

Company Registration No. 2433565 (England and Wales)

4CHILDREN (TRADING) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**



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4CHILDREN (TRADING) LIMITED

COMPANY INFORMATION

Directors

Mr J R Cove
Ms H Mosienko
Ms A Longfield OBE
Mr C Ellis
Mr G Lust
Ms F Armstrong

Secretary and registered office

Mr C Ellis
City Reach
5 Greenwich View Place
London
E14 9NN

Company number

2433565

Auditors

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Bankers

National Westminster Bank Plc
403 Bethnal Green Road
London
E2 0AL

4CHILDREN (TRADING) LIMITED

CONTENTS	Page
Report of the directors	1-2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6-9

4CHILDREN (TRADING) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements for the year ended 31 March 2011

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors 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 the profit and loss of the company for that period. In preparing those 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.

In the case of each of the persons who are directors at the time when this report is approved, the following applies:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) the director has taken all the steps that he ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities and review of the business

The principal activities during the year continued to focus on the care, training and development of young people between the ages of 0-19. The company has entered into a gift aid arrangement under which the whole of its taxable profit in any accounting period is donated to the parent charity.

Risk statement

4Children (Trading) Limited operates a hierarchical risk management strategy with the company retaining overall responsibility. Its subsidiary, 4Children (Direct) Limited, maintains its own risk register which is approved at subsidiary Board level and then confirmed at main Board. As part of the overall risk management strategy, the directors have put in place a number of processes to assess business risk and implement risk management strategies. This involves a detailed review of the type of risks that the company faces, the level of risk that is regarded as acceptable, the likelihood of the risk materialising and the implementation of effective controls to mitigate them. The strategies incorporate the following:

- Disaster Recovery Plan
- Finance Operations Manual
- Review of internal controls
- Clarification of responsibilities
- Review of insurable risks

In addition, as part of the overall strategy of following a robust risk management strategy, the directors at board level regularly review other areas of risk faced by the company, with a view to setting policies in place which can mitigate them. The risk statement is assessed and reviewed as appropriate quarterly by Board. The main factor identified during the year which was outside the direct control of the organisation was the continuing global financial exposure. In response to this risk, 4Children Trading reviewed and adjusted, where appropriate, its policies and procedures to minimise risk and impact.

4CHILDREN (TRADING) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

Directors

The directors listed below held office during the period from 1 April 2010 to the date of this report

Mr J Cove
Ms H Mosienko
Ms A Longfield OBE
Mr C Ellis
Mr G Lust
Ms F Armstrong
Mr R Rose (resigned 21/02/2011)

Summary of the measurements used to assess performance

The Company has a regulated and documented series of procedures to ensure both financial and non-financial performance. These form part of the performance management system which ensures consistency and efficiency of approach. The key areas of measurement are as follows:

- Budget management and variance analysis
- Projects completed on time and to budget
- Complaints procedure
- Customer feedback from specific projects
- Attendance rates and feedback from conferences and events

Financial review

The company has continued to trade well displaying a surplus of £1,912,372 (2010 £1,654,440), which has been gift aided to the parent Charity. This was achieved from turnover of £9,265,033 (2010 £7,566,274). The directors are very happy with the commercial success made by the company which continues to deliver trading and childcare activities and to provide funds to the parent Charity to help cover central costs and the achievement of charitable aims and objectives.

Aims and key objectives for future periods

The key issues over the next three years for 4Children (Trading) Limited continue to be as follows:

- Consolidation of 4Children (Trading) as the leading children, young people and family business,
- Broadening and developing our policy agenda to encapsulate children, young people and families,
- Continued development of a regional network providing effective strategic support to key stakeholders,
- Developing a robust and sustainable portfolio of projects and programmes which road test and develop practical help and support assisting in turning policy into practice,
- Providing effective and efficient company support, and
- Providing sound, robust and flexible funding and income streams


Planned activities to achieve the objectives

4Children (Trading) Limited is now considered as the pre-eminent young people provider. Having restructured governance arrangements to ensure fitness for purpose and ability to support and challenge and having reviewed the current state of the market, our intention over the coming year is to continue to position 4Children (Trading) in a broader policy context as a young people services organisation to provide a sound and viable platform for future developments. Incrementally, over each year further policy gains will be achieved and these will be driven forward by our practice and delivery team together with the important contribution particularly from events and consultancy.

Auditors

Saffery Champness have expressed their willingness to remain as auditors of the company.

On behalf of the Board


J R Cove
Director
2011 4 November

4CHILDREN (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the company's financial statements on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' 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 auditors

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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 affairs of the company as at 31 March 2011 and of its result for the year then ended, and
- 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

Gilbert Holbourn (Senior Statutory Auditor)
For and on behalf of

Saffery Champness

Chartered Accountants
Statutory Auditors

2011 14 November

Gilbert Holbourn
Saffery Champness

Lion House
Red Lion Street
London
WC1R 4GB

4CHILDREN (TRADING) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
TURNOVER	2	9,265,033	7,566,274
Cost of sales		(2,061,545)	(1,541,904)
GROSS PROFIT		7,203,488	6,024,370
Administrative expenses		(5,276,122)	(4,404,060)
OPERATING PROFIT	3	1,927,366	1,620,310
Less			
Interest payable and similar expenses		(14,994)	(10,621)
Payment under Gift Aid		(1,912,372)	(1,654,440)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>-</u>	<u>(44,751)</u>

All amounts relate to continuing activities

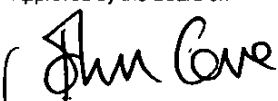
There are no movements of shareholders' funds apart from the profit/(loss) for the year

The notes on pages 6 to 9 form part of these financial statements

4CHILDREN (TRADING) LIMITED**BALANCE SHEET****AT 31 MARCH 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	155,910	147,420
Investments		1	1
		<u>155,911</u>	<u>147,421</u>
CURRENT ASSETS			
Stock and Work in Progress	9	444,632	114,342
Debtors	10	686,589	1,230,227
Cash at bank and in hand		287,021	88,760
		<u>1,418,242</u>	<u>1,433,329</u>
CREDITORS, amounts falling due within one year	11	(1,618,804)	(1,625,401)
NET CURRENT (LIABILITIES)		<u>(200,562)</u>	<u>(192,072)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>(44,651)</u></u>	<u><u>(44,651)</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Net (loss) brought forward	12	(44,751)	-
Net profit/(loss) for the year		-	(44,751)
EQUITY SHAREHOLDERS' FUNDS	12	<u><u>(44,651)</u></u>	<u><u>(44,651)</u></u>

Approved by the Board on 4 November 2011



Director

J.R. COVE

Company registration number 2433565

The notes on pages 6 to 9 form part of these financial statements

4CHILDREN (TRADING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2011

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention. These financial statements have been prepared on a going concern basis and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The company has not produced a cash flow statement on the grounds that as a wholly owned subsidiary it is exempt. The following principal accounting policies have been applied.

1.1 Depreciation

Depreciation is provided to write off the cost, less its estimated residual value, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Website development costs	-	25% per annum
Computer equipment	-	25% per annum
Fixtures & Fittings	-	25% per annum
Accounting system	-	25% per annum
Sundry Assets	-	33% per annum

Website development costs have been capitalised in accordance with UITF Abstract 29. This policy is considered to be appropriate because significant enhancements have been made to develop the website into a major source of income generation for the company.

1.2 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is based on cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price. The work in progress policy is to write down the initial children's centre cost over a three year period from the time that it becomes operative. Costs incurred after a centre has opened do not form part of work in progress. Details are shown in note 9.

1.3 Operating Leases

The annual rentals on operating leases are charged to the Profit and Loss account on a straight line basis over the term of the lease.

2 TURNOVER

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom and represents sales to outside customers at invoiced amounts net of value added tax. Government grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute. Where the recognition of part or all of a grant that has been received has been deferred it is treated as deferred income and included in creditors.

3 OPERATING PROFIT

	2011 £	2010 £
The operating profit is stated after charging:		
Auditors' remuneration audit fees - current year	9,400	9,000
Depreciation own tangible assets	73,645	107,798
Operating Leases	<u>7,309</u>	<u>8,428</u>

4 TAXATION

4.1 Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes in accordance with the requirements of FRS19. Deferred Tax

4.2 The company is liable to taxation on its taxable profits. However, no tax provision is included in these accounts as the profits are paid by Gift Aid to the ultimate parent company (see note 14) reducing the taxable profit to £nil for the year.

	2011 £	2010 £
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,812,372</u>	<u>1,609,689</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2010 28%)	<u>535,464</u>	<u>450,713</u>
Effects of:		
Depreciation add back	20,621	30,183
Capital allowances	(35,017)	(16,955)
Gift Aid payments made	(535,464)	(463,243)
Chargeable disposals	-	161
Other tax adjustments	<u>14,396</u>	<u>(859)</u>
	<u>(535,464)</u>	<u>(450,713)</u>
Current tax charge	-	-

4CHILDREN (TRADING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2011

5 OPERATING LEASES

As of 31 March 2011 the company had annual commitments under cancellable operating leases as set out below

	2011 £	2010 £
Leases expiring within one year - Plant and machinery	2,277	-
Leases expiring in two to five years - Plant and machinery	5,430	7,398
	<u>7,707</u>	<u>7,398</u>

6 STAFF COSTS

	2011 £	2010 £
Total staff costs comprise		
Wages and salaries	3,544,182	2,566,342
Social security costs	343,925	236,049
Pension contributions	45,359	28,643
	<u>3,933,466</u>	<u>2,831,034</u>

The average number of employees during the year was

Conferences and Seminars	3	4
Consultancy	5	5
Information and advice	1	1
Publications	3	3
Training and development	114	51
	<u>126</u>	<u>64</u>

The directors received no emoluments for the year (2010 £nil)

7 PENSION SCHEME

The company matched employee contributions into a defined contribution stakeholder pension scheme to a maximum of 6% of salary. The nominated scheme is held separately. Contributions to the scheme are charged to the Profit and Loss Account. The charge for pension contributions for the year was £45,359 (2009/10 £28,643)

8 TANGIBLE FIXED ASSETS

	Website development £	Computer equipment £	Fixtures & fittings £	Accounting system £	Sundry assets £	Total £
COST						
At 1 April 2010	26,214	233,256	196,631	59,047	27,322	542,470
Additions	-	22,198	37,813	-	22,124	82,135
At 31 March 2011	<u>26,214</u>	<u>255,454</u>	<u>234,444</u>	<u>59,047</u>	<u>49,446</u>	<u>624,605</u>
DEPRECIATION						
At 1 April 2010	26,214	161,339	132,764	57,609	17,124	395,050
Charge for the year	-	35,270	27,829	1,438	9,108	73,645
At 31 March 2011	<u>26,214</u>	<u>196,609</u>	<u>160,593</u>	<u>59,047</u>	<u>26,232</u>	<u>468,695</u>
NET BOOK VALUE						
At 31 March 2011	-	58,845	73,851	-	23,214	155,910
At 31 March 2010	-	71,917	63,867	1,438	10,198	147,420

4CHILDREN (TRADING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2011

9 STOCK	2011	2010
	£	£
Stock of publications	110,659	114,342
Work in Progress	333,973	-
	<u>444,632</u>	<u>114,342</u>

The expenditure relating to the Children's Centres is charged to Work in Progress (£333,973). This is an ongoing project with the Centres phased to write down the cost over a three year period from the time it becomes operative.

10 DEBTORS

	2011	2010
	£	£
Trade debtors	404,755	724,957
Accrued income	124,059	480,111
VAT	33,373	-
Other debtors	124,402	25,159
	<u>686,589</u>	<u>1,230,227</u>

11 CREDITORS Amounts falling due within one year

	2011	2010
	£	£
Loan account	-	46,476
Trade creditors	718,214	499,196
Sundry creditors	-	11,686
VAT and social security costs	66,796	301,067
Deferred income	697,975	279,891
Accruals	134,109	70,450
Amounts owed to ultimate parent undertaking	1,710	416,635
	<u>1,618,804</u>	<u>1,625,401</u>

4CHILDREN (TRADING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2011

12 SHAREHOLDERS FUNDS	Profit and loss account £	Share capital £	Total £
As at 1 April 2010	(44,751)	100	(44,651)
Net profit/(loss) for the year	-	-	-
As at 31 March 2011	<u>(44,751)</u>	<u>100</u>	<u>(44,651)</u>
The share capital comprises		2011 £	2010 £
Allotted, issued called up and fully paid			
100 Ordinary shares of £1		<u>100</u>	<u>100</u>

13 CONTINGENT LIABILITY

The bank overdraft of the ultimate parent company, 4 Children, is secured by way of a cross guarantee over the assets of the Charity and both of its subsidiaries. Big Issue Investment Ltd has a debenture ranking behind the bank on 4Children (Trading) Ltd but has first lien on 4Children and 4Children (Direct) Ltd, the latter being a subsidiary of 4Children (Trading) Ltd (see note 11)

14 INVESTMENTS AND ULTIMATE PARENT UNDERTAKING

4Children (Trading) Ltd owns 100% of the issued share capital of 4Children (Direct) Ltd, a company registered in England and Wales (Registered company No 5133622)

4Children (Trading) Ltd is exempt from preparing consolidated accounts under the Companies Act 2006 as it is included in the consolidated accounts of its parent. The company is also, as a wholly owned subsidiary, exempt from disclosing transactions with other group companies under FRS8. The financial statements therefore present information as an individual undertaking and not as a group.

The ultimate parent undertaking is 4Children, a charitable company registered in England and Wales (Registered Company No 1789253). 4Children owns 100% of the issued share capital of 4Children (Trading) Limited (Registered Company No 2433565) which has Gift Aided its entire taxable profit totalling £1,912,372 (2010: £1,654,440) to the charity.

Group accounts may be obtained from

4Children
City Reach
5 Greenwich View Place
London
E14 9NN

4CHILDREN (TRADING) LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT****THIS PAGE IS FOR MANAGEMENT INFORMATION ONLY****FOR THE YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	£	£	£
TURNOVER				
Government grants	4,294,946		2,939,230	
Grants and contributions	322,066		124,306	
Advertising	-		(450)	
Consultancy	4,332,120		4,143,326	
Donations	649		-	
Other income	48,858		91,218	
Conference fees	101,157		99,730	
Nestle income	149,813		150,000	
Sale of publications	15,424		18,914	
		9,265,033		7,566,274
COST OF SALES				
Opening stock	114,342		131,265	
Printing, postage and stationery	63,052		78,123	
Conference expenses	59,997		125,383	
Project costs	1,934,813		1,321,475	
Closing stock	(110,659)		(114,342)	
		2,061,545		1,541,904
GROSS PROFIT		7,203,488		6,024,370
ADMINISTRATIVE EXPENSES				
Printing, postage and stationery	53,694		-	
Advertising and promotion	28,932		-	
Staff and other costs	2,688,674		2,113,057	
Quality Assessment	-		2,913	
Consultants fees	1,440,694		1,407,315	
Temporary staff	45,485		8,841	
Establishment	221,103		228,867	
General expenses	112,602		75,979	
Audit and accountancy	9,400		9,000	
Depreciation	73,645		107,798	
Children Centre WIP amortisation	-		57,990	
Telephone	52,130		19,242	
Bank charges and interest	780		-	
Travel expenses	251,653		185,950	
Rent and rates	131,614		128,978	
Repairs and maintenance	7,993		5,927	
Sundry expenses	-		8,236	
Provisions for debtors and stock	2,067		100,763	
Legal and professional	6,156		2,760	
Computer maintenance	70,731		16,983	
Finance support	86,788		-	
Internal costs / recoveries	(8,019)		(76,521)	
		5,276,122		4,404,078
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,927,366		1,620,292
INTEREST AND GIFT AID				
Gift Aid		(1,912,372)		(1,654,440)
Interest payable		(14,994)		(10,621)
Net profit/(loss) for the year		-		(44,769)