

Company Registration No. 09487106 (England and Wales)

SLOUGH CHILDREN'S SERVICES TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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SLOUGH CHILDREN'S SERVICES TRUST LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|---|--|
| Directors | R W Tapsfield N J Clemo M J Marsden J D Pettitt E Railton D Wilkins | (Appointed 4 May 2017) (Appointed 3 November 2016) (Appointed 5 July 2016) |
| Company number | 09487106 | |
| Registered office | Ground Floor St Martin's Place 51 Bath Road Slough Berkshire SL1 3UF | |
| Auditor | Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE | |
| Business address | Ground Floor St Martin's Place 51 Bath Road Slough Berkshire SL1 3UF | |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

CONTENTS

| | Page |
|---|-------------|
| Strategic report | 1 - 5 |
| Directors' report | 6 - 9 |
| Independent auditor's report | 10 - 11 |
| Statement of income and retained earnings | 12 |
| Balance sheet | 13 |
| Statement of cash flows | 14 |
| Notes to the financial statements | 15 - 20 |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The Directors are pleased to present the Strategic Report highlighting the progress made by the Trust over the year.

The Trust was created to improve services and outcomes for children and young people in Slough through innovative practice and greater collaborative working with partner organisations and the community.

The Trust's vision is to develop a new model for delivery of social care in Slough, working in a systemic way with an emphasis on early intervention - to drive a preventative model for the longer term - and fundamentally ensure the children and young people of Slough are safe, secure and successful.

Fair review of the business

The Trust's services can be described as the provision of children's services including early help, specialist support and social care services, youth offending services and family placement services for children and families in Slough.

The Trust works with local partners to provide the best possible quality support for children, young people and families who need support in their daily lives, this includes work with our local partners in health, police and other services in Slough.

The business of the Trust is directed by the Board which meets on a monthly basis, ensuring risks are managed appropriately, policies implemented and adhered to, with a clear strategy developed and being progressed.

The Trust Board was supported by two committees in the year to 31 March 2017, with a focus on Quality & Innovation & Finance & Resources.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Principal risks and uncertainties

Effective risk management is an essential part of the Trust's operation. Our approach focuses on intervention processes rather than being incident reactive. Our aim is to influence behaviour and develop a culture where risks are recognised and addressed.

The Trust's risk registers are reviewed on a quarterly basis by the Finance & Resource Committee on behalf of the Trust's Board, with recommendations being made to the Board every 6 months.

The Board of Directors is responsible for ensuring that the Trust's approach to risk management is robust and appropriate.

Key risks that the Trust faces are:

- The Trust's current position of running at a loss.
- The Trust's ability to get its services to Good in terms of an Ofsted Rating
- The Trust's main contract is with Slough Borough Council which as a Local Authority is subject to budget pressures.
- A demand led service that can be volatile and unpredictable which could result in pressure on high cost areas in the Trust.

The Trust is actively working to manage and mitigate the above risks and continually develops strategies to minimise their impact.

The Directors have undertaken a rigorous review of the financial position of the Trust given the losses incurred to 31 March 2017. The review included oversight of monthly management accounts, detailed analysis for budget setting along with supporting information to provide comfort around assumptions made as part of the budget setting process.

Prior to approving the budgets, the Board was provided with a three year financial forecast with supporting assumptions and cash flow projections. Following the year end, the three year financial forecasts were updated and reviewed by the Finance & Resource Committee prior to reporting back to the Board.

Significant progress has been made in reducing the cost base through reducing reliance on temporary staff at higher rates and a more robust approach to finding appropriate places for children and young people. The Trust's management accounts show an improving position towards the end of the year which has continued into the new financial year.

The reported loss for year to 31 March 2017 reflects the investment made to deliver the significant transition in practices to meet the strategic aims of the Trust as commissioned by the Secretary of State and Slough Borough Council.

It is the opinion of the Directors, having carefully considered the financial projections for the medium term in conjunction with an assessment of risks to the Trust and an assessment of the bank position at 31 March 2017 of £5.5m, that sufficient working capital exists with no material uncertainties that call into doubt the Trust's ability to meet the ongoing operational activity of the Trust for the foreseeable future. Accordingly the financial statements are prepared on the basis of a Going Concern.

The Trust has a programme of on going training and investment in staff to raise practice levels and the quality of services being delivered. It is expected this will result in better outcomes for children in the community and in its care.

The Trust has negotiated a three year settlement with Slough Borough Council, providing a level of protection to the Trust against cuts in funding to local authorities. In addition, the service delivery contract with Slough Borough Council has provisions, subject to negotiations, for increased funding in the event that Trust experiences significant increases in demand on services which the Trust is unable to manage itself.

The Trust is developing a commissioning strategy to ensure when unexpected or unplanned demand is placed on the Trust, the Trust can meet the demand in the most cost effective manner.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Development and performance

The Trust has made significant progress through the year as highlighted through the Ofsted monitoring visits.

The Trust is working to a plan to be 'good' as an Ofsted rating by the time of the next inspection, expected in June 2018. Progress has been made on a number of fronts against the plan:

- The Trust has been successful in attracting and recruiting permanent staff, reducing its numbers of agency staff by 47% in the year.
- The Trust has implemented a new way of working, restructuring the workforce to a more supportive Hub Model role.
- Investment made in early interventions teams to drive the prevention agenda.
- A robust training programme developed with a focus on Signs of Safety and Systemic Practice. This is helping to embed new ways of working and is driving consistency in approach and best practice.
- Greater focus on partnership working with the introduction of the multi agency safeguarding hub at the front door.
- Development of good governance practice, with robust controls embedded across the Trust to ensure informed decision-making and appropriate steps are in place to mitigate risks.
- Invested in recruitment of foster care families to develop greater in-house provision.
- Investment in mobile technology to develop an agile workforce to deliver quality services in the community, more appropriate to the needs of service users and in a more timely and cost-effective way.
- Introduction of an updated, user-friendly website, more transparent and accessible to our key stakeholder being children, young people and their families, the general public and partner agencies,
- Delivering on the Youth Offending Plan
- Accredited systemic training for 32 practitioners by Centre for Social work Practice

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Key performance indicators

The number of contacts leading to a referral have reduced to 22.5% in the year (18.2% in March) compared to 24.9% in the prior year, reflecting a growing effectiveness of the Multi Agency Safeguarding Hub (MASH) and Early Intervention Service.

95% of referrals received had a decision and authorisation within 1 day by March 2017 compared to only 69% for the same period last year.

The Trust has consistent strong performance in reducing the % of children subject to a child protection plan, with the number of child protection plans at 157 at 31 March 2017, a reduction of 68 through the year. The numbers of plans in Slough are lower than the statistical neighbours.

82.2% of Child Protection Conferences are held within the statutory timescales, (91.7% in March), ahead of our statistical neighbours at 75.6%.

12.7 % of looked after children had three or more placements through the year, an improving position against the 15.0% reported from the prior year reflecting the work with providers and support offered to looked after children to drive stability in their placements.

91.9% of children participated in their child looked after review during the year to March 2017, an improvement on prior years amplifying the voice of the child.

There has been sustained improved performance through 2016/17 in the number of children looked after having a pathway plan, culminating in 79.6% of eligible children with a plan by 31 March 2017.

Position at the year end

The significant investment made by the Trust to develop the business model has resulted in a loss for the year to 31 March 2017 of £2.1m. A large proportion of the loss is one-off in nature and is not anticipated to impact on future years. The Directors have considered the position on going concern which is articulated further under Principal Risks and Uncertainties.

The Trust has net liabilities of £2.3m at 31 March 2017, taking account of the losses for the year in addition to the losses as at 31 March 2016 of £0.2m

The main asset of the Trust being the cash at bank balance of £5.5m.

Slough Borough Council made a payment in advance on the Contract to provide sufficient working capital to the Trust to operate on a daily basis. The advance payment is repayable at the end of the 6 year contract with Slough Borough Council and therefore the liability of £4m shows as falling due after one year.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Other information and explanations

Employee matters

The company continues to develop staff through a wide and varied training programme. The company remains an equal opportunities employer, giving full and fair consideration to disabled persons applying for positions with the company, and implements rigorous health and safety management processes.

Environmental matters

The company is committed to minimising the impact of its activities on the environment and to continually improve its environmental performance through initiatives such as the use of electric cars for local business travel and the use of tablet technology to reduce reliance paper.

Statement of internal control

The Trust has an ultimate responsibility to ensure financial information is accurate, as are accounting records and that there are mechanisms in place to mitigate identified risk. The Trust uses external auditors to advise on operational control matters.

The Trust continues to develop and embed systems of internal control. These include:

- Policies and procedures regarding key systems – finance, payroll and children in care payment services.
- Development and recruitment of experienced and suitably qualified staff. Regular supervision along with annual appraisals to identify development needs will be used to maintain standards of performance.

On behalf of the board

.....*Nicola T. Clemo*.....

N J Clemo

Director

.....7/9/17.....

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company continued to be that of providing support and social care services for children, young people and families in Slough.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|---------------|-----------------------------|
| R W Tapsfield | (Appointed 4 May 2017) |
| N J Clemo | |
| M J Marsden | (Appointed 3 November 2016) |
| J D Pettitt | (Appointed 5 July 2016) |
| E Railton | |
| D Wilkins | |
| J J Croft | (Resigned 1 September 2016) |
| E V Simpson | (Resigned 1 May 2017) |

Results and dividends

The results for the year are set out on page 12.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Future developments

The Directors are focused on the Trust securing an Ofsted judgement of 'good' by October 2018 and 'excellent' by 2020 as required by our service delivery contract with Slough. We have identified 5 key critical success factors.

1. Outcomes for children and young people - ensuring a quality service delivering improved life chances for young people and maintaining a focus on Ofsted requirements.
2. Invest in staff – excellent staff deliver excellent services - making the Trust a great place to work, building on behaviours and culture within the Trust to maintain a focus on improving quality, learning, information and workforce.
3. Strong leadership throughout the organisation – ensuring we are focused as an organisation and delivering against plans.
4. Sustainable – by developing a business model that allows the Trust to continue to operate into the future within the funding available.
5. Partnerships – ensuring close working relationships with key partners including Slough Borough Council, Police, Health, Schools, and a focus on community groups to deliver on the early intervention model.

The Directors are optimistic for the future success and sustainability of the Trust and are developing a five year plan to ensure a continued ability to provide excellent services to children and families in Slough.

The Trust appointed Robert Tapsfield as new Chair on 4 May 2017. Directors of the Board have been developing business plans which will be disseminated into service plans across the Trust; staff objectives will be linked to the plans to ensure, as an organisation, we are all working to the same goals.

The Trust has introduced a third committee with a focus on our workforce development, recognising our staff as our number one asset.

The Trust has been successful in securing additional funding through an innovation bid with the Department for Education. This will allow for the development of the early intervention programme, specifically targeting domestic abuse. This is an exciting opportunity for the Trust and provides an opportunity to develop a product for the future. There is an expectation for significant cost savings to be achieved through the programme which the Trust will monitor closely.

Plans to build additional in house foster care resources continues to prove successful, with an increase in the number of household of 4 since 31.3.17 to 30.6.17 (represents a 10.5% increase), with continued growth anticipated as the numbers of families being assessed as carers is on the increase.

Auditor

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

Having reviewed the company's financial forecasts, their current and expected future cash flows, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the financial statements for the year ended 31 March 2017.

Employees

The Trust has an establishment of 344 full time equivalents or 390 posts, it employed 277 permanent staff and 67 agency workers as at 31.3.17. 33% of the workforce are qualified front line practitioners.

The Trust is an equal opportunities employer, 81% of the workforce is female and 19% male. The table below shows the ethnic make up of the Trust's workforce

| Ethnicity | Female | Male |
|---------------------------|---------------|-------------|
| African | 11 | 6 |
| Caribbean / White / Black | 19 | 5 |
| Indian | 23 | 2 |
| European | 4 | - |
| Other Black | 2 | - |
| Other White | 7 | - |
| Pakistani | 18 | 2 |
| White British | 74 | 13 |
| Blank/Not Stated | 67 | 24 |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

On behalf of the board

..... *Nicola J. Clemo*

N J Clemo

Director

..... 7/9/17

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SLOUGH CHILDREN'S SERVICES TRUST LIMITED

We have audited the financial statements of Slough Children's Services Trust Limited for the year ended 31 March 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its deficit 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SLOUGH CHILDREN'S SERVICES TRUST LIMITED

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Steve Robinson FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

12/9/17

Chartered Accountants
Statutory Auditor

Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

SLOUGH CHILDREN'S SERVICES TRUST LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 2017 £ | 2016 £ |
|--|-----------|--------------|--------------|
| Income | 3 | 35,268,779 | 15,178,401 |
| Administrative expenses | | (37,373,983) | (15,371,528) |
| Operating deficit | 4 | (2,105,204) | (193,127) |
| Interest receivable and similar income | 7 | 9,703 | 2,759 |
| Deficit before taxation | | (2,095,501) | (190,368) |
| Taxation | 8 | - | - |
| Deficit for the financial year | 15 | (2,095,501) | (190,368) |
| Retained earnings at 1 April 2016 | | (190,368) | - |
| Retained earnings at 31 March 2017 | | (2,285,869) | (190,368) |

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

| | Notes | 2017 | | 2016 | |
|--|-------|--------------------|--------------------|---------------------|------------------|
| | | £ | £ | £ | £ |
| Current assets | | | | | |
| Debtors | 10 | 1,908,263 | | 9,396,615 | |
| Cash at bank and in hand | | 5,348,172 | | 5,270,105 | |
| | | <u>7,256,435</u> | | <u>14,666,720</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(5,516,748)</u> | | <u>(10,831,532)</u> | |
| Net current assets | | | 1,739,687 | | 3,835,188 |
| Creditors: amounts falling due after more than one year | 12 | | (4,025,556) | | (4,025,556) |
| Net liabilities | | | <u>(2,285,869)</u> | | <u>(190,368)</u> |
| Reserves | | | | | |
| Income and expenditure account | 15 | | <u>(2,285,869)</u> | | <u>(190,368)</u> |

The financial statements were approved by the board of directors and authorised for issue on 21/3/17 and are signed on its behalf by:

Nicola J. Clemo
 N J Clemo
 Director

Company Registration No. 09487106

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|---|-------|-----------|------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 16 | | 68,364 | | 5,267,346 |
| Investing activities | | | | | |
| Interest received | | 9,703 | | 2,759 | |
| Net cash generated from investing activities | | | 9,703 | | 2,759 |
| Net cash used in financing activities | | | - | | - |
| Net increase in cash and cash equivalents | | | 78,067 | | 5,270,105 |
| Cash and cash equivalents at beginning of year | | | 5,270,105 | | - |
| Cash and cash equivalents at end of year | | | <u>5,348,172</u> | | <u>5,270,105</u> |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Slough Children's Services Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Ground Floor, St Martin's Place, 51 Bath Road, Slough, Berkshire, SL1 3UF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

This matter is further detailed in the principal risks and uncertainties section of the strategic report.

1.3 Income and expenditure

The Trust's income relates principally to revenues receivable from Slough Borough Council for provision of Children's Services within the borough, but also includes grant income from the Department of Education and other smaller bodies.

Contract and grant income is recognised on an accrual accounting basis. Grant income is recognised only when there are reassurances that the Trust has complied with the conditions attached to the grant and that the grant will be received. In addition grant income is recognised as income over the period necessary to match them with related costs for which they are intended to compensate.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Taxation

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from net surplus as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The company has received admitted body status into the Royal County of Berkshire pension fund. As part of this agreement Slough Borough Council ("SBC") retain the liability for employer transferring into Slough Children's Services Trust Limited ("SCST") and in the event that the services provided by SCST are transferred back to SBC, all assets and liabilities are also transferred back to SBC. The directors therefore believe their participation in the scheme is more fairly presented as a defined contribution scheme with payments being charged as an expense as they fall due.

2 Judgements and key sources of estimation uncertainty

No management judgements in applying the accounting policies of the Company were made that have a significant effect on the financial statements.

3 Income

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in England and Wales.

4 Operating deficit

| | 2017 | 2016 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating deficit for the year is stated after charging/(crediting): | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 21,621 | 19,000 |
| | <u> </u> | <u> </u> |

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2017 | 2016 |
|------------------------|-------------------|-------------------|
| | Number | Number |
| Senior management team | 22 | 10 |
| Corporate services | 30 | 14 |
| Operations staff | 228 | 208 |
| | <u> </u> | <u> </u> |
| | 280 | 232 |
| | <u> </u> | <u> </u> |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5 Employees **(Continued)**

Their aggregate remuneration comprised:

| | 2017 | 2016 |
|--------------------|-------------------|------------------|
| | £ | £ |
| Wages and salaries | 9,439,115 | 4,286,457 |
| Pension costs | 773,222 | 354,319 |
| | <u>10,212,337</u> | <u>4,640,776</u> |

6 Directors' remuneration

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 294,416 | 236,790 |
| Company pension contributions to defined contribution schemes | 20,033 | 11,332 |
| | <u>314,449</u> | <u>248,122</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2017 | 2016 |
|---|----------------|---------------|
| | £ | £ |
| Remuneration for qualifying services | 128,483 | 95,700 |
| Company pension contributions to defined contribution schemes | 15,756 | - |
| | <u>144,239</u> | <u>95,700</u> |

Key management personnel are considered to consist of only the directors mentioned on the company information page.

7 Interest receivable and similar income

| | 2017 | 2016 |
|---------------------------|--------------|--------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 9,703 | 2,759 |
| | <u>9,703</u> | <u>2,759</u> |

Investment income includes the following:

| | | |
|--|--------------|--------------|
| Interest on financial assets not measured at fair value through surplus or deficit | 9,703 | 2,759 |
| | <u>9,703</u> | <u>2,759</u> |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Taxation

No liability to UK corporation tax arose on ordinary activities for the period.

9 Financial instruments

| | 2017 | 2016 |
|---|------------------|-------------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 318,157 | 8,085,285 |
| | <u>318,157</u> | <u>8,085,285</u> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 5,266,800 | 10,624,489 |
| | <u>5,266,800</u> | <u>10,624,489</u> |

10 Debtors

| | 2017 | 2016 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 318,157 | 8,080,126 |
| Other debtors | 150,314 | 5,159 |
| Prepayments and accrued income | 1,439,792 | 1,311,330 |
| | <u>1,908,263</u> | <u>9,396,615</u> |

11 Creditors: amounts falling due within one year

| | 2017 | 2016 |
|------------------------------------|------------------|-------------------|
| | £ | £ |
| Trade creditors | 1,004,238 | 1,297,453 |
| Other taxation and social security | 249,948 | 207,043 |
| Other creditors | 469,752 | 15,631 |
| Accruals and deferred income | 3,792,810 | 9,311,405 |
| | <u>5,516,748</u> | <u>10,831,532</u> |

12 Creditors: amounts falling due after more than one year

| | 2017 | 2016 |
|-----------------|------------------|------------------|
| | £ | £ |
| | | |
| Notes | | |
| Deferred income | 4,025,556 | 4,025,556 |
| | <u>4,025,556</u> | <u>4,025,556</u> |

SLOUGH CHILDREN'S SERVICES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

13 Retirement benefit schemes

| | 2017 | 2016 |
|---|-------------|-------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 773,222 | 354,319 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £115,247 (2016 - £4,852) were outstanding at the balance sheet date.

The company has received admitted body status into the Royal County of Berkshire pension fund. As part of this agreement Slough Borough Council ("SBC") retain the liability for employer transferring into Slough Children's Services Trust Limited ("SCST") and in the event that the services provided by SCST are transferred back to SBC, all assets and liabilities are also transferred back to SBC. The directors therefore believe their participation in the scheme is more fairly presented as a defined contribution scheme with payments being charged as an expense as they fall due.

14 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

15 Income and expenditure account

Income and expenditure account represents cumulative profits and losses.

16 Cash generated from operations

| | 2017 | 2016 |
|--|---------------|------------------|
| | £ | £ |
| Deficit for the year after tax | (2,095,501) | (190,368) |
| Adjustments for: | | |
| Investment income | (9,703) | (2,759) |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 7,488,352 | (9,396,615) |
| (Decrease)/increase in creditors | (5,314,784) | 10,831,532 |
| (Decrease)/increase in deferred income | - | 4,025,556 |
| Cash generated from operations | 68,364 | 5,267,346 |