

Company Registration No. 2433565 (England and Wales)

4CHILDREN (TRADING) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

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4CHILDREN (TRADING) LIMITED

COMPANY INFORMATION

Directors	Mr J R Cove Ms H Moslenko Ms A Longfield OBE Mr C Ellis Mr G Walker (appointed 20 July 2012) Mr G Lust (resigned 20 July 2012)
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	HSBC Bank plc 8 Canada Square London E14 5HQ

4CHILDREN (TRADING) LIMITED

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4CHILDREN (TRADING) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

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 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) Ltd 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 2013

Directors

The directors listed below held office during the period from 1 April 2012 to the date of this report

Mr J Cove
Ms H Mosienko
Ms A Longfield OBE
Mr C Ellis
Mr G Walker (appointed 20 July 2012)
Mr G Lust (resigned 20 July 2012)

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 £2,177,381 (2012 £1,897,534), which has been gift aided to the parent Charity. This was achieved from turnover of £11,911,984 (2012 £9,894,570). The directors are delighted 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

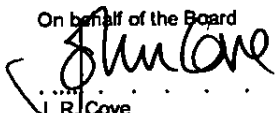
Planned activities to achieve the objectives

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 once again, reviewed the current state of the market, our intention over the coming year is to continue to position 4Children (Trading) Ltd 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 from other areas of the business.

Auditors

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

On behalf of the Board


J R Cove
Director

2 October 2013

4CHILDREN (TRADING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the company's financial statements on pages 4 to 10. 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 2013 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.

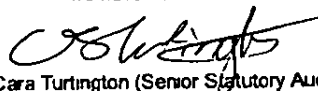
Opinion on other matter prescribed by the Companies Act 2006

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.


Cara Turlington (Senior Statutory Auditor)
For and on behalf of

Saffery Champness

Chartered Accountants
Statutory Auditors

2013

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Lion House
Red Lion Street
London
WC1R 4GB

14 October 2013

4CHILDREN (TRADING) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
TURNOVER	2	11,911,984	9,894,570
Cost of sales		(8,386,649)	(3,480,068)
GROSS PROFIT		3,525,335	6,414,502
Administrative expenses		(1,277,217)	(4,514,020)
OPERATING PROFIT	3	2,248,118	1,900,482
Less:			
Interest payable and similar expenses		(26,387)	(2,948)
Payment under Gift Aid		(2,177,381)	(1,897,534)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>44,350</u>	<u>-</u>

All amounts relate to continuing activities

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

4CHILDREN (TRADING) LIMITED**BALANCE SHEET**

AT 31 MARCH 2013

	Nota	2013 £	2012 £
FIXED ASSETS			
Tangible assets	8	113,893	148,843
Investments		1	1
		<u>113,894</u>	<u>148,844</u>
CURRENT ASSETS			
Stock and Work in Progress	9	1,479,464	1,229,362
Debtors	10	1,493,823	1,902,420
Cash at bank and in hand		16,244	238,143
		<u>2,989,531</u>	<u>3,369,925</u>
CREDITORS amounts falling due within one year	11	(2,830,999)	(3,563,420)
NET CURRENT ASSETS/(LIABILITIES)		<u>158,532</u>	<u>(193,495)</u>
CREDITORS Amounts falling due after one year		(272,727)	-
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(301)</u>	<u>(44,651)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Net (loss) brought forward	12	(44,751)	(44,751)
Net profit/(loss) for the year		44,350	-
EQUITY SHAREHOLDERS' FUNDS	12	<u>(301)</u>	<u>(44,651)</u>

Approved by the Board on

2 October 2013



J R Cove

Company registration number: 2433565

CASH FLOW STATEMENT

AS AT 31 MARCH 2013

	Note	2013	2012
		£	£
Net cash (outflow)/inflow from operating activities	(a)	<u>(1,019,511)</u>	<u>39,872</u>
Returns on Investments and servicing of finance			
Interest received		-	-
Interest paid		(26,367)	(2,948)
Net cash outflow from returns on Investments and servicing of finance		<u>(26,367)</u>	<u>(2,948)</u>
Investing activities			
Purchase of tangible fixed assets		(36,907)	(85,802)
Proceeds from sale of tangible fixed assets		-	-
Net cash outflow from investing activities		<u>(36,907)</u>	<u>(85,802)</u>
Financing			
(Repayment) of loans		(45,455)	-
Loan		500,000	-
	(c)	<u>454,545</u>	<u>-</u>
Increase/(Decrease) in cash	(b)	<u>(626,260)</u>	<u>(48,878)</u>

Notes to Group Cash Flow Statement

a) Reconciliation of operating surplus to net cash inflow from operating activities

Operating surplus		2,248,118	1,800,482
Fixed asset depreciation	8	71,850	62,889
(Increase) in stock and work in progress		(250,102)	(784,730)
Decrease/(Increase) in debtors		408,567	(1,215,831)
Increase/(Decrease) in creditors		(3,497,960)	47,082
Net cash flow from operating activities	(a)	<u>(1,019,511)</u>	<u>39,872</u>

b) Analysis of changes in cash and cash equivalents during the year

Balance at 01/04/2012 (2011)		238,143	287,021
Cash inflow/(outflow)		(626,260)	(48,878)
Balance at 31/03/2013 (2012)	(b)	<u>(390,117)</u>	<u>238,143</u>

c) Analysis of changes in net debt

	2013	Change In year	2012
Cash at bank and in hand	16,244	(221,899)	238,143
Bank Overdrafts	<u>(406,361)</u>	<u>(406,361)</u>	-
	<u>(390,117)</u>	<u>(626,260)</u>	<u>238,143</u>
Loans	(c) (454,545)	(454,545)	-
Total Cash and Loans	<u>(844,662)</u>	<u>(1,082,805)</u>	<u>238,143</u>

4CHILDREN (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 March 2013

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:

Computer Equipment	-	25% per annum
Furniture & Fittings	-	25% per annum
Leasehold Development	-	25% per annum
Sundry Assets	-	33% per annum

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

	2013	2012
	£	£

The operating profit is stated after charging:

Auditors' remuneration - audit fees - current year	12,000	12,100
Depreciation - own tangible assets	71,856	92,869
Operating Leases	-	8,143

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.

	2013	2012
	£	£
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,221,731	1,897,534
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24% (2012: 28%)	533,215	531,310
Effects of:		
Depreciation add back	17,245	26,003
Capital allowances	(16,275)	(39,044)
Gift Aid payments made	(537,129)	(531,310)
Chargeable disposals	-	-
Other tax adjustments	2,944	10,041
	(533,215)	(531,310)
Current tax charge	-	-

4CHILDREN (TRADING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2013

5 OPERATING LEASES

As of 31 March 2013 the company had annual commitments under cancellable operating leases as set out below

	2013 £	2012 £
Leases expiring within one year - Plant and machinery	-	-
Leases expiring in two to five years - Plant and machinery	-	10,648
	<u>-</u>	<u>10,648</u>

6 STAFF COSTS

	2013 £	2012 £
Total staff costs comprise		
Wages and salaries	6,355,968	5,062,760
Social security costs	502,278	429,399
Pension contributions	172,624	144,524
	<u>7,030,770</u>	<u>5,636,683</u>

The average number of employees during the year was

Conferences and Seminars	3	3
Consultancy	4	5
Information and advice	1	1
Publications	4	4
Training and development	362	285
	<u>374</u>	<u>298</u>

The directors received no emoluments for the year (2012 £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 £172,624 (2011/12 £144,523).

8 TANGIBLE FIXED ASSETS

	Computer equipment £	Furniture & fixtures £	Leasehold improvements £	Sundry assets £	Total £
COST					
At 1 April 2012	291,780	266,781	9,919	66,636	625,146
Additions	29,676	4,735	-	2,495	36,906
Disposals	-	-	-	-	-
At 31 March 2013	<u>321,456</u>	<u>271,516</u>	<u>9,919</u>	<u>69,131</u>	<u>662,052</u>
DEPRECIATION					
At 1 April 2012	238,242	201,775	1,931	36,355	478,303
Charge for the year	30,319	28,383	3,306	9,848	71,856
Disposals	-	-	-	-	-
At 31 March 2013	<u>268,561</u>	<u>230,158</u>	<u>5,237</u>	<u>46,203</u>	<u>549,159</u>
NET BOOK VALUE					
At 31 March 2013	<u>64,905</u>	<u>41,358</u>	<u>4,682</u>	<u>22,928</u>	<u>113,893</u>
At 31 March 2012	<u>55,548</u>	<u>65,006</u>	<u>7,988</u>	<u>20,301</u>	<u>148,843</u>

4CHILDREN (TRADING) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 March 2013**

9	STOCK	2013	2012
		£	£
	Stock of publications	51,670	68,772
	Work In Progress	1,427,794	1,160,590
		<u>1,479,464</u>	<u>1,229,362</u>

The expenditure relating to the Children's Centres is charged to Work in Progress £747,600 (2011/12 £960,296) £480,396 (2011/12 £133,679) was written off during the year. This is an ongoing project with the Centres phased to write down the cost over a three year period from the time they become operative.

10	DEBTORS	2013	2012
		£	£
	Trade debtors	215,769	1,251,038
	Accrued income	757,094	441,948
	VAT	-	56,720
	Other debtors	520,970	152,714
		<u>1,493,823</u>	<u>1,902,420</u>

11	CREDITORS - Amounts falling due within one year	2013	2012
		£	£
	Trade creditors	572,572	578,960
	Sundry creditors	70,555	336,438
	VAT and social security costs	931,262	589,235
	Deferred income	140,590	1,383,472
	Accruals	524,802	136,008
	Bank Overdraft	406,361	-
	Bank Loan	181,818	-
	Amounts owed to ultimate group undertaking	3,239	539,307
		<u>2,830,999</u>	<u>3,563,420</u>

	CREDITORS - Amounts falling due after more than one year	2013	2012
		£	£
	Loans and Bank Loans		
	Secured Loan	<u>272,727</u>	<u>-</u>

The loan, from HSBC Bank, was taken out in September 2012 for £500,000. This has been specifically loaned for the investment in current and future Childcare Centres. The loan is for a period of three years with a capital repayment period of thirty three months which began January 2013. The loan is secured by a debenture charged over the total assets of 4Children Trading Ltd and also this is secured by a cross guarantee on the ultimate holding company 4Children, together with the subsidiary 4Children (Direct) Ltd (see note 13). The interest rate for this loan is 4.5%.

4CHILDREN (TRADING) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 March 2013**

12	SHAREHOLDERS FUNDS	Profit and	Share	Total
		loss account	capital	
		£	£	£
	As at 1 April 2012	(44,751)	100	(44,651)
	Net profit/(loss) for the year	44,350	-	44,350
	As at 31 March 2013	(401)	100	(301)
		<u> </u>	<u> </u>	<u> </u>
	The share capital comprises		2013	2012
			£	£
	Allotted, issued called up and fully paid			
	100 Ordinary shares of £1		<u>100</u>	<u>100</u>

13 CONTINGENT LIABILITY

The bank overdraft is secured by a debenture charged over the total assets of 4Children (Trading) Limited and also this is secured by a cross guarantee over the assets of the ultimate holding company 4Children and its subsidiary company 4Children (Direct) Limited. The loan, also from HSBC Bank, originally for £500,000 was taken out in September 2012 for a period of three years with a capital repayment period of thirty three months beginning in January 2013. The loan is secured by a debenture charged over the total assets of 4Children (Trading) Ltd and also secured by a cross guarantee on the ultimate holding company 4Children, together with the fellow subsidiary 4Children (Direct) Ltd. The interest rate for this loan is 4.5%.

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 taxable profit totalling £2,177,381 (2012 £1,897,534) 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 A THIS PAGE IS FOR MANAGEMENT INFORMATION ONLY

FOR THE YEAR ENDED 31 MARCH 2013

	2013		2012	
	£	£	£	£
TURNOVER				
Government grants	10,246,680		8,781,709	
Grants and contributions	500		124,164	
Consultancy	1,154,398		672,918	
Donations	94		70	
Other income	406,081		91,563	
Conference fees	61,320		67,275	
Nestle income	37,500		149,439	
Sale of publications	5,411		7,432	
		11,911,984		9,894,570
COST OF SALES				
Opening stock	88,772		110,659	
Printing, postage and stationery	65,463		47,270	
Conference expenses	81,323		76,530	
Consultants fees	664,858		404,560	
Project costs	7,557,903		2,909,821	
Closing stock	(51,870)		(68,772)	
		8,386,649		3,480,068
GROSS PROFIT		3,525,335		6,414,502
ADMINISTRATIVE EXPENSES				
Printing, postage and stationery	35,066		27,567	
Advertising and promotion	72		4,715	
Staff and other costs	172,985		3,166,108	
Temporary staff	988		20,632	
Establishment	260,330		312,591	
General expenses	17,453		8,683	
Audit and accountancy	8,354		12,100	
Depreciation	71,856		92,670	
Children Centre WIP	(138,200)		133,678	
Telephone	25,666		52,114	
Bank charges and interest	14,983		374	
Travel expenses	400,981		376,808	
Rent and rates	139,956		102,772	
Repairs and maintenance	31,860		13,645	
Provisions for debtors and stock	12,688		37,141	
Legal and professional	9,902		355	
Computer maintenance	214,069		116,488	
Finance support	-		52,545	
Internal costs / recoveries	(1,752)		(17,066)	
		1,277,217		4,514,020
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,248,118		1,900,482
INTEREST AND GIFT AID				
Gift Aid		(2,177,381)		(1,897,534)
Interest payable		(26,387)		(2,948)
Net profit/(loss) for the year		<u>44,350</u>		<u>-</u>