Loans obtained by the Charity to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.



Notes to the Financial Statements (continued)

For the year ended 31 March 2018

(m) Employee benefits

The charity provides a range of benefits to employees including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short-term benefits

Short-term benefits, including holidays and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Charity contributes to a Group Personal Pension arrangement administered by Friends Life. New members are auto enrolled into the GPP based on eligibility except where employees choose the option to opt out. The contributions are recognised as an expense when they fall due. The assets of the pension plans are held separately from the Council in independently administered funds.

Defined benefit pension scheme

Family Action operates a defined benefit pension scheme, which closed, to future accruals in May 2012, the assets of which are administered by Trustees.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages an independent actuary to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future periods ("discount rate").

The fair value of the schemes assets are measured in accordance with the FRS 102 fair value hierarchy, and include the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "re-measurement of net defined benefit pension liability".

The cost of the defined benefit plan is recognised in the SOFA as employee costs and comprises:

- The increase in the pension benefit liability arising from employee service during the year; and
- The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the scheme assets. The cost is recognised in the SOFA within "expenditure on charitable activities".

Details of the scheme assets and liabilities and major assumptions are shown in Note 10.



Notes to the Financial Statements (continued)

For the year ended 31 March 2018

(n) Fund Accounting

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

Designated funds are the unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the Notes to the Financial Statements.

Restricted funds are funds that are used in accordance with the specific instructions imposed by the donors or which have been raised by the Charity for particular purposes.

Investment income and gains are allocated to the appropriate fund.

(o) Leasing

Rentals in respect of operating leases are charged on a straight line basis over the lease term.

Incentives received to enter into an operating lease are credited to the SOFA, to reduce the lease expense, on a straight-line basis over the period of the lease.

2. Critical Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

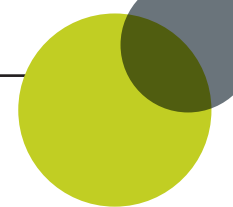
Key areas subject to judgement and estimation are as follows:

Defined benefit pension scheme

The Charity has obligations to pay pension benefits under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The Trustees, in consultation with the scheme's actuary, agree the key factors and estimates that determine the net pension obligation in the balance sheet on the basis of historical experience and current trends.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018



3. Donations and Legacies

| | 2018 £'000 | 2017 £'000 |
|-------------------|---------------|---------------|
| Individuals | 1,352 | 358 |
| Charitable trusts | 1,072 | 1,342 |
| Companies | 48 | 206 |
| | 2,472 | 1,906 |

4. Investment income

| | 2018 £'000 | 2017 £'000 |
|---------------------------------------|---------------|---------------|
| Interest receivable | 27 | 32 |
| Dividends receivable from investments | 358 | 332 |
| | 385 | 364 |

5. Income from charitable activities

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|-------------------------------------|--------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Income | | | | | | |
| Statutory, Lottery & Trusts Funding | 5a,b&c | - | 16,030 | - | 16,030 | 15,817 |
| Rent and Fees | | 99 | 1,738 | - | 1,837 | 2,204 |
| Trusts and Administered Funds | | - | 1,229 | - | 1,229 | 189 |
| Other Incoming Resources | | 695 | 706 | - | 1,401 | 1,031 |
| | | 794 | 19,703 | - | 20,497 | 19,241 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

5a. Lottery fund, trusts & grants

These funds are part of statutory funding in restricted funds

| | Project Ref. Number | Balance 31 March 2017 £'s | Movement in funds | | Balance 31 March 2018 £'s |
|---|---------------------|------------------------------|---------------------------|---------------------------|------------------------------|
| | | | Incoming Resources £'s | Outgoing Resources £'s | |
| Haringey Improving Futures | 010026217 | 31,777 | 44,988 | (76,765) | - |
| Southend Improving Futures | 010027568 | 43,314 | 44,408 | (87,722) | - |
| Wandsworth Young Careers | 10228817 | - | 50,506 | (48,136) | 2,370 |
| Big Lottery Hackney A&E Well Family | 31027249 | (637) | 122,206 | (121,569) | - |
| Big Lottery Medway Perinatal | 10247595 | (15,416) | 173,449 | (158,033) | - |
| Department of Health – Health & Social Care Volunteering Fund | 54401184 | 16,722 | 174,012 | (192,508) | (1,774) |
| Department of Education- Adoption Services Practice and Improvement | CSEC64/2017 | (399) | 340,115 | (339,716) | - |
| Tower Hamlets MSG Theme 3 – Somali Mental Health | N/A | 610 | 14,699 | (12,530) | 2,778 |
| Tower Hamlets MSG Theme 1 – Young Carers | N/A | (823) | 19,584 | (16,857) | 1,904 |
| Welsh Govt.- sustainable social services | N/A | - | 499,700 | (503,586) | (3,886) |
| Wales Council for Voluntary Action- Volunteering Wales Grant | VWG-16-035 | - | 19,350 | (19,350) | - |
| Big Lottery Awards for All (Haringey Kidstime) | 10305412 | - | 10,000 | (7,757) | 2,243 |
| Big Lottery Reaching Communities-Sandwell Families Together | 10277423 | - | 81,291 | (46,983) | 34,308 |
| Big Lottery Reaching Communities-Southend Stronger Families | 10305962 | - | 71,831 | (53,940) | 17,891 |
| Big Lottery Reaching Communities-Bradford BME DA 2016-19 | 10286586 | - | 80,723 | (79,758) | 965 |
| Big Lottery Reaching Communities-Friendship Works | 10302129 | - | 53,279 | (4,838) | 48,441 |
| Nesta Second \Half Fund-DPSS | N/A | - | 74,545 | (74,545) | - |
| London Community Fund-BSBT | BSBT2/A436130 | - | 7,962 | - | 7,962 |
| | | 75,148 | 1,882,648 | (1,844,592) | 113,204 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

5b. Statutory Funding

| | |
|--|---|
| Bradford Trident | MacMillan Cancer Support |
| Birmingham City Council | Manchester City Council |
| Bradford Metropolitan District Council | Medway Council |
| British Gas Energy - BG Homes | National Children's Bureau |
| Carers Trust | NHS Bradford CCG |
| Central Manchester, Manchester Children's Hospital | NHS City & Hackney CCG |
| Children & Family Court Advisory & Support Service (CAFCASS) | NHS Haringey CCG |
| Cripplegate Foundation | NHS Medway CCG |
| Department for Education | NHS Norfolk CCG |
| Department for Education (TCCR) | NHS North Derbyshire CCG |
| Department of Health | NHS Tower Hamlets CCG |
| Durham County Council | NHS Wandsworth CCG |
| East Leicestershire & Rutland CCG | Norfolk County Council |
| East Leicestershire CCG | Northamptonshire County Council (Service Six) |
| Housing Corporation (Hexagon, Orwell Housing Association) | Nottinghamshire County Council |
| Interchange CIC | Nottinghamshire NHS Trust |
| Isle of Man Government | Peterborough City Council |
| Kent County Council | Pre-School Learning Alliance |
| Leicestershire County Council | Rochdale Metropolitan Borough Council |
| Lincolnshire County Council | Royal Borough of Greenwich |
| London Borough of Bromley | Royal Borough of Kensington & Chelsea |
| London Borough of Ealing | Royal Borough of Windsor and Maidenhead |
| London Borough of Hackney | Sandwell MBC (Murray Hall Trust) |
| London Borough of Harrow | Sheffield City Council |
| London Borough of Islington | Siblings Together |
| London Borough of Lambeth | South London & Maudsley NHS Trust |
| London Borough of Newham | Southend on Sea Borough Council |
| London Borough of Southwark | Suffolk Mind |
| London Borough of Tower Hamlets | Warwickshire County Council |
| London Borough of Waltham Forest | West Leicestershire CCG |
| London Borough of Wandsworth | Wiltshire County Council |
| London Borough of Lewisham | |

5c. Income & Expenditure for Isle of Man Government Funding (Family Action registered Charity No 1206):

| | 2018 £'000 | 2017 £'000 |
|--------------------------|---------------|---------------|
| Turnover | 733 | 730 |
| Expenditure | (693) | (725) |
| Surplus/(Deficit) | 40 | 5 |

6. Income arising from acquisition of Birthtree Pre-school

On 1st of July 2017, Family Action agreed to take over the ownership, control and management of Birthtree Pre-school, an unincorporated association. The transaction has been accounted for using acquisition accounting, on the same date the assets and liabilities of Birthtree were transferred to Family Action.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

As the transfer of control was at nil consideration, the fair value of the assets acquired has been recognised as income in the year.

The fair value of the assets acquired and liabilities as at the date of acquisition and the gain therefore recognised is summarised as follows

| | Book value immediately before acquisition £'000 | Fair value adjustments £'000 | Fair value at the date of acquisition £'000 |
|--------------------------|--|------------------------------------|---|
| Cash at bank and in hand | 35 | - | 35 |
| | 35 | | 35 |

For the period since acquisition, Birchtree contributed incoming resources of £51k, resources expended of £69k and a net deficit in group funds of £18k. These amounts are included with the consolidated statement of financial activities.

7a. Alleviation of need

The Charity made 1,736 (2017: 1,452) grants to individuals in the year that totalled £1.19m (2017: £0.32m). The grants this year includes over £0.7m given to victims of Grenfell Tower fire. The Charity has opted to take the exemption available under Charity Law not to disclose the names of grants recipients in these financial statements.

7b. Analysis of Total Expenditure

| | Staff Costs £'000 | Other Costs £'000 | Depreciation £'000 | 2018 £'000 | 2017 £'000 |
|---------------------------------|-------------------------|-------------------------|-----------------------|---------------|---------------|
| Raising funds | | | | | |
| Fundraising and publicity costs | 456 | 91 | 3 | 550 | 597 |
| Charitable activities | | | | | |
| Operational services | 16,077 | 3,953 | 68 | 20,098 | 20,322 |
| Educational grants advice | 123 | 87 | 2 | 212 | 250 |
| Alleviation of need | - | 1,198 | - | 1,198 | 320 |
| Governance costs | - | 26 | - | 26 | 27 |
| | 16,200 | 5,264 | 70 | 21,534 | 20,919 |
| | 16,656 | 5,355 | 73 | 22,084 | 21,516 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

7b. Analysis of Total Expenditure (continued)

| | Direct Costs £'000 | Allocated Costs £'000 | Support Costs £'000 | 2018 £'000 | 2017 £'000 |
|--------------------------------------|--------------------------|-----------------------------|---------------------------|---------------|---------------|
| Raising funds | | | | | |
| Fundraising and publicity costs | 438 | - | 94 | 550 | 597 |
| Cost of charitable activities | | | | | |
| Operational services | 18,572 | 594 | 932 | 20,098 | 20,322 |
| Educational grants advice | 123 | - | 89 | 212 | 250 |
| Alleviation of need | 1,198 | - | - | 1,198 | 320 |
| Governance costs | - | 26 | - | 26 | 27 |
| | <u>19,893</u> | <u>620</u> | <u>1,021</u> | <u>21,534</u> | <u>20,919</u> |
| | 20,349 | 620 | 1,115 | 22,084 | 21,516 |

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Other costs include: | | |
| Other costs for running services | 1,536 | 1,139 |
| Staff training, travel and recruitment | 1,031 | 1,017 |
| Buildings and grounds | 1,476 | 865 |
| Insurance and office costs | 788 | 906 |
| Printing and promotion | 181 | 186 |
| Pension scheme finance costs | 343 | 381 |
| | <u>5,355</u> | <u>4,494</u> |

The above expenditure includes the following charges:

| | | |
|------------------------------|-----|-----|
| Auditor's remuneration-audit | 25 | 24 |
| Depreciation | 73 | 77 |
| Operating lease rentals | | |
| - Buildings | 706 | 559 |
| - Other | 34 | 32 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

8. Staff costs

Staff costs consist of:

| | 2018 £'000 | 2017 £'000 |
|--------------------------|----------------------|----------------------|
| Wages and salaries | 14,276 | 14,603 |
| Redundancy | 186 | 225 |
| Social security costs | 1,134 | 1,192 |
| Employer's Pension costs | 364 | 408 |
| | <u>15,960</u> | <u>16,428</u> |
| Agency costs | 457 | 799 |
| | <u>16,417</u> | <u>17,227</u> |
| | <u>680</u> | <u>703</u> |

The monthly average number of employees was

The numbers of employees with emoluments over £60,000 were as follows:

| | 2018 No. | 2017 No. |
|---------------------|-------------|-------------|
| £60,000 - £70,000 | 1 | 2 |
| £70,000 - £80,000 | 2 | 1 |
| £80,000 - £90,000 | 1 | 1 |
| £130,000 - £140,000 | - | 1 |
| £140,000 - £150,000 | 1 | - |

The Directors consider the Board of Directors, who are the Trustees, and the Senior Management Team as comprising the key management personnel of the Charity.

The Senior Management Team of the group comprises the Chief Executive Officer, Director of Services & Innovation, General Counsel & Director of Systems, Director of Finance and Director of Development & External Affairs. The total compensation of the Senior Management Team was £508,668. (2017: £478,652).

8. Trustees' remuneration and expenses

The Charity's Trustees were not paid or received any other benefits from employment with the Charity or its subsidiary in the year (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2017: £nil).

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

10. Pension costs

Pension Arrangements

The group has two pension arrangements, a defined contribution and defined benefits schemes.

The defined contribution scheme is a Group Personal Pension arrangement administered by Friends Life. New members are auto enrolled into the GPP based on eligibility except where employees choose the option to opt out.

The total defined contribution payable and recognised as an expense in the SOFA was £363,843 (2017: £407,548).

The defined benefits scheme is administered by Capita Hartshead Limited. The scheme closed to future accruals on 31 May 2012 except for payments due under a Recovery Plan agreed with the pension Trustees. There is an obligation to fund the ongoing administration costs of the pension scheme.

The disclosures, set out below, are based on calculations carried out as at 31 March 2018 by a qualified independent Actuary.

The Scheme's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the Projected Unit Method, which is a method suitable for a scheme that was closed to new entrants. The liabilities set out in this note have been calculated based on the full valuation as at 1 January 2017, updated to 31 March 2018. The results of the calculations and the assumptions adopted are shown below.

The Charity's contributions expected to be made in the year commencing 1 April 2018 are approximately £451k based on the revised schedule of contributions dated May 2015.

The Trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries. The appointment of members of the Trustee Board is determined by the trust documentation. Trustees have received actuarial advice and the overall expected rate of return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

Changes in Defined Benefits Obligation(DBO):

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Benefits obligation, beginning of the year | 34,746 | 27,556 |
| Current service cost | - | - |
| Interest cost | 878 | 956 |
| Scheme participants contributions | - | - |
| Actuarial (gains)/losses arising from changes in demographic assumption | 2,912 | 70 |
| Actuarial (gains)/losses arising from changes in financial assumption | 172 | 6,675 |
| Experience (gains)/losses | (4,200) | - |
| Gross Benefits paid | (608) | (511) |
| Past service costs/(gains) | - | - |
| Benefits obligation, end of year | 33,900 | 34,746 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

10. Pension costs (continued)

Assumptions used to determine defined benefit obligation at end of year:

| | 2018 | 2017 |
|----------------------------------|-------|-------|
| Discount rate | 2.50% | 2.55% |
| Rate of retail price inflation | 3.15% | 3.20% |
| Rate of consumer price inflation | 2.05% | 2.05% |
| Rate of future salary increases | 1.00% | 1.00% |
| Pension increases in payment: | | |
| - Fixed 3% pa | 3.00% | 3.00% |
| - LPI max 5% pa | 3.00% | 3.05% |
| - LPI max 3% pa | 2.35% | 2.35% |

Post-retirement mortality assumption:

| | 2018 | 2017 |
|--------------------------------------|--|--|
| | S2PMA | S2PMA |
| -Base table | CMI 2017 projections, with a long term trend rate of 0.5% p.a. | CMI 2016 projections, with a long term trend rate of 0.5% p.a. |
| -Projections for future improvements | 85% of maximum cash at retirement | 85% of maximum cash at retirement |

Commutation allowance

| | | |
|--|------|------|
| Life expectancy from 65 for a male currently aged 65 | 21.5 | 21.6 |
| Life expectancy from 65 for a male currently aged 45 | 21.9 | 22.1 |
| Life expectancy from 65 for a female currently aged 65 | 23.3 | 23.4 |
| Life expectancy from 65 for a female currently aged 45 | 24.0 | 24.0 |

Changes in Scheme assets are as follows:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Fair value of Scheme assets, beginning of the year | 25,488 | 22,424 |
| Interest Income | 650 | 789 |
| Experience (losses)/gains | (126) | 2,055 |
| Employer's Contributions | 694 | 945 |
| Scheme Participants contributions | - | - |
| Administration Expenses | (115) | (214) |
| Gross benefits paid | (608) | (511) |
| Fair value of Scheme assets, end of year | 25,983 | 25,488 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

10. Pension costs (continued)

Scheme Assets Allocation, End of Year

| | 31 March 2018 £'000 | 31 March 2017 £'000 |
|---|---------------------------|---------------------------|
| Diversified Growth/Absolute Return Fund | 16,426 | 16,192 |
| Corporate Bonds | 1,775 | 1,745 |
| Government Bonds/Gilts | 5,275 | 5,226 |
| Property | 2,437 | 2,267 |
| Cash | 70 | 58 |
| Total | 25,983 | 25,488 |

Funded Status

The funded status at the end of the year, and the related amounts recognised on the balance sheet, follow:

| | | |
|---|----------------|----------------|
| Fair value of Scheme assets | 25,983 | 25,488 |
| Benefit obligations | (33,900) | (34,746) |
| Funded status | (7,917) | (9,258) |
| Related deferred tax asset | - | - |
| Unrecognised surplus | - | - |
| Net amount recognised, end of year | (7,917) | (9,258) |

Components of benefit cost recognised in SOFA

| | | |
|--|------------|------------|
| Current service cost | - | - |
| Net interest cost on net defined liability | 228 | 167 |
| Administration Expenses | 115 | 214 |
| Past service(credit)/ cost recognised | - | - |
| Net benefit cost/(credit) in SOFA before other recognise gains and losses | 343 | 381 |

| | 2018 £'000 | 2017 £'000 |
|------------------------------|---------------|---------------|
| Actual return on plan assets | 534 | 2,844 |

Amount recognised in other recognise gains and losses:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Actuarial losses/ (gains) arising from changes in assumptions | 3,084 | 6,745 |
| Experience (gains)/losses on liabilities | (4,200) | - |
| Actuarial (gains)/losses on assets | 126 | (2,055) |
| Adjustment due to asset ceiling | - | - |
| Loss/(Gain) recognised in other recognised gains and losses | (990) | 4,690 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

11. Tangible fixed assets - Group and Company

| | Leasehold Improvements | IT Infrastructure | Computers, Equipment & Furniture | Total |
|--|---------------------------|----------------------|--|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 31 March 2017 | 277 | 159 | 108 | 544 |
| Additions | | 161 | | 161 |
| Disposal | | (159) | (9) | (168) |
| At 31 March 2018 | 277 | 161 | 99 | 537 |
| Depreciation | | | | |
| At 31 March 2017 | 49 | 128 | 47 | 224 |
| Charge for the year | 28 | 31 | 14 | 73 |
| Disposal | | (159) | (9) | (168) |
| At 31 March 2018 | 77 | - | 52 | 129 |
| Net Book Value at 31 March 2018 | 200 | 161 | 47 | 408 |
| Net Book Value at 31 March 2017 | 229 | 30 | 61 | 320 |

The net book value at 31 March 2018 represents assets used for:

| | Leasehold Improvements | IT Infrastructure | Computers, Equipment & Furniture | Total |
|----------------------------|---------------------------|----------------------|--|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Charitable purposes | | | | |
| Operational services | 106 | 85 | 24 | 215 |
| Educational Grants Advice | 28 | 23 | 8 | 59 |
| Support services | 66 | 53 | 15 | 134 |
| | 200 | 161 | 47 | 408 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018



12. Fixed Assets & Investments

GROUP

Investments at valuation

| 2018 | 2017 |
|---------------|---------------|
| £'000 | £'000 |
| 10,664 | 10,995 |

All trust fund investments were revalued to the quoted price on 31 March 2018.

The investments of the 61 Endowed Trusts and administered funds are held in a broadly diversified multi-manager portfolio devised and run by Epoch Wealth Management.

| | 2018 | 2017 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Market value at 1 April | 10,995 | 9,825 |
| Net (losses)/gains on revaluation in year | (271) | 1,228 |
| Investment management fees | (60) | (58) |
| Market value at 31 March | 10,664 | 10,995 |
| Historical cost at 31 March | 4,617 | 4,617 |

COMPANY

Investments in Endowed Trusts and Administered Funds-Capital at Valuation

| 2018 | 2017 |
|--------|--------|
| £'000 | £'000 |
| 10,664 | 10,995 |

Investments in subsidiary undertakings

Family Action Enterprises Ltd - Shares at cost

| | |
|---------------|---------------|
| 10 | 10 |
| 10,674 | 11,005 |

Details of the charity's subsidiary undertakings are included in Note 13 to these accounts.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

13. Subsidiary Undertakings

Family Action Enterprises

Family Action Enterprises Ltd (company no: 01514576) is a wholly owned trading subsidiary of Family Action, which is incorporated in England and Wales. The Charity holds 10,000 ordinary shares of £1 each (being all of its issued share capital). In line with the charitable activities of Family Action, it provides high-quality training and consultancy services for a wide range of organisations – local authorities, the NHS, schools/academies, early year's settings, adoption and fostering agencies, charities and commercial enterprises.

The open workshops, in-house training and consultancy draw on Family Action's extensive experience of delivering programmes and services to support children and families across the country. Audited accounts of Family Action Enterprises Ltd are filed with the Registrar of Companies. The net liabilities as at 31 March 2018 were £35,756 (2017: net liabilities £59,400).

Summary results were:

| | 2018 £'000 | 2017 £'000 |
|----------------------------|---------------|---------------|
| Turnover | 183 | 126 |
| Administrative Expenses | (159) | (146) |
| Profit/(loss) for the year | 24 | (20) |

Friendship Works

Friendship Works is a dormant charitable company incorporated in England and Wales (Charity no: 1017460, Company no: 2754587) controlled by Family Action by virtue of being its sole member.

14. Debtors

| | Group | | Company | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Amounts invoiced to funders | 1,893 | 1,285 | 1,826 | 1,239 |
| Prepayments and accrued income | 803 | 620 | 993 | 794 |
| | 2,696 | 1,905 | 2,819 | 2,033 |

15. Creditors : amounts falling due within one year

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Trade Creditors | 412 | 398 | 412 | 398 |
| Payment received on account for contracts | - | 125 | - | 125 |
| Accruals and Deferred Income | 346 | 261 | 345 | 248 |
| Tax and social security | 327 | 338 | 341 | 325 |
| Other creditors | 770 | 1,146 | 747 | 1,146 |
| Loan from Esmee Fairbairn Foundation | 20 | - | 20 | - |
| Loan from Third Sector Loan Fund | 13 | - | 13 | - |
| | 1,888 | 2,268 | 2,242 | 2,242 |

Deferred income represents funding received in advance of the provision of the related services. All deferred income held at the end of the previous financial year has been recognised within the current financial year.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

16. Creditors : amounts falling due after one year

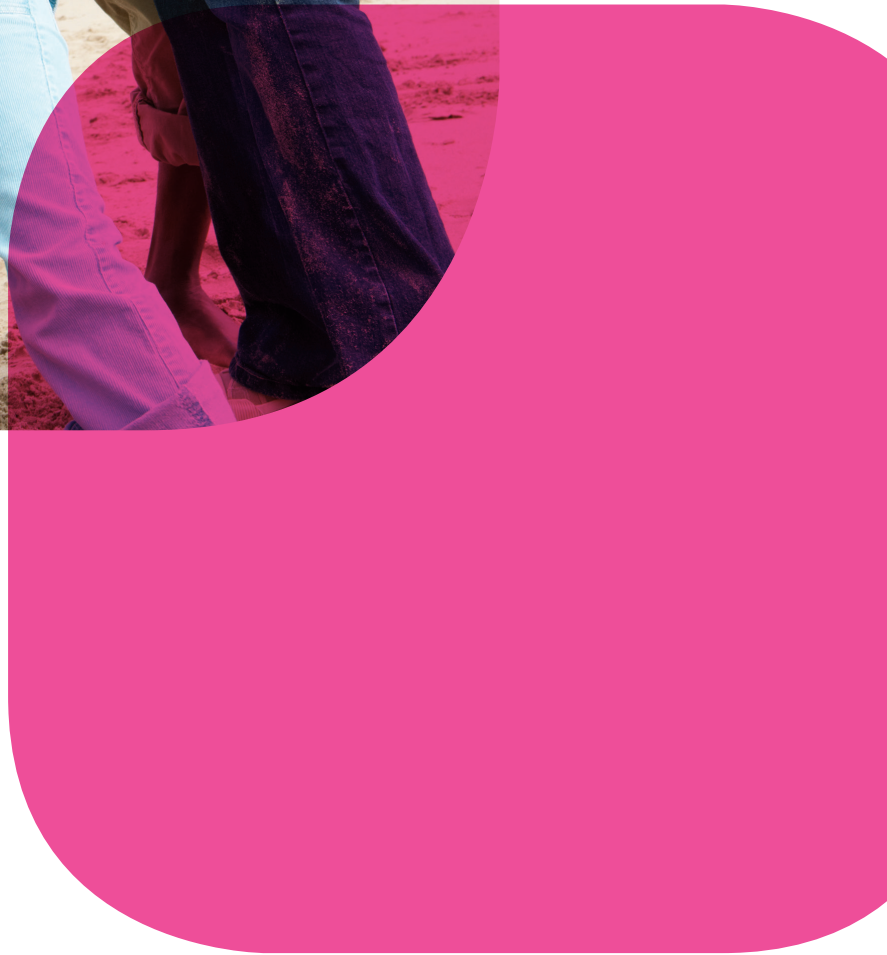
| | Group | | Company | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Loan from Esmee Fairbairn Foundation | - | 300 | - | 300 |
| Loan from Third Sector Loan Fund | - | 700 | - | 700 |
| | - | 1,000 | - | 1,000 |

The facility from Third Sector Loan Fund and Esmee Fairbairn Foundation shown above funded our Safe Haven Project. The terms of the loan is 7% interest rate for 3 years together with a risk sharing facility of 0% interest rate and up to £247k reduction in capital repayment if the project does not continue beyond its initial pilot stage. These loans were classified as concessionary loans in accordance with Section 34 of the FRS 102 as they were received for furthering Family Action's charitable objectives at interest rates below the prevailing market rates for equivalent unsecured loan arrangements.

Unfortunately, despite a successful first year, the Local Authorities both decided not to fund the Safe Haven project beyond the pilot first year, and so the Trustees had to make a decision to close the project in September 2017. Under the terms of agreement of the loan, the concessionary rate of 0% interest rate and risk sharing facility was triggered. A total repayment of £967k has been made with a balance of £33k included in creditors falling due within one year to be made.

17. Financial Instruments

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Financial assets measured at fair value | 10,664 | 10,995 | 10,674 | 10,995 |
| Financial assets(cash) measured at amortised cost | 7,203 | 8,448 | 7,105 | 8,353 |
| Financial assets(debtors) measured at amortised cost | 1,893 | 1,285 | 1,826 | 1,239 |
| Financial liabilities measured at amortised cost | 1,215 | 1,669 | 1,192 | 1,669 |
| Concessionary loans measured at cost less impairment | - | 1,000 | - | 1,000 |



Notes to the Financial Statements (continued)

For the year ended 31 March 2018



18. Unrestricted funds as at March 2018

| GROUP | Movement in funds | | | | Balance 31 March 2018 £'000 |
|---------------------------|--------------------------------------|--------------------------------|---------------------------------|----------------------|--------------------------------------|
| | Balance 31 March 2017 £'000 | Incoming Resources £'000 | Gains and transfers £'000 | Expenditure £'000 | |
| General funds | 1,500 | 1,252 | - | (1,151) | 1,601 |
| Staff Contingency | 114 | - | 129 | (43) | 200 |
| Safe Haven Project Fund | 173 | - | (100) | - | 73 |
| Contract Risk Fund | 327 | - | - | - | 327 |
| Fixed Assets fund | 217 | - | (29) | - | 188 |
| Property fund | 732 | - | - | - | 732 |
| Service Development Funds | 643 | - | - | (17) | 626 |
| | 3,706 | 1,252 | - | (1,211) | 3,747 |
| COMPANY | | | | | |
| General funds | 1,569 | 1,069 | - | (992) | 1,646 |
| Staff Contingency | 114 | - | 129 | (43) | 200 |
| Safe Haven Project | 173 | - | (100) | - | 73 |
| Contract Risk Fund | 327 | - | - | - | 327 |
| Fixed Assets fund | 217 | - | (29) | - | 188 |
| Property fund | 732 | - | - | - | 732 |
| Service Development Funds | 643 | - | - | (17) | 626 |
| | 3,775 | 1,069 | - | (1,052) | 3,792 |

The general funds represents the free funds of the Group and the Charity, which are not designated for any particular purpose. The balance as at March 2018 is: Group £1,602k (2017: £1,500k); the charitable parent company £1,646k as at March 2018 compared with £1,569k in 2017

The staff contingency fund has been set up to enable the Charity to meet its contracted obligations where services experience staff absences due to sickness, redundancy or maternity for which additional funding is not available. The balance as at March 2018 is £200k (2017: £114k)

The Fixed Assets fund represents leasehold improvements of the Charity's offices used for charitable activities. The balance as at March 2018 is £188k (2017: £217k). The reduction is due to the depreciation of tangible fixed assets, mainly fixtures and fittings to the value of £28k in the year.

Safe Haven Project Fund is the company's contribution to the closure costs of a new service development in its pilot stage in partnership with Sandwell and Wolverhampton Council. The project is funded by Social Finance agreement with Third Sector Loan Fund and Esmee Fairbairn Foundation. The balance as at March 2018 is £73k (2017: £173k). The project was closed in September 2017 due to lack of continuation funding/contract from Local Authorities. The closure account is yet to be completed as we are awaiting outcome payments from the LA. However, current indication of the closure costs against this fund is approximately £47k. The final balance may be less depending on the outcome payments. There is expectation that the balance figure will be known in the next financial year. Therefore £100k was released into general funds as at end of March.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

Contract Risk Fund is set aside as investments into various contracts, where the organisation is facing significant TUPE risk particularly local government pension risk and contract performance bonds. This could be called on during the year and thus not available as free reserve. The balance as at March 2018 is £327k (2017: £327k)

Property Fund is set aside for the purchase of property to be completed within the next year. The balance as at March 2018 is £732k (2017: £732k).

Service Developments Fund has been set up to enable the Charity to invest in the development of new service models. This is essential for the future of the Charity and are designated, so excluded from free reserves. The balance as at March 2018 is £626.k (2017: £643k). In 2018 there was £140k approved expenditure by the Trustees Board towards the 150th years anniversary of the charity. £17k was spent as at 31st March with the remaining £123k committed.

Unrestricted funds as at March 2017

| GROUP | Movement in funds | | | | Balance 31 March 2017 £'000 |
|---------------------------|--------------------------------------|--------------------------------|---------------------------------|----------------------|--------------------------------------|
| | Balance 31 March 2016 £'000 | Incoming Resources £'000 | Gains and transfers £'000 | Expenditure £'000 | |
| General funds | 1,282 | 1,586 | (620) | (748) | 1,500 |
| Staff Contingency | 105 | - | 150 | (141) | 114 |
| Safe Haven Project Fund | 173 | - | - | - | 173 |
| Contract Risk Fund | 327 | - | 50 | (50) | 327 |
| Fixed Assets fund | 557 | - | (312) | (28) | 217 |
| Property fund | 500 | - | 232 | - | 732 |
| Service Development Funds | 552 | - | 500 | (409) | 643 |
| | 3,495 | 1,5866 | - | (1,376) | 3,706 |
| COMPANY | | | | | |
| General funds | 1,332 | 1,459 | (620) | (602) | 1,569 |
| Staff Contingency | 105 | - | 150 | (141) | 114 |
| Safe Haven Project | 173 | - | - | - | 173 |
| Contract Risk Fund | 327 | - | 50 | (50) | 327 |
| Fixed Assets fund | 557 | - | (312) | (28) | 217 |
| Property fund | 500 | - | 232 | - | 732 |
| Service Development Funds | 552 | - | 500 | (409) | 643 |
| | 3,545 | 1,459 | - | (1,230) | 3,775 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

19. Restricted funds as at March 2018

| | Movement in funds | | | | Balance 31 March 2018 £'000 |
|--|--------------------------------------|--------------------------------|--|----------------------|--------------------------------------|
| | Balance 31 March 2017 £'000 | Incoming Resources £'000 | Gains/ (losses) and transfers £'000 | Expenditure £'000 | |
| Operational services | 3,200 | 20,549 | - | (19,865) | 3,884 |
| Other restricted funds: | | | | | |
| New Day | 101 | 118 | - | (111) | 108 |
| Other Trust funds – Revenue | 71 | 1,122 | - | (899) | 294 |
| Nora Henry Trust – Revenue | 10 | 57 | - | (56) | 11 |
| Other Trust funds – Revenue | 315 | 291 | - | (233) | 373 |
| Edith & W Morgan Mental Health – Capital | 353 | - | (11) | - | 342 |
| Other Trust funds – Capital | 185 | - | 20 | - | 205 |
| | 1,035 | 1,588 | 9 | (1,299) | 1,333 |
| Restricted income funds | 4,235 | 22,137 | 9 | (21,164) | 5,217 |
| Pension scheme reserve | (9,258) | - | 990 | 351 | (7,917) |
| Total restricted funds including pension scheme reserve | (5,023) | 22,137 | 999 | (20,813) | (2,700) |

- The restricted funds comprises two main elements:

1. The unexpended income from Operational Services of £3,884k as at March 2018 (2017: £3,200k). These restricted funds represent funded projects and services run by Family Action. The balance consists mainly of start-up funding on new projects not yet spent and funding to be carried forward as agreed with individual funders.
2. Family Action administers endowed and non-endowed trust funds. It distributes this income in the form of grants to individuals. The unexpended income from the funds is carried forward under its restricted purpose. This amounts to £1,333k as at March 2018 (of which £547k is held as investment in our portfolio thus referred to as capital above) compared with £1,035k in 2017 (£538k in 2017 held as investment-capital).

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with the restrictions imposed.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018



Restricted funds as at March 2017

| | Movement in funds | | | | Balance 31 March 2017 £'000 |
|--|--------------------------------------|--------------------------------|--|----------------------|--------------------------------------|
| | Balance 31 March 2016 £'000 | Incoming Resources £'000 | Gains/ (losses) and transfers £'000 | Expenditure £'000 | |
| Operational services | 3,628 | 19,822 | - | (20,250) | 3,200 |
| Other restricted funds: | | | | | |
| New Day | 3 | 165 | - | (67) | 101 |
| Other Trust funds – Revenue | 54 | 23 | - | (6) | 71 |
| Nora Henry Trust – Revenue | 13 | 54 | - | (57) | 10 |
| Other Trust funds – Revenue | 302 | 280 | - | (267) | 315 |
| Edith & W Morgan Mental Health – Capital | 315 | - | 38 | - | 353 |
| Other Trust funds – Capital | 165 | - | 20 | - | 185 |
| | <u>853</u> | <u>522</u> | <u>58</u> | <u>(397)</u> | <u>1,035</u> |
| Restricted income funds | 4,481 | 20,344 | 58 | (20,647) | 4,235 |
| Pension scheme reserve | (5,132) | - | (4,690) | 564 | (9,258) |
| Total restricted funds including pension scheme reserve | (651) | 20,344 | (4,632) | (20,083) | (5,023) |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

20. Endowment Funds as at March 2018

| | Charity Reg. Number | Movement in funds | | | Balance 31 March 2018 £'000 |
|--|---------------------|--------------------------------|--------------------|--|--------------------------------|
| | | Balance 31 March 2017 £'000 | Additions £'000 | Expenditure and Unrealised Gains/(Losses) £'000 | |
| Permanent Endowments | | | | | |
| Caterham Whyteleafe Trust | 272724 | 763 | - | (23) | 740 |
| Eleanor Ponsonby Trust | 275060 | 1,222 | - | (37) | 1,185 |
| FWA Greater London Relief In Need Charity | 1006487 | 435 | - | - | 435 |
| FWA National Relief in Need | 231205 | 306 | - | 20 | 326 |
| FWA Relief in Need Charity For the Aged | 237118 | 1,002 | - | (10) | 992 |
| FWA Relief in Sickness Charity | 264713 | 273 | - | 99 | 372 |
| Limpsfield Convalescence Fund | 208536 | 168 | - | (5) | 163 |
| Women's Holiday Fund | 207455 | 971 | - | (22) | 949 |
| Green Bequest Fund | 252152 | 129 | - | (4) | 125 |
| Metropolitan Visiting and Relief Association | 251586 | 387 | - | (12) | 375 |
| Queen Adelaide Fund | 207228 | 277 | - | (8) | 269 |
| Bishop Andrews Charity | 205288 | 128 | - | (4) | 124 |
| Cumberland Benevolent Fund | 231206 | 124 | - | (4) | 120 |
| Other funds (balances < £100,000) | | 757 | - | (175) | 582 |
| | | 6,941 | - | (184) | 6,757 |
| Expendable endowments | | | | | |
| Nora Henry Trust | 313949 | 1,798 | - | (54) | 1,744 |
| British War Refugees Fund | 251578 | 198 | - | (6) | 192 |
| Fenton Trust | 247552 | 649 | - | (20) | 629 |
| Lamming Will Trust | 216257 | 203 | - | (6) | 197 |
| Alfred de Rothschild Trust | 201725 | 326 | - | (10) | 316 |
| Other funds (balances < £100,000) | | 345 | - | (60) | 285 |
| | | 3,518 | - | (156) | 3,362 |
| Total endowment funds | | 10,459 | - | (340) | 10,119 |

Family Action manages trust funds with or without endowments. There are 41 permanent endowment and 15 expendable endowment trust funds, some more than 400 years old. The general policy is not to spend the fund's capital even if permitted to do so within the terms of the trust deed. The capital is invested and income is disbursed. The trust deed specifies the purpose for which the income can be used.

The market value of the invested funds as at March 2018 is £10,664k compared with £10,459k in 2017. The decrease in market value, which are unrealised gains, amounts to £340k a decrease of 3% compared with an increase in value in 2017 of £1,113k, which was an increase of 11%.

Family Action Trustees have established a grant allocation team to approve the disbursement of grants in line with the terms of the trusts. All unexpended income is held as restricted funds for the purpose specified.

Family Action presents investment management fees on endowment funds separately on the face of the SOFA but as these are linked to the movements in the value of the underlying investments, the costs and unrealised gains and losses reported in the year are combined under one column.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

20. Endowment Funds as at March 2017

| | Charity Reg. Number | Movement in funds | | | Balance 31 March 2017 £'000 |
|---|---------------------------|--------------------------------------|--------------------|--|--------------------------------------|
| | | Balance 31 March 2016 £'000 | Additions £'000 | Expenditure and Unrealised Gains/(Losses) £'000 | |
| Permanent Endowments | | | | | |
| Caterham Whyteleafe Trust | 272724 | 682 | - | 81 | 763 |
| Eleanor Ponsonby Trust | 275060 | 1,092 | - | 130 | 1,222 |
| FWA Greater London Relief In Need Charity | 1006487 | 389 | - | 46 | 435 |
| FWA National Relief in Need Charity | 231205 | 273 | - | 33 | 306 |
| For the Aged | 237118 | 895 | - | 107 | 1,002 |
| FWA Relief in Sickness Charity | 264713 | 244 | - | 29 | 273 |
| Limpsfield Convalescence Fund | 208536 | 150 | - | 18 | 168 |
| Women's Holiday Fund | 207455 | 868 | - | 103 | 971 |
| Green Bequest Fund | 252152 | 115 | - | 14 | 129 |
| Metropolitan Visiting and Relief Association | 251586 | 346 | - | 41 | 387 |
| Queen Adelaide Fund | 207228 | 247 | - | 30 | 277 |
| Bishop Andrews Charity | 205288 | 114 | - | 14 | 128 |
| Cumberland Benevolent Fund | 231206 | 111 | - | 13 | 124 |
| Other funds (balances < £100,000) | | 676 | - | 81 | 757 |
| | | 6,202 | - | 739 | 6,941 |
| Expendable endowments | | | | | |
| Nora Henry Trust | 313949 | 1,607 | - | 191 | 1,798 |
| British War Refugees Fund | 251578 | 177 | - | 21 | 198 |
| Fenton Trust | 247552 | 580 | - | 69 | 649 |
| Lamming Will Trust | 216257 | 181 | - | 22 | 203 |
| Alfred de Rothschild Trust | 201725 | 291 | - | 35 | 326 |
| Other funds (balances < £100,000) | | 308 | - | 37 | 345 |
| | | 3,144 | - | 374 | 3,518 |
| Total endowment funds | | 9,346 | - | 1,113 | 10,459 |



Notes to the Financial Statements (continued)

For the year ended 31 March 2018

21. Post Balance Sheet events

After the balance sheet date, Family Action entered into a number of business arrangements with organisations as follows:

Building A New Direction Limited ("BAND")

On 1 April 2018, BAND, a charitable company incorporated in England and Wales (company number 03284504, charity number 1060822) appointed Family Action as its sole member and on the same date transferred its trade and assets to Family Action for nil consideration.

Happy Days Pre-school

On 29 March 2018, Family Action agreed to take over the ownership, control and management of Happy Days Pre-school, an unincorporated association effective from 1 April 2018 for nil consideration.

Off Centre Limited

On 6 April 2018, Off Centre Limited, a charitable company incorporated in England and Wales (company number 288275, charity number 1060822) entered into a deed of transfer effective 1 May 2018 under which its trade and assets to Family Action for nil consideration.

These arrangements will be accounted for as acquisitions in accordance with section 19 of FRS 102 and section 24 of the Charity SORP 2015. On this basis, the fair value of the net assets and liabilities acquired by Family Action will be recognised as a gain (or loss) in the Statement of Financial Activities in next year's financial statements. At the date of approving these financial statements an estimate of the financial effect cannot be made.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

22. Analysis of Group Net Assets between funds as at March 2018

Fund balances at 31 March 2018

Are represented by:

| | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total funds £'000 |
|-------------------------|--------------------------------|------------------------------|-----------------------------|-------------------------|
| Tangible fixed assets | 408 | - | - | 408 |
| Investments | - | 545 | 10,119 | 10,664 |
| Current assets | 3,710 | 6,189 | - | 9,899 |
| Current liabilities | (371) | (1,517) | - | (1,888) |
| Pension scheme deficit | - | (7,917) | - | (7,917) |
| Total net assets | 3,747 | (2,700) | 10,119 | 11,166 |

Unrealised gains included above:

| | | | | |
|--|--|------------|--------------|--------------|
| Investment assets | | 202 | 5,846 | 6,048 |
| Total unrealised gains at 31 March 2018 | | 202 | 5,846 | 6,048 |

Reconciliation of movements in unrealised gains on Investment assets:

| | | | | |
|---|--|------------|--------------|--------------|
| Unrealised gains at 31 March 2017 | | 219 | 6,160 | 6,379 |
| Add: net gain arising on revaluations in year | | (17) | (314) | (331) |
| Unrealised gains at 31 March 2018 | | 202 | 5,846 | 6,048 |

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

22. Analysis of Group Net Assets between funds as at March 2017

Fund balances at 31 March 2018

Are represented by:

| | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total funds £'000 |
|-------------------------|-----------------------------|---------------------------|--------------------------|----------------------|
| Tangible fixed assets | 320 | - | - | 320 |
| Investments | - | 536 | 10,459 | 10,995 |
| Current assets | 3,856 | 6,497 | - | 10,353 |
| Current liabilities | (470) | (1,798) | - | (2,253) |
| Long term liabilities | - | (1,000) | - | (1,000) |
| Pension scheme deficit | - | (9,258) | - | (9,258) |
| Total net assets | 3,706 | (5,023) | 10,459 | 9,142 |

Unrealised gains included above:

| | | | | |
|-------------------|--|-----|-------|-------|
| Investment assets | | 219 | 6,160 | 6,379 |
|-------------------|--|-----|-------|-------|

Total unrealised gains at 31 March 2017

| | | | |
|--|------------|--------------|--------------|
| | 219 | 6,160 | 6,379 |
|--|------------|--------------|--------------|

Reconciliation of movements in unrealised gains on Investment assets:

| | | | | |
|---|--|------------|--------------|--------------|
| Unrealised gains at 31 March 2016 | | 162 | 5,047 | 5,209 |
| Add: net gain arising on revaluations in year | | 57 | 1,113 | 1,170 |

Unrealised gains at 31 March 2018

| | | | |
|--|------------|--------------|--------------|
| | 219 | 6,160 | 6,379 |
|--|------------|--------------|--------------|

23. Leasing Commitments

At 31 March 2018 the group had future minimum rentals payable under non-cancellable operating leases as detailed below:

Minimum lease payments due within:

| | 2018 Land and Buildings £'000 | 2018 Other £'000 | 2017 Land and Buildings £'000 | 2017 Other £'000 |
|----------------------------|-------------------------------------|------------------------|-------------------------------------|------------------------|
| - one year | 706 | 34 | 561 | 32 |
| - within two to five years | 1,774 | 102 | 1,474 | 136 |
| - over five years | 356 | - | 758 | - |
| | 2,836 | 136 | 2,793 | 170 |

The Charity carefully manages its lease obligations to ensure that the lease terms closely match the length of service contracts and for non-service related properties that appropriate break clauses are in place to safeguard the Charity's resources.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

24. Conduit Funds

Family Action manages and disburses funds on behalf of a number of organisations. These are held in separate bank accounts and subject to Family Action's internal controls and procedures to ensure that these assets are safeguarded. The value of these funds at 31 March 2018 is stated below:

| | Balance 31 March 2017 £'000 | Incoming funds £'000 | Outgoing funds £'000 | Balance 31 March 2018 £'000 |
|---------------------------------|--------------------------------------|----------------------------|----------------------------|--------------------------------------|
| Motor Insurance Bureau | 94 | 9 | (29) | 74 |
| Deputy and Trusteeship Services | 923 | 921 | (1,225) | 619 |
| | 1,017 | 930 | (1,254) | 693 |

Motor Insurance Bureau: Family Action acts as custodian trustee for minors in respect of awards made by the Motor Insurance Bureau. These funds are invested with the investments on to the individual benefactors on reaching the age of maturity.

Deputy and Trustee Services: The Head of Deputy and Trustee Services acts as deputy for people who do not have the capacity to manage their own financial affairs and undertakes the day to day management of their financial affairs in line with guidelines provided by the Office of the Public Guardian.

25. Related Party transactions

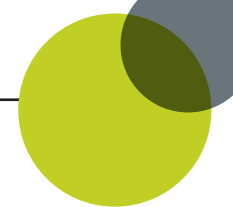
At the balance sheet date an amount of £170,258 (2017: £175,527) was owed to Family Action by Family Action Enterprises Limited, its wholly owned subsidiary.

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

26. Prior year comparative SOFA restated

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2017 £'000 |
|--|-------|-----------------------------|---------------------------|--------------------------|------------------------|
| Income and Endowments from: | | | | | |
| Donations and legacies | 3 | 377 | 1,529 | - | 1,906 |
| Investment | 4 | 32 | 332 | - | 364 |
| Charitable activities | 5 | 758 | 18,483 | - | 19,241 |
| Gains on Sale of property | | 419 | - | - | 419 |
| Total | | 1,586 | 20,344 | - | 21,930 |
| Expenditure on: | | | | | |
| Raising funds: | | | | | |
| Fundraising and publicity costs | | 539 | - | 58 | 597 |
| Charitable activities | 7 | 836 | 20,083 | - | 20,919 |
| Total | | 1,375 | 20,083 | 58 | 21,516 |
| Net income before investments gains/(losses) | | 211 | 261 | (58) | 414 |
| Gains on investments | 12 | - | 57 | 1,171 | 1,228 |
| Net income before other recognised gains and losses | | 211 | 318 | 1,113 | 1,642 |
| Remeasurement on net defined benefit pension liability | 10 | - | (4,690) | - | (4,690) |
| Net movements in funds | | 210 | (4,372) | 1,113 | (3,048) |
| Fund balance brought forward at 1 April 2016 | | 3,496 | (651) | 9,346 | 12,190 |
| Fund balances carried forward At 31 March 2017 | | 3,706 | (5,023) | 10,459 | 9,142 |



LIST OF SUPPORTERS 2017-18

We'd like to thank everyone that has fundraised, donated and volunteered for Family Action in 2016/17, including:

ACI Worldwide
 Adactus Housing Group
 Adam&Eve DDB
 AIB Group
 Alix Partners
 Banham Foundation Limited
 Barclays Bank PLC
 Baron Davenport's Charitable Trust
 BBC Children in Need
 Big Lottery Fund
 Big Lottery Improving Futures - Haringey
 Big Talk Productions
 Bottega Vaneta
 Brakes
 Breckland Community Fund
 Brian Mitchell Charitable Settlement
 British Gas Energy Trust
 C B & H H Taylor 1984 Trust
 Camelia Trust
 Carers Trust
 Charles S French Charitable Trust
 Church Burgesses Trust
 City Bridge Trust
 Clyde & Co. LLP
 CMS Cameron McKenna LLP
 Comic Relief
 Commerzbank
 Dentsu Aegis Network
 Department for Education
 Department of Health - Health and Social Care Volunteering Fund
 DNA electronics
 Doris Field Charitable Trust
 Dotcomprepublic
 Dow Jones & Company
 Edith Murphy Foundation
 Elite Associates Europe
 Eric W Vincent Trust Fund
 Esmée Fairbairn Foundation
 Etsy
 Eversheds
 F & P C Scotto Charitable Trust
 Fidelity worldwide Investments
 Fieldfisher llp
 Final Cut LTD
 Find My Past
 Four Acre Trust
 Get West London
 Gilead Sciences
 Gledswood Charitable Trust
 Google DeepMind
 Habitat UK Ltd
 Helios Towers Africa LLP
 Heritage Lottery Fund
 Highgate Golf Club
 Hull And East Riding Charitable Trust
 ICap
 Imperial Society of Knights Bachelor
 ING Group
 Inspiro
 Irwin Mitchell
 Islington Giving
 J.P. Morgan Private Bank
 Jeroboams
 John Horniman's Children's Trust
 John Lewis Partnership and Services Office
 Kensington & Chelsea District Nursing Trust
 Lady Eileen Joseph Foundation
 Laytons Solicitors
 M & C Trust
 Manulife Asset Management
 Mary Robertson Trust
 Michael Cornish Charitable Trust
 Michells Robertson
 Microgaming Health and Care Trust
 Navigation Partners
 NewDay
 Oldhurst Trust
 Pareto
 R A & V B Reekie Charitable Trust
 Resource Experience Limited
 RetailMeNot
 Royal Bank of Scotland
 Santander UK Foundation
 Seymours Solicitors
 Shearman and Sterling LLP
 Shell International Limited
 Sir James Knott Trust
 Slaughter and May
 Sotherby's
 Sphere Digital Recruitment
 St Andrew Holborn Charity
 St Giles-in-the-Fields and William Shelton Educational Charity
 Stirling Reid
 Sysomos
 TACT Care
 Targetfollow
 Texel Finance
 The Austin & Hope Pilkington Trust
 The Baily Thomas Charitable Fund
 The Carpenters Arms
 The Charlotte Bonham-Carter Charitable Trust
 The Clara E Burgess Charity
 The Eveson Charitable Trust
 The G M Morrison Charitable Trust
 The Hampstead Wells and Campden Trust
 The LankellyChase Foundation
 The Maud Elkington Charitable Trust
 The N Smith Charitable Settlement
 The Restaurant Group plc
 The Salamander Charitable Trust
 The Swire Charitable Trust
 The Tanza Trust
 The Trusthouse Charitable Foundation
 The Vandervell Foundation
 The Volant Charitable Trust
 The Worshipful Company of Coopers
 The Worshipful Company of Innholders
 The Worshipful Company of Security Professionals Charitable Trust
 Tonkotsu
 Toureen Mangan
 Vice
 Virtual Racing UK
 Walcot Foundation
 Wandsworth Grant Fund
 Weil, Gotshal & Manges (London) LLP
 Welsh Government - Sustainable Social Services Grants
 Workday



Family Action Head Office

24 Angel Gate
City Road
London EC1V 2PT

T: 020 7254 6251

www.family-action.org.uk
info@family-action.org.uk

Registered as a Charity in England & Wales no: 264713.

Registered as a Charity in the Isle of Man no: 1206.

Registered Company Limited by Guarantee in England and Wales: 01068186.

Patron: Her Majesty the Queen.

Chair: Mary Fulton.

Chief Executive: David Holmes CBE

Vice Patrons: Christine Davies CBE. Dr Andrew McCulloch. Dame Denise Platt DBE. Katie Vanneck-Smith. Professor Harriet Ward CBE.

