

**OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED
(PARENTS AND CHILDREN TOGETHER)**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED
(A company limited by guarantee)

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OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED
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REPORT OF THE DIRECTORS (TRUSTEES) FOR THE YEAR ENDED 31 MARCH 2016

This report by the Trustees, together with the audited financial statements of the charitable company, is for the year ending 31st March 2016. It includes the Directors Report and the Trustees Annual Report.

I. Reference and administrative details

The Oxford Diocesan Council for Social Work Incorporated is a charitable company limited by Guarantee, incorporated on 17th May 1982 (Company number 1636098) and registered as a charity on 2nd September 1982 (Charity registration number 285214).

The charitable company is also known under its operating name of "Parents And Children Together" hereafter referred to as "PACT". At the balance sheet date the company had no subsidiaries (its wholly-owned (dormant) subsidiary, PACT Trading Limited was dissolved on 28 July 2015).

The Registered Office (which is also the principal place of business) is at 7 Southern Court, South Street, Reading, Berkshire, RG1 4QS. The Adoption Agency registration number is SC049093 and the Responsible Individual registered with Ofsted in accordance with adoption legislation is Jan Fishwick.

Auditors James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

Bankers National Westminster Bank PLC, Charing Cross Commercial Centre, P.O. Box 39952, 2 1/2 Devonshire Square, London, EC2M 4XJ

Insurers Markel (UK) Ltd, Verity House, 6 Canal Wharf, Leeds LS11 5AS

Legal Advisers Blandy and Blandy, 1 Friar Street, Reading, Berkshire RG1 1DA
(General legal matters)
Griffiths Robertson, 7-11 Queen Victoria Street, Reading, Berkshire, RG1 1SY
(Legal advice relating to adoption matters)

Directors and trustees

The directors of the charitable company ("the company"), who form the Executive Council of the charity, are its trustees for the purpose of charity law and throughout this report are collectively referred to as trustees. Trustees serving during the year and since the year end are as follows:

Mr J.G. Brown	Chair
Mr G. Davies	Treasurer
The Revd T.P. Edge	
Mrs D. M. Hasting	
Mrs S.E. Prince	
Mr F. J. Harper	
The Revd S. Booy	
Mr A.W.P. King	
Mr P.J. Sapwell	
The Revd G. Sykes	

Chief Executive Officer: Mrs Jan Fishwick

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II. Structure, governance and management

Governing Document

PACT is a company limited by guarantee governed by its Memorandum of Association dated 17th May 1982, and amended on 16th May 1984, 25th January 2005, 19th September 2006 and 18th December 2009.

Members of the company each guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 31st March 2016 was 15 (2015:15).

Appointment of Trustees

The governing document provides that the President of the Company shall be the Lord Bishop of Oxford, and that the Chair of the trustees, who shall also be Chair of the Executive Council, shall be appointed by the Lord Bishop of Oxford.

The trustees are members of the charitable company and the trustees may from time to time invite any person they think fit to become a member.

Paragraph 4 of the Company's Articles of Association imposes no limit to the number of Trustees.

Paragraph 44 provides for a third of the trustees to retire by rotation at the AGM, in which case they are eligible for re-election. Paragraph 49 gives power to the Executive Council to vary the number of members of the Executive and paragraph 50 gives the Executive Council power to appoint additional members subject to their signing the Register of Members and their endorsement by majority vote at the next Annual General Meeting.

In the year to 31st March 2016 the Executive Council met on four occasions, including the AGM.

Trustee induction and training

New trustees undergo an induction process, and are given an induction pack. They are encouraged to attend appropriate external training events, where these will facilitate the undertaking of their role.

Strategic Leadership Team (SLT)

Day-to-day company business is undertaken by the Strategic Leadership Team which meets twice per month. This consists of the Chief Executive, the Chief Financial Officer, the Director of Adoption & Fostering, the Director of Business Development, the Head of HR and the Head of Fundraising and Marketing. Other staff attend as required.

The remuneration of the SLT is set by the Remuneration Committee which considers the skills and requirements of the role and benchmark pay against similar roles inside and beyond the sector. They have a mind to the need to recruit and retain key staff with the attributes needed to manage the charity effectively.

Sub Committees

The Executive Council has four committees made up of Trustees and co-opted members, including those with relevant experience and expertise. These committees consider, make recommendations, and report to the Executive Council on matters relating to Remuneration; Adoption & Fostering; Communities; and Support Services (which includes Audit).

Adoption and Fostering Panel

The adoption agency operated one Adoption and Fostering Panel throughout the period. This panel is made up of independent lay and professional representatives.

Legal Adviser to Adoption Panel

Ian Robertson

Medical Advisers

Dr Efun Johnson

Adoption Agency Advisers to Panel

Seamus Jennings/Chris Foote

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Connected charities

PACT has a strong historical connection with the Diocese of Oxford, and receives funding from the Oxford Diocesan Board of Finance (registered charity no. 247954).

Risk Management

The charity maintains a Risk Register, which is updated each month by the SLT and submitted to the trustees to monitor against the strategic objectives set out in the Business Plan. The Risk Register is reviewed at each Board meeting and also by the Chair and Treasurer at the monthly business review meeting. The trustees are satisfied that systems and procedures are in place to mitigate those risks identified in the Risk Register.

The main risks of the charity are:

1. Adoption Placement numbers falls materially short of target of 65 (2016-17).

What are we doing?

Continue working to establish relationships with LAs. Promote the best families coming through and seek to match early. Effort in training and presenting other families in order to yield visits and links.

What more can we do?

Monitor ALB data to seek relationships where Placement Order numbers are rising; work with LAs to speed through identified matches; build on immediate relationships within the RAA partnerships - yielding some additional referral information. Explore opportunities to work with LAs who most value our support and where we can add greatest value to their outcomes.

What if the risk still materialises?

As resignations arise, PACT will consider workloads and alternative strategies to staff replacement to conserve cash. Look to improve staff productivity and reduce activity that takes time without delivering core results. Invest in growth market of FACTS. Seek contracts with LAs.

2. The number of applicants coming forward for harder to place children is insufficient to meet current year approvals target and next years placements target.

What are we doing?

Targeted digital and media campaign has been launched. Threshold for new applicants has been adjusted to suit new demand patterns. Weekly monitoring of numbers coming through to ensure action can be taken as soon as needed.

What more can we do?

Further adjustments to our targeted recruitment strategy to be guided by web data analytics. Focus marketing effort and expenditure on key market groups. Build relationships with LAs identified by SLT.

What if the risk still materialises?

If numbers fail to rise, PACT will need to consider reducing costs and diversifying further.

3. New RAA environment is risky to VAAs with uncertainty over contracts and hence the income of the charity in the future.

What are we doing?

PACT is integrated into three ongoing RAAs in order to have a voice in design of programme and ready to deliver services.

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REPORT OF THE DIRECTORS (TRUSTEES) FOR THE YEAR ENDED 31 MARCH 2016 (continued)

What more can we do?

Working to improve our ability to diversify (FACTS) and deliver additional services into RAAs.

What if the risk still materialises?

If the market for our adoption services ceases, PACT will need to reduce recruitment and costs whilst diversifying into new areas of activity.

III. Objectives and Activities

The objects of the company as stated in the Memorandum of Association are:-

- a) to promote the moral and spiritual improvement of persons within the Diocese of Oxford and such other places as the Executive Council shall from time to time decide, and
- b) the relief of children in need by providing an approved adoption and fostering service.

The main objectives for the year to further these objects are:-

- To improve life chances for children, young people, parents and individuals by identifying and responding to unmet need;
- To ensure that the children and families within the Diocese of Oxford and beyond have a highly professional adoption, fostering and family support agency.

In setting objectives and planning activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to it's the guidance on fee-charging.

The two main areas of activity during the year were adoption & fostering work, and a small range of community projects.

The strategies employed to achieve the company's objectives during the year were as follows:

- Building new families through adoption – the placement of looked after children from the care system. Some of these children will have experienced neglect and/or abuse. All will need security, love and stability to enable them to overcome difficulties;
- Providing a Fostering service for children from the care system, covering long term fostering and Dual Approval (a service unique to PACT);
- Preparing adoptive parents for children from abroad who cannot be found families in their country of origin (Inter-Country Adoption Service);
- Providing Adoption Support Services - a range of consultation, therapies and training to help families throughout their adoption lives. This includes FACTS (Fostering and Adoption Consultation and Therapeutic Support), a specialist multi-disciplinary team working systemically and therapeutically with children and families. FACTS provides access to professional advisors in creative art therapy, play therapy, homeopathy, nutritional consultations and psychological services. The service also includes specialist support for inter-country adoption issues. Other services include out of hour's phone service; post-approval workshops; periodic newsletters; an annual family day; a Dad's group and local support groups;
- Helping birth relatives seeking to trace their adopted relatives (Intermediary Services);
- Family Finding for "priority" (harder-to-place) children on behalf of Local Authorities;
- Working in a group or individual setting to support vulnerable women, those involved with, or at risk of becoming involved with, the Criminal Justice System, and children affected by domestic abuse.

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Role of Volunteers

In addition to the Trustees, PACT has volunteers who help out in a variety of ways, such as sitting on Adoption Panel, helping out in projects and providing reception services. There has also been valuable help from corporate supporters. These make a tremendous difference to the work of the charity and are gratefully appreciated.

IV. Achievements and Performance

Adoption and Fostering

During 2015-16 the UK adoption market has continued the significant change experienced in the previous year. Strong approval numbers arising in Local Authorities made the placement work much more competitive than in earlier years, whilst rulings of the Family Division of the High Court lowered materially the numbers of children for whom adoptive parents are being sort.

In the face of these difficult conditions PACT succeeded in placing 78 children (2015: 102) with 57 families (2015: 80). It has also become considerably more difficult to recruit the right potential adopters to be trained to care for the children who are waiting. PACT was able to approve 58 new carers (either couples or single people) ready to adopt waiting children (2015: 97) and is grateful for the dedicated hard work of our team and the support of the Department of Education through its grant programme.

During the year our fostering service did not achieve the growth that was anticipated, partly due to excellent dual-approval foster carers being placed with siblings for adoption. As a result the decision was taken to close the service. This was successfully achieved with a transition to a new plan for all carers by the end of December 2015.

Our inter-country adoption service continued to be busy and effective, with 19 assessments (2015: 19) and 16 children placed (2015: 16). PACT is a leader in providing assessment services to individuals and also enquiry services to over 40 Local Authorities.

PACT's placement support service, FACTS (Fostering and Adoption Consultation and Therapeutic Support), continued to ensure that all PACT's domestic and inter-country adopters can access a growing range of specialist medical and therapeutic support services as soon as there are indicators of need. The attachment focussed parenting course continues to be a popular and core offering from the team. The quality of FACT's services are increasingly being sort by Local Authorities as a route to under-girding their own placements and we are confident that this will grow further in the years to come.

Regionalisation

The Department of Education (DfE) published its plan, "Regionalising adoption", in June 2015 with an aim to create new, larger, regionally based adoption agencies instead of the large number of LA and VAA agencies. The purpose is to speed up matching, improve adopter recruitment and reduce costs. PACT has been pro-active in supporting this vision and working with colleagues in London, Thames Valley and South South-Central England to develop models to deliver this objective. We also initiated a model hosted by PACT and received DfE grant funding to pursue this option together with Medway, Milton Keynes and Brighton and Hove LAs. The scale of this proposal did not reach the required level and the project was ceased at the end of March 2016. Learning from this work has been shared and has informed DfE and other RAAs we are working with.

Communities

Alana House – Supporting vulnerable women involved in the criminal justice system has continued to be a priority for PACT, with the Alana House Reading service as well as the satellite service in West Berkshire both providing targeted support. Both projects experienced funding challenges in year, with significant changes to the Probation Service resulting in a loss of funding from that sector. However, the projects continued to provide holistic support for vulnerable women with complex needs, including those at risk of offending, resulting in significant change and improved outcomes for many women and their families. In total, 268 women were supported across both projects.

We were pleased to be part of the "Supervisable" photographic pilot study, funded by the Howard League for Penal Reform. Speaking about the research, the principal investigator Professor Wendy Fitzgibbon said:
"Supervisable was an innovative and creative means of hearing the voices of women undergoing supervision in

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the community. The photographs taken by participants and their meanings shared via discussions or songs were powerful. It gave a genuine insight into the pervasive and painful side of being on supervision." We hope to continue to utilise this powerful medium with our work.

Bounce Back 4 Kids (BB4K) – 96 children and 70 parents/carers were supported by BB4K in 2015-16. The project delivered 9 groups in Oxfordshire and West Berkshire across the year and continued to provide 1:1 support and play therapy, for children who are not yet ready for group work. We have provided placements for student play therapists and student counsellors, resulting in more children and families receiving the support that they need.

Continued close work with the Fundraising and Marketing team resulted in securing new funding for Alana House, including funding for mental health support. The Henry Smith charity committed to funding a support worker role for Alana House for the second year of a 3 year period, providing some much needed funding stability. The Police Crime Commissioner has continued to fund our work and we have welcomed new statutory funding from West Berkshire Public Health for Alana House and West Berkshire Adult Education and Oxfordshire County Council Early Intervention Hubs for BB4K.

Demand for our Communities projects continues to grow and we hope to be able to develop more secure funding platforms from which to further develop them in 2016 and onwards.

Fundraising and Marketing

PACT's targeted marketing and publicity campaigns ensured a strong response from adoption enquirers throughout the year with a noticeable upturn in Q4. Particularly strong candidates arose from the Home For Good partnership, which is raising the profile of adoption within the church community, and from the LGBT community following the launch of PACT's Brighton office.

In addition to £68,974 granted by Oxford Diocesan Finance Board (2015: £70,133) and £325,792 DfE expansion grants (2015: £580,988), PACT raised £319,837 (2015: £371,536) from trusts for the FACTS Bursary and PACT community projects Alana House and BB4K.

PACT also raised a total of £152,939 was raised from supporters (2015: £122,766) including £24,721 arising from the Dorchester Festival. The number of PACT supporters increased from 9,154 to 11,039.

V. Financial Review

PACT plan for the financial year was to consolidate its position following the sharp decline in placement income experienced in 2014-5 amid the growth in assessment activity arising from the DfE expansion programme. Having re-scaled its staffing and cost-base to a sustainable level PACT found that the market continued to fall and placement numbers fell 37% below the target of 78 for the year.

Total incoming resources for the charity fell 19% to £3,881,898 (2015: £4,771,092). Communities' income was £257,069 (2015: £359,287) a 28% decrease on the prior year. Adoption and Fostering work showed a 23% decrease to £3,423,075 from £4,421,274, including £325,792 of DfE expansion grants (2015: £580,988).

Expenditure decreased by 17% over the prior year, from £4,852,007 to £4,047,255 including £646,251 of expansion grant related costs (2015: £585,377). An operating shortfall of £165,357 arose compared to a shortfall of £80,915 in the prior year. Staff costs accounted for 63% of total expenditure (2015: 62%).

The results were improved by a marginal change in valuation of the PACT share of the Local Government Pension Scheme ("LGPS"). This deficit, calculated in accordance with the Charities SORP (FRS 102), fell by £43,000 (2015: increased by £154,000) from £1,980,000 to £1,937,000 at year end (see note 14). This adjustment reduced the shortfall to £123,905 for the year.

Net assets before pension scheme fell to £2,575,300 (2015: £2,742,205) and stood at £638,300 after the pension scheme (2015: £762,205).

Operating & Investment Restrictions

The company may not undertake any permanent trading activities in raising funds for its primary charitable objects.

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The company may invest monies "not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such condition (if any) and such consents (if any) as may for the time being be imposed or required by law" (Paragraph J of the Memorandum of Association).

Currently all liquid investments are held in Deposit Accounts or Common Investment Funds with CCLA, who have clearly defined ethical investment policies.

Reserves Policy

The trustees have considered various requirements, namely:

- That a sufficient level of reserves is required by law to ensure that any current adoption activity could be completed should the adoption agency be unable to continue to operate;
- That the Department for Education recommend holding a minimum of six months operating expenditure in reserve;
- That as part of their inspection procedure, Ofsted requires the company to demonstrate financial viability for three years from the date of inspection.

The Reserves Policy is to hold sufficient reserves to meet the cost of completing current adoption activity and the trustees are satisfied that this is the case. The value of unrestricted funds were £2,085,390 of which £349,230 represents fixed assets for operational use, therefore the free reserves were £1,736,160.

It is noted that the pension provision for the Local Government Pension Scheme at 31st March 2016 was £1,937,000, and this reduces the free reserves. However, this provision has been calculated according to the Charities SORP (FRS 102) and does not create a cash requirement during the next 12 months.

VI. Plans for future periods

Adoption

PACT plan to continue responding to the challenges in the adoption landscape by deepening our focus on finding parents for the hardest to place children who traditionally wait the longest. This goes hand in hand with the growth of our FACTs service which will provide much needed additional support for our placements. Meanwhile we will continue to invest time and expertise into the Regionalisation of Adoption programme to ensure that the best outcomes for children goes hand in hand with a strong and sustainable future for the VAA sector and for PACT in particular.

Communities

At Alana House we will be focusing our work on early intervention and prevention to help women avoid becoming engaged with the criminal justice system. Establishing sustainable funding for these areas of work will be key whilst other development plans include exploring work with teenage girls by providing drop-in facilities out of office hours.

BB4K will be aiming for further growth of the services within the BB4K programme by expanding the geography and developing a more sustainable mixed funding economy.

Responsibilities of the Trustees/Directors in relation to the financial statements

The trustees (who are also directors of PACT for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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REPORT OF THE DIRECTORS (TRUSTEES) FOR THE YEAR ENDED 31 MARCH 2016 (continued)

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 company and of the incoming resources and application of resources, including the income and expenditure, of the company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors


A resolution will be proposed at the Annual General Meeting that James Cowper Kreston be re-appointed as auditors for the 2016-17 financial period.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, and has been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

By order of the Board

Chair

Date:


7/12/16

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED

We have audited the financial statements of Oxford Diocesan Council For Social Work Incorporated for the year ended 31 March 2016 set out on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD DIOCESAN COUNCIL FOR SOCIAL
WORK INCORPORATED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor),

For and on behalf of James Cowper Kreston
Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 12 December 2016

OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED
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**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and grants	3	93,139	40,800	-	133,939	139,262
Charitable activities	6	2,898,646	781,498	-	3,680,144	4,584,941
Other trading activities	4	56,800	-	-	56,800	39,340
Investments	5	11,015	-	-	11,015	7,549
TOTAL INCOME		3,059,600	822,298	-	3,881,898	4,771,092
EXPENDITURE ON:						
Raising funds	7	85,501	-	-	85,501	66,105
Charitable activities:						
Other charitable activities	9	2,591,245	1,262,887	-	3,854,132	4,684,493
Governance	10	104,966	-	-	104,966	101,409
Other expenditure	8	2,656	-	-	2,656	-
TOTAL EXPENDITURE		2,784,368	1,262,887	-	4,047,255	4,852,007
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)						
		275,232	(440,589)	-	(165,357)	(80,915)
Net gains/(losses) on investments	13,17	-	-	(1,548)	(1,548)	25,716
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		275,232	(440,589)	(1,548)	(166,905)	(55,199)
Transfers between funds	11,23	(396,263)	401,401	(5,138)	-	-
NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES		(121,031)	(39,188)	(6,686)	(166,905)	(55,199)
Gains and losses on revaluation of fixed assets for the charity's own use	16	-	-	-	-	186,697
Actuarial gains/(losses) on defined benefit pension schemes/movement on defined pension provision	14	43,000	-	-	43,000	(154,000)
NET MOVEMENT IN FUNDS		(78,031)	(39,188)	(6,686)	(123,905)	(22,502)

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STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT) (continued)
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
RECONCILIATION OF FUNDS:						
Total funds brought forward		407,936	313,789	40,480	762,205	784,707
Prior year adjustment	30	(181,515)	(216,206)	397,721	-	-
TOTAL FUNDS CARRIED FORWARD		148,390	58,395	431,515	638,300	762,205

The notes on pages 15 to 33 form part of these financial statements. The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED

**(A company limited by guarantee)
REGISTERED NUMBER: 01636098**

**BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	2016 £	£	As restated 2015 £	£
FIXED ASSETS					
Tangible assets	16		923,186		987,762
Investments	17		43,350		44,898
			<u>966,536</u>		<u>1,032,660</u>
CURRENT ASSETS					
Work in progress	18	576,500		539,500	
Debtors	19	1,045,632		1,174,002	
Cash at bank and in hand		512,601		447,392	
		<u>2,134,733</u>		<u>2,160,894</u>	
CREDITORS: amounts falling due within one year	20	<u>(486,946)</u>		<u>(403,467)</u>	
NET CURRENT ASSETS			<u>1,647,787</u>		<u>1,757,427</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,614,323</u>		<u>2,790,087</u>
CREDITORS: amounts falling due after more than one year	21		<u>(39,023)</u>		<u>(47,882)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>2,575,300</u>		<u>2,742,205</u>
Defined benefit pension scheme liability	14		<u>(1,937,000)</u>		<u>(1,980,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>638,300</u>		<u>762,205</u>
CHARITY FUNDS					
Endowment funds	23		431,515		438,201
Restricted funds	23		58,395		97,583
Unrestricted funds:					
Unrestricted income funds	23	1,898,693		2,019,724	
Revaluation reserve		186,697		186,697	
Unrestricted funds excluding pension liability		<u>2,085,390</u>		<u>2,206,421</u>	
Pension reserve		<u>(1,937,000)</u>		<u>(1,980,000)</u>	
Total unrestricted funds			<u>148,390</u>		<u>226,421</u>
TOTAL FUNDS			<u>638,300</u>		<u>762,205</u>

The financial statements were approved by the Board of Directors on 7/12/16 and signed on their behalf, by: 

and signed

The notes on pages 15 to 33 form part of these financial statements.

OXFORD DIOCESAN COUNCIL FOR SOCIAL WORK INCORPORATED
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	25	<u>74,068</u>	<u>(428,456)</u>
Cash flows from investing activities:			
Proceeds from the sale of investment properties		-	139,608
Purchase of property, plant and equipment		-	(112,293)
Proceeds from sale of investments		-	351,802
Net cash provided by investing activities		<u>-</u>	<u>379,117</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(8,859)</u>	<u>(13,123)</u>
Net cash used in financing activities		<u>(8,859)</u>	<u>(13,123)</u>
Change in cash and cash equivalents in the year	26	65,209	(62,462)
Cash and cash equivalents brought forward		<u>447,392</u>	<u>509,854</u>
Cash and cash equivalents carried forward	26	<u><u>512,601</u></u>	<u><u>447,392</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Oxford Diocesan Council For Social Work Incorporated meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Information on the impact of first-time adoption of FRS 102 and the Charities SORP (FRS 102) is given in note 31.

1.3 Capitalisation and depreciation of tangible fixed assets

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	nil
Freehold buildings	-	Over 50 years
IT equipment	-	Over 3 years
Office equipment and furniture & fixtures	-	Over 4 years
Partitioning and other internal building work	-	Over 7 years

The value of the freehold office buildings at 2 and 7 Southern Court, South Street, Reading, were assessed by the trustees as being split into 35% for the land and 65% for the building.

1.4 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (continued)

1.5 Income

(a) Voluntary income

Income from donations, grants of a core funding or general nature, and legacies, are included in incoming resources when these are receivable, there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Such income is only deferred when:

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has imposed conditions which must be met before the company has unconditional entitlement.

When donors specify that donations are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

(b) Income from commercial trading activities is recognised as earned, as the related services are provided.

(c) Investment income is recognised on a receivable basis.

(d) Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions, and is recognised as earned when the related goods and services are provided. Income is deferred when fees or performance related grants are received in advance of the provision of the goods and services to which they relate.

1.6 Volunteers

The value of services provided by volunteers is not incorporated into these financial statements, as this is not quantifiable.

1.7 Expenditure

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities. Resources expended are accounted for on an accruals basis. The irrecoverable element of V.A.T. is included within the item of expense to which it relates.

- costs of raising funds are those costs incurred in attracting voluntary income, and those incurred in trading activities which raise funds.
- charitable activities includes expenditure associated with the provision of adoption & fostering services, and with a range of community projects, and includes both direct costs and support costs relating to these activities.
- governance costs include those incurred in the governance of the charity and its assets, and are primarily associated with constitutional and statutory requirements.
- where possible costs have been charged direct to the project or cost heading concerned. Support costs have been apportioned to charitable activities on the basis of estimated use of those resources in support of those activities.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (continued)

1.9 Pension costs

The financial statements take account of the share of the underlying deficit in the Royal County of Berkshire Pension Scheme, in accordance with the Charities SORP (FRS 102). This is shown as a liability in the balance sheet and is represented by the pensions reserve.

The current service cost, expected return on pension scheme assets, interest on pension scheme liabilities and loss/(gain) on curtailments & settlements are within the "expenditure" and "other gains and losses" sections of the financial statements. Actuarial gains and losses are recognised in the gains and losses section of the SOFA. More details are included in note 14 to these accounts.

1.10 Fund accounting

(a) Permanent endowment funds: these are restricted funds, which must be held permanently, and the capital maintained. A total return approach has been adopted for these funds.

(b) Restricted income funds: these are funds subject to specific conditions imposed by the funder, or where funds have been raised for a specific purpose.

(c) Designated funds: these are funds that are legally unrestricted but which the trustees have designated for particular purposes.

(d) General funds: these are funds available for any purpose within the objects of the charity. The funds above are detailed in note 23.

1.11 Interest receivable

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

1.12 Work in progress

Work done in approving and matching prospective adopters is recognised at the lower of cost and net realisable value. Consideration is given to the likelihood of a placement not being forthcoming and provision is made accordingly.

1.13 Debtors

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

1.14 Cash at bank and in hand

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

1.15 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the charity to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values may vary depending on a number of factors.

Accrued expenses

Accrued expenses are estimated by the charity based upon past experience, with knowledge of known issues at the balance sheet date, and management information available after the balance sheet date, in respect of matters for which the charity is confident there will be an outflow of economic benefit.

Retirement benefits

Various assumptions are made in reporting the performance of the charity's share of the pension scheme. A valuation is carried out for reporting purposes by a qualified independent actuary. The principal actuarial assumptions made are disclosed in note 14.

3. INCOME FROM DONATIONS AND GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	24,165	40,800	-	64,965	69,129
Oxford Diocesan Board of Finance	68,974	-	-	68,974	70,133
	<u>93,139</u>	<u>40,800</u>	<u>-</u>	<u>133,939</u>	<u>139,262</u>

In 2015, of the total income from donations and grants, £84,212 was to unrestricted funds and £55,050 was to restricted funds

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other fundraising income	56,800	-	-	56,800	39,340
	<u>56,800</u>	<u>-</u>	<u>-</u>	<u>56,800</u>	<u>39,340</u>

In 2015, of the total fundraising income, £39,340 was to unrestricted funds and £nil was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Dividends and interest	11,015	-	-	11,015	7,549
	<u>11,015</u>	<u>-</u>	<u>-</u>	<u>11,015</u>	<u>7,549</u>

In 2015, of the total investment income, £7,549 was to unrestricted funds and £nil was to restricted funds.

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Grants				
Funding for Alana House	-	208,125	208,125	309,065
Children in Need grant	-	21,968	21,968	22,157
Other grants	-	48,944	48,944	50,222
Department for Education grant funding	-	502,461	502,461	585,377
	<u>-</u>	<u>781,498</u>	<u>781,498</u>	<u>966,821</u>
Fees				
Inter-agency placement fees	2,106,759	-	2,106,759	2,574,456
Inter-country fees	225,145	-	225,145	250,193
Long term fostering fees	214,652	-	214,652	379,098
Other fees	352,090	-	352,090	414,373
	<u>2,898,646</u>	<u>-</u>	<u>2,898,646</u>	<u>3,618,120</u>
	<u>2,898,646</u>	<u>781,498</u>	<u>3,680,144</u>	<u>4,584,941</u>

In 2015, of the total income from charitable activities, £3,618,120 was to unrestricted funds and £966,821 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7. RAISING FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fundraising	85,501	-	-	85,501	66,105

In 2015, all income from raising funds was from unrestricted funds.

8. OTHER EXPENDITURE

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Loss on disposal of fixed assets	2,656	-	-	2,656	-

9. DIRECT CHARITABLE EXPENDITURE

	Direct costs 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Adoption and Fostering	2,760,803	798,686	3,559,489	4,320,642
Community projects	213,769	80,874	294,643	363,851
	<u>2,974,572</u>	<u>879,560</u>	<u>3,854,132</u>	<u>4,684,493</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. ALLOCATION OF SUPPORT COSTS

Support costs are allocated as shown in the table below, and on a basis consistent with the use of resources, based on estimated allocation of staff time; property usage, etc.

	Adoption & fostering £	Communities £	Cost of generating voluntary income £	Governance costs £	Total 2016 £	Total 2015 £
Finance, personnel & reception costs	238,957	24,196	7,361	22,957	293,471	396,971
Marketing and fundraising	97,011	9,823	63,887	3,669	174,390	121,344
Chief executives office	123,694	12,525	3,810	40,043	180,072	157,481
IT, operations and facilities	339,024	34,330	10,443	12,821	396,618	385,492
Professional fees	-	-	-	8,123	8,123	7,228
Audit fees	-	-	-	8,160	8,160	7,230
AGM and executive council costs	-	-	-	2,400	2,400	3,721
Bank charges	-	-	-	6,792	6,792	7,476
	<u>798,686</u>	<u>80,874</u>	<u>85,501</u>	<u>104,966</u>	<u>1,070,026</u>	<u>1,086,943</u>

11. TRANSFERS BETWEEN FUNDS

	Unrestricted £	Designated £	Restricted £	Endowment £
(a) Fixed assets	64,576	(59,438)	-	(5,138)
(b) To support loss making projects	(401,401)	-	401,401	-
	<u>(336,825)</u>	<u>(59,438)</u>	<u>401,401</u>	<u>(5,138)</u>

- (a) Transfers required to adjust the net book value of assets held in designated and endowment funds.
(b) Transfer from unrestricted funds to support loss-making projects.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. STAFF COSTS

12.1 Analysis of employee costs

The aggregate remuneration and associated costs of employees were:

	2016 £	2015 £
Wages and salaries	2,227,425	2,527,472
Social security costs	200,629	237,305
Pension costs	132,732	130,641
	<u>2,560,786</u>	<u>2,895,418</u>
Number of employees earning between:		
£60,000 and £70,000	-	-
£70,000 and £80,000	1	1
£80,000 and £90,000	1	1

12.2 The average weekly number of employees during the year was:

	2016 FTE	2015 FTE
Full time	38	55
Part time	<u>24</u>	<u>22</u>
Total	<u>62</u>	<u>77</u>
These may be further analysed:		
Adoption and Fostering services	41	53
Community projects	5	7
Support services	<u>16</u>	<u>17</u>
Total	<u>62</u>	<u>77</u>

12.3 The average actual no of employees during the year was:

	2016 Head count	2015 Head count
Full time	38	55
Part time	<u>40</u>	<u>34</u>
Total	<u>78</u>	<u>89</u>
These may be further analysed:		
Adoption and Fostering services	51	57
Community projects	6	8
Support services	<u>21</u>	<u>24</u>
Total	<u>78</u>	<u>89</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12.4 Key management personnel

The directors received no remuneration or emoluments for the year ending 31st March 2016 or for the year ending 31st March 2015.

Travel expenses totaling £414 for 2 trustees (31 March 2015: £438 for 2 trustees) were reimbursed.

The charity considers its key management personnel comprise the Trustees and the Strategic Leadership Team. The Strategic Leadership Team consists of the Chief Executive, the Chief Financial Officer, the Director of Adoption & Fostering, the Director of Business Development, the Head of HR and the Head of Fundraising and Marketing. The total employment benefits including employer pension contributions of the key management personnel were £388,419 (2015: £352,736).

13. REALISED AND UNREALISED INVESTMENT GAINS/(LOSSES)

	2016 £	2015 £
Unrealised investment (losses)/gains	(1,548)	3,150
Realised investment gains	-	22,566
	(1,548)	25,716

14. PENSION

Royal County of Berkshire Pension Fund

PACT is an admitted body of the Local Government Pension Scheme (LGPS) as part of the Royal County of Berkshire Pension Fund ("the Fund"). Since 31 March 2013 the Fund only remains open to new PACT members of staff for a small number of senior posts. During the year the active PACT members of the Fund remained at 9 members.

The LGPS scheme is a funded, defined benefit scheme and contributions are set every 3 years as a result of the actuarial valuation of the Fund which estimates the asset and liability allocation for PACT. PACT's share of the assets of the Fund is less than 1%. The last valuation was at 31 March 2013 and the pension expense calculations as at 31 March 2016 have been provided by Barnett Waddingham, consulting actuaries to the Fund.

PACT also contributes to a defined benefit group personal pension scheme on behalf of those employees who are not members of the LGPS.

The Charities SORP (FRS 102) disclosures for the Fund at 31 March 2016 shows a deficit of £1,937,000 (31 March 2015: £1,980,000).

Employer contributions to this Fund totalled £44k (£54k in the year ended 31 March 2015), at a contribution rate of 17.40% (31 March 2015: 16.90%). This cost is included in direct charitable expenditure in the SOFA.

The deficit at the beginning of the year was £1,980k (£1,826k deficit at the beginning of year ended 31 March 2015). The actuarial gain during the year was £270k (31 March 2015: actuarial loss of £143k). Other movements in the reconciliation to the closing balance totalled a loss of £227k (£11k in the year ended 31 March 2015). This is shown in the SOFA as 'movement on defined pension provision'.

NOTE: All figures below supplied by the actuary in £k only.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. PENSION (continued)

The main assumptions used by the actuary were as follows:

	At 2016	At 2015
RPI price increases	3.15%	3.10%
CPI price increases	2.15%	2.10%
Salary increases	3.85%	3.80%
Pension increases	2.15%	2.10%
Discount rate	3.80%	3.50%

Composition of scheme assets:

	2016 £000	2015 £000
Equities	1,178	1,170
Gilts	38	37
Other bonds	357	372
Property	305	325
Alternative assets	729	737
	<hr/>	<hr/>
Total	2,607	2,641
	<hr/> <hr/>	<hr/> <hr/>

For accounting periods after 1 January 2013, the expected and interest cost is replaced with a single net interest cost, which will effectively set the expected return equal to the Charities SORP (FRS 102) discount rate. For the year to 31 March 2016, the expected return was 2% per annum, which has been used to determine the profit and loss charge for the year.

<u>Net pension liability as at</u>	2016 £000	2015 £000
Estimated employer assets	2,607	2,641
Present value of scheme liabilities	4,544	4,621
Net pension liability	1,937	1,980

The reconciliation of assets was:

	2016 £000	2015 £000
Opening fair value of assets	2,641	2,382
Expected return on assets	(50)	226
Employer contributions	44	54
Contributions by scheme participants	22	27
Benefits paid (net of transfers in)	(50)	48
	<hr/>	<hr/>
Fair value of assets carried forward	2,607	2,641
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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The reconciliation of liabilities was:

	2016 £000	2015 £000
Opening defined benefit obligation	4,621	4,208
Current service cost	60	98
Interest cost	161	193
Benefits paid	(50)	48
Contributions by scheme participants	22	27
Actuarial (gain) / loss	(270)	143
	<hr/>	<hr/>
Closing defined benefit obligation	<u>4,544</u>	<u>4,621</u>

Analysis of amount charged to expenditure in the SOFA:

	2016 £000	2015 £000
Current service cost	60	98
Expected return on assets	(91)	(108)
Interest cost	161	193
	<hr/>	<hr/>
Total	<u>130</u>	<u>183</u>
	<hr/>	<hr/>
Actual return on scheme assets	(48)	222

Statement of recognised gains and losses:

	2016 £000	2015 £000
Actuarial gain / (loss) in scheme	270	(143)
	<hr/>	<hr/>

History of experience Gains and Losses:

	At 31 March 2016 £000	At 31 March 2015 £000	At 31 March 2014 £000	At 31 March 2013 £000
Defined benefit obligation	(4,544)	(4,621)	(4,208)	(3,938)
Scheme assets	2,607	2,641	2,382	2,778
Deficit	(1,937)	(1,980)	(1,826)	(1,160)
Experience adjustment on scheme assets	-	-	-	125
Experience adjustment on scheme liabilities	-	-	83	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. OPERATING LEASE COMMITMENTS

At 31 March 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	9,006	11,376
Between 1 and 5 years	-	9,006
Total	9,006	20,382

16. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Website £	Office equipment/ furniture & fixtures £	Leasehold improvements £	IT equipment £	Total £
Cost or valuation						
At 1 April 2015	880,000	49,266	21,541	4,113	173,001	1,127,921
Disposals	-	-	(11,468)	(4,113)	(24,999)	(40,580)
At 31 March 2016	880,000	49,266	10,073	-	148,002	1,087,341
Depreciation						
At 1 April 2015	-	12,902	14,254	428	112,575	140,159
Charge for the year	11,440	16,422	2,082	1,029	30,947	61,920
On disposals	-	-	(11,468)	(1,457)	(24,999)	(37,924)
At 31 March 2016	11,440	29,324	4,868	-	118,523	164,155
Net book value						
At 31 March 2016	868,560	19,942	5,205	-	29,479	923,186
At 31 March 2015	880,000	36,364	7,287	3,685	60,426	987,762

The original cost of the freehold properties was £777,000. The properties were valued as at 30 May 2015 by Matthews and Goodman LLP at £880,000.

Cost or valuation at 31 March 2016 is as follows:

	Freehold land & buildings £
At cost	777,000
At valuation:	
2015	103,000
	880,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

16. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Cost	777,000	777,000
Accumulated depreciation	(132,315)	(121,019)
Net book value	<u>644,685</u>	<u>655,981</u>

17. FIXED ASSET INVESTMENTS

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment £	Total £
Market value at 1 April 2015	-	-	-	44,898	44,898
Unrealised loss	-	-	-	(1,548)	(1,548)
Market value at 31 March 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,350</u>	<u>43,350</u>

Analysis of investments at 31 March 2016

	£	£	£	£	£
C.O.I.F shares	-	-	-	33,825	33,825
Unit trust	-	-	-	9,469	9,469
Cash on deposit	-	-	-	56	56
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,350</u>	<u>43,350</u>

18. WORK IN PROGRESS

	2016 £	2015 £
Work in progress	<u>576,500</u>	<u>539,500</u>

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19. DEBTORS

	2016 £	2015 £
Trade debtors	417,446	501,489
Sundry debtors	558,705	620,300
Prepayments	69,481	52,213
	1,045,632	1,174,002

20. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Long term loan	13,123	13,123
Social security and other taxes	46,238	74,977
Deferred income (Note 22)	129,387	102,699
Trade creditors	197,363	171,645
Accruals	100,835	41,023
	486,946	403,467

**21. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Long term loan	39,023	47,882

The long term loan is a mortgage for a 20 year term secured on 2 Southern Court. The original mortgage was for £150,000, representing approximately 35% of the original purchase cost. Interest on the mortgage is charged at a variable rate of interest at 1.5% over the bank base rate.

22. DEFERRED INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 £	2015 £
Balance at 1 April 2015	49,679	53,020	-	102,699	107,191
Amount deferred in year	248,896	176,995	-	425,891	192,761
Amount released to income	(191,352)	(207,851)	-	(399,203)	(197,253)
	107,223	22,164	-	129,387	102,699

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23. SUMMARY OF FUNDS

	Brought forward As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Designated funds	407,762	-	-	(59,438)	-	348,324
General funds	(181,341)	3,059,600	(2,784,368)	(336,825)	43,000	(199,934)
	<u>226,421</u>	<u>3,059,600</u>	<u>(2,784,368)</u>	<u>(396,263)</u>	<u>43,000</u>	<u>148,390</u>
Endowment funds	438,201	-	-	(5,138)	(1,548)	431,515
Restricted funds	97,583	822,298	(1,262,887)	401,401	-	58,395
	<u>762,205</u>	<u>3,881,898</u>	<u>(4,047,255)</u>	<u>-</u>	<u>41,452</u>	<u>638,300</u>

Endowment funds

	Balance 1 April 2015 As restated £	Gains/ (losses) £	Transfers £	Balance 31 March 2016 £
Wellesley Home Trust Property Fund:				
- Original gift	9,083	-	-	9,083
- Unapplied total return	537	(95)	-	442
Total fund	<u>9,620</u>	<u>(95)</u>	<u>-</u>	<u>9,525</u>
St. Mary's Home Fund:				
- Original gift	28,247	-	-	28,247
- Unapplied total return	400,334	(1,453)	(5,138)	393,743
Sub total	<u>428,581</u>	<u>(1,453)</u>	<u>(5,138)</u>	<u>421,990</u>
	<u>438,201</u>	<u>(1,548)</u>	<u>(5,138)</u>	<u>431,515</u>

A permanent endowment is a capital fund where there is no power to convert the capital into income, i.e. the capital must be held indefinitely. An order was granted by the Charity Commission in 2002 permitting the trustees to adopt a total return approach to the investment of the above two endowment funds. This order permits the application of the unapplied total return to the charitable purposes of the charity.

Wellesley Home Trust Property Fund is a permanent trust set up under a Charity Commission scheme in 1978 from the general assets of the Wellesley Home following closure. The fund's assets are shares in a J.P.Morgan Unit Trust.

The capital in the St Mary's Home fund may be applied in or towards the provision of land and buildings for the support of women and girls at risk.

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Unrestricted funds

	Balance 1 April 2015 As restated £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	31 March 2016 £
General fund	1,798,659	3,059,600	(2,784,368)	-	(336,825)	1,737,066

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. The general fund represents the net free assets of the company.

Unrestricted funds - pension reserve

	Balance 1 April 2015 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	31 March 2016 £
Pension reserve	(1,980,000)	-	-	43,000	-	(1,937,000)

Unrestricted funds - designated

	Balance 1 April 2015 As restated £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	31 March 2016 £
Fixed assets	407,762	-	-	-	(59,438)	348,324

These are unrestricted funds which the trustees have decided should be used for particular purposes:

- The trustees agreed that the net value of unrestricted fixed assets held in the general fund should be transferred to a designated fixed assets fund, to provide a better understanding of the charity's unrestricted reserves. This excludes any assets held by restricted funds but includes assets financed by long term loans.

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Restricted funds

	Balance 1 April 2015 As restated £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	31 March 2016 £
FACTS						
bursary fund	33,884	40,800	(100,077)	-	44,489	19,096
Bounce back for kids	29,780	48,944	(73,660)	-	-	5,064
Alana House Reading	15,000	169,625	(182,237)	-	13,529	15,917
Alana House Newbury	18,919	38,500	(39,101)	-	-	18,318
Adoption Expansion grants	-	325,792	(646,251)	-	320,459	-
Post Adoption Children in Need	-	21,968	(40,999)	-	19,031	-
Home for Good expansion grant	-	39,066	(42,959)	-	3,893	-
RAA development grant	-	137,603	(137,603)	-	-	-
Total	97,583	822,298	(1,262,887)	-	401,401	58,395

Restricted funds are funds which may only be used in ways that are restricted by the terms under which they were received:

- The FACTS Bursary was created to support those families who need therapeutic sessions as assessed by PACT's Clinical Psychologist;
- Bounce Back for Kids is a fund created to support our work with children affected by domestic violence;
- Alana House is a project which supports women who have been, or who at risk of being, involved with the Criminal Justice System. It has activities based in Reading and Newbury;
- In July 2014 the Department for Education (DfE) granted PACT three "Adoption Expansion Grants" which came to a total of £911,169. The purpose of the grants was to finance the growth of recruitment and training of adopters in order to help address the shortage of approved carers. Grants were paid in arrears upon receipt of expenditure details and were completed before the end of March 2016;
- Post Adoption - Children in Need. PACT is in receipt of a grant to fund a play therapist role based in London.
- Home for Good expansion grant was used to encourage more Christian families and those who attend church to think about growing their family through adoption.
- RAA development grant awarded for the development of a Regional Adoption Agency.

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24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
	-	-	-	-	987,761
Tangible fixed assets	535,021	-	388,165	923,186	-
Fixed asset investments	-	-	43,350	43,350	44,898
Current assets	2,076,338	58,395	-	2,134,733	2,160,894
Creditors due within one year	(486,946)	-	-	(486,946)	(403,466)
Creditors due in more than one year	(39,023)	-	-	(39,023)	(47,882)
Provisions for liabilities and charges	(1,937,000)	-	-	(1,937,000)	(1,980,000)
	<u>148,390</u>	<u>58,395</u>	<u>431,515</u>	<u>638,300</u>	<u>762,205</u>

25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(166,905)	(55,199)
Adjustment for:		
Depreciation charges	61,920	65,159
(Gain)/loss on investments	1,548	(25,716)
Loss on the sale of fixed assets	2,656	-
Increase in work in progress	(37,000)	(139,000)
Decrease/(increase) in debtors	128,370	(268,426)
Increase/(decrease) in creditors	83,479	(5,274)
Net cash provided by/(used in) operating activities	<u>74,068</u>	<u>(428,456)</u>

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in bank	512,601	447,392
Total	<u>512,601</u>	<u>447,392</u>

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27. THE RESULTS FOR THE YEAR AFTER CHARGING

	2016	2015
	£	£
Audit fees	8,160	9,720
Depreciation	61,920	65,159
Trustee indemnity insurance	438	1,200
Photocopier lease rentals	11,376	11,376
	<u> </u>	<u> </u>

28. TRANSACTIONS WITH CONNECTED CHARITIES

The Oxford Diocesan Board of Finance (ODBF) is a connected charity. During the year the charity received grant income of £68,974 (2015: £70,133) from ODBF.

29. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year.

30. PRIOR YEAR ADJUSTMENT

The St Mary's Home Fund original gift comprised £17,328 in cash and shares together with a property, 116 Hurst Road. The property was sold in 2001 for £334,056 and the cash was used to purchase 85% of 2 Southern Court, South Street, Reading; a property which is retained by the charity and used for its charitable purposes.

Two thirds of the Endowment funded property was recorded as a restricted fund in the accounts and one third was recorded as an investment asset of the endowment fund. In 2012 the investment asset was transferred to general funds. The trustees believe that the proportion of the property which was purchased with the endowment fund cash should remain recorded as an asset of the endowment fund.

In order to return the asset to the endowment fund, including the impact of the 2014 revaluation of the property, an adjustment has been made to the prior year balances. Restricted funds have been lowered by £216,206 (representing two thirds of the endowment property) and general funds by £181,515 (representing one third of the endowment property and allowing for the revaluation).

The endowment property has been reinstated at a value of £393,303.

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31. FIRST TIME ADOPTION OF FRS 102 AND THE CHARITIES SORP (FRS 102)

Reconciliations and descriptions of the effect of the transition to FRS 102 and the Charities SORP (FRS 102) on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and the Charities SORP (FRS 102) are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 April 2014	31 March 2015
		£	£
Total funds under previous UK GAAP		574,250	451,117
Work in progress	1	210,457	311,088
Total funds reported under FRS 102		<u>784,707</u>	<u>762,205</u>
Reconciliation of net (expenditure)	Notes		31 March 2015
			£
Net (expenditure) previously reported under UK GAAP			(123,133)
Work in progress	1		100,631
Net movement in funds reported under FRS 102			<u>(22,502)</u>

Explanation of changes to previously reported funds and net income/expenditure:

1. Prior to a placement being achieved there is a considerable investment in recruiting and training potential adopters to the point where they are "approved" by an independent panel. In the previous three years 93% of approved adopters have gone on to be placed with children which generates the inter-agency fee. As the approval is non-portable, the trustees believe that this is the appropriate point at which the value of the investment should be recognised on the balance sheet, in accordance with the Charities SORP (FRS 102).

The WIP has been valued with reference to the PACT adoption cost model which assigns cost to each stage of the adoption process. Cost includes the direct cost of frontline adoption staff and management together with an apportionment of variable overheads appropriate for the nature and scale of operations. Fixed overhead is not included in the costing.

The cost model also provides evidence of the continuing cost of supporting an adoption after the placement has occurred. The trustees have decided that it would be prudent to provide for such costs, on the same basis of calculation as for WIP, against part II of the inter-agency fee which is recorded as a debtor in the balance sheet.