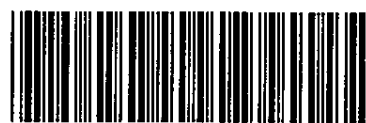




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KEEPING KIDS COMPANY ANNUAL REPORT & ACCOUNTS

YEAR ENDING 31 DECEMBER 2011



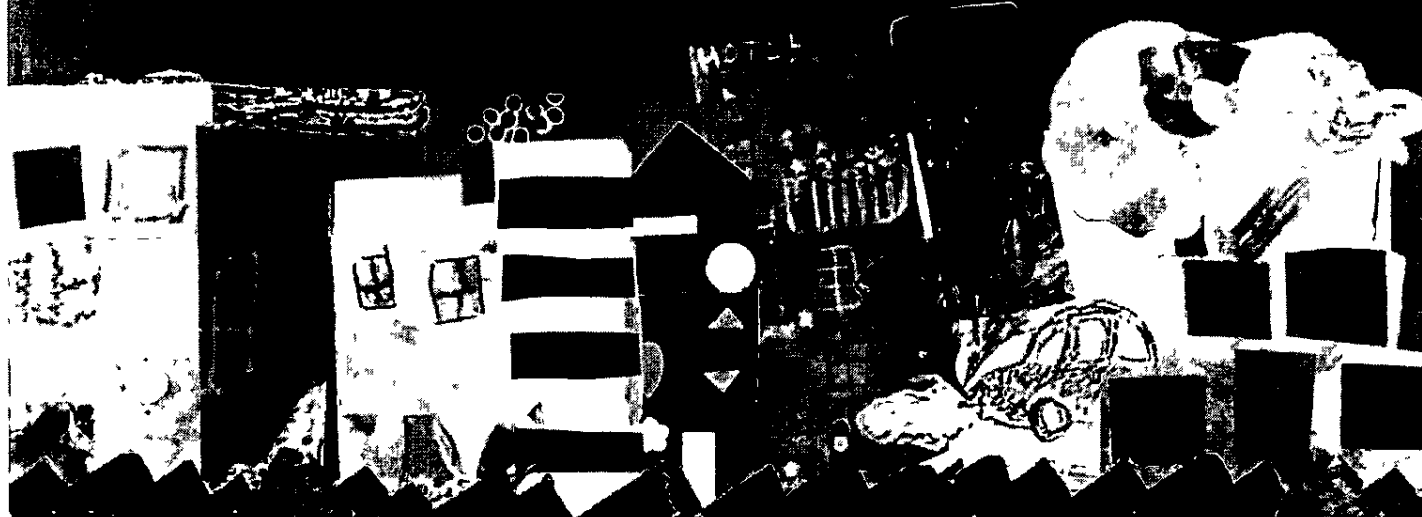
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Frank R. Bentley



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KEEPING KIDS COMPANY¹ TRUSTEES AND ADVISERS

TRUSTEES

Alan Yentob (Chairman)
Richard Handover (Vice Chairman)
Sunetra Atkinson
Erica Bolton
Susan Chinn
Anita Nanda Khiara
Vincent O'Brien
Francesca Robinson
Anthony Frederick Simpson
Jane Tyler

CHIEF EXECUTIVE

Camila Batmanghelidjh

DIRECTOR OF FINANCE AND DEVELOPMENT

Mozhy Chipperfield

SECRETARY

Sachin Mevada

COMPANY REG NO

03442083

CHARITY REG NO

1068298

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London SE5 9BS

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CafCash Ltd,
Kings Hill,
West Malling,
Kent ME19 4TA

SOLICITORS

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London EC4A 1BD

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London EC1A 2FG

AUDITORS

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Chartered Accountants and Statutory
Auditors,
Devonshire House,
60 Goswell Road,
London EC1M 7AD

¹ Also known as Kids Company



LETTER FROM THE CHIEF EXECUTIVE

KIDS COMPANY STANDS BY ITS COMMITMENT TO STRENGTHEN, SUPPLEMENT OR COMPLETELY SUBSTITUTE THE CARE GIVEN TO CHILDREN BY BIOLOGICAL CARERS.

We continue to receive children who are asking for help directly, for whom there is no local authority funding. With 97% client self-referral, in the last fifteen years we have not received any statutory funding from local authorities related to social care or mental health. In 2011 we had to buy over 500 beds for children who were sleeping on the floor.

In the last fifteen years, we have seen our teenagers grow into young adults. Some of them have gone on to be parents. The most striking by-product of our interventions has been the kind and thoughtful way in which the adult graduates of Kids Company deal with their own offspring. We didn't deliver a single parenting class, or a didactic lecture on child development. We just modelled loving care and watched it be internalised, then flourish.

We aim to give the children realistic personal management tools in order that they can stay calm enough to make pro-social choices. As the strategies have led to improved neurophysiological states, so the children's behaviours have improved. It is interesting to note that barely any children from Kids Company were involved in the riots, even though many felt they wanted to take revenge against a society they experienced as abandoning them. They also felt that, through Kids Company, they had now been given genuine chances to be embraced by their communities as valued and valuing citizens. It was remarkable to watch their dichotomy articulated as "Should I or should I not join the rioters?" with a refrain being seen as more worthwhile and more loyal to those who had helped them, rather than an engagement in the destruction.

A number of collaborations with local authorities have led to Kids Company delivering statutory education from its premises to children and young people who present with exceptionally disturbed behaviours. What would make a young boy of eleven first walk in front of a bus to be knocked over, and then later on, when he had recovered, fake his own death to test whether anyone cared? It was only when he heard his Kids Company keyworker burst into tears on the phone as he pretended to be his guardian, announcing his own death, that he realised how much he is loved. And for him, that was the turning point.

A collaboration commenced with the Institute of Psychiatry and King's College/the Maudsley, funded by the Reta Lila Howard Foundation, measuring vulnerabilities in the brains of young people who have experienced trauma. It has been fascinating to observe that the children and young people very willingly participated in the research. They wanted explanations as to why they were struggling to control their emotions, why they lashed out, what was making them suffer from night terrors, why they wet the bed and what prevented them from being able to concentrate and sustain their engagement in education. Once they understood that significant childhood terror had generated a trauma pathway, they were prepared to use the strategies given to them by Kids Company workers to acquire mastery over their



trauma rather than be mastered by it. Of all the children tested, reading ages went up by a minimum of two years in a period of six months under Kids Company's care and education.

In the autumn, supported by Samantha Cameron, we launched our Child Poverty Busting Programme, pledging to raise £5,000,000 worth of pro bono services and goods in kind, in order to address the poverty issues faced by our children. Sunetra Atkinson, one of our trustees, helped to set up a warehouse, where goods have been received from the public and distributed to the children. These include food, furnishings, clothes, toys and books.

This was the extraordinary year where Coldplay, in support of Kids Company, filled the O2 stadium with some 10,000 people, who were given the chance to see the band perform alongside Tiny Tempah, Emile Sande, Rob Brydon and Steve Coogan, and also to hear about the challenges of keeping children safe in a country that came 22nd out of the 35 wealthiest countries in the world for the well-being of children*.

Kids Company's ability to support some extraordinarily courageous and profoundly dignified children and young people is only made possible because those in power and with the capacity choose to share their resources in the service of helping desperate children. The staff members of this organisation feel hugely supported by the knowledge that there are amazing people in the world who care about what they do. It's not just well-known people: the old lady who gives up her eightieth birthday presents, asking friends to donate to us instead, is just as much of a treasure as Damien Hirst, or the incredible Coldplay, who gave us in excess of £2million to run a centre in North London.

Far too many vulnerable children are left to fend for themselves. Kids Company is presenting an ethical challenge as well as offering a practical solution. Our ability to reach out to the children who seek our help is only made possible because of the exceptional kindness of complete strangers, whose compassion is not only transformative with this generation, but in generations to come, as those helped go on to minimise the harm they may cause their own children.

Camila Batmanghelidjh

Chief Executive

*Measuring child poverty, UNICEF, May 2012, p. 3, fig. 1b





KEY PRIORITIES AND PRINCIPLES

The trustees, who are also the directors for company law purposes, submit their annual report and the financial statements of Keeping Kids Company for the year ended 31 December 2011.

The trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (revised 2005). The trustees of Kids Company are happy to report that the organisation continues to maintain and uphold the original ethos and philosophy with which it was conceptualised in 1996.

Objects

The charity has been established to:

- Enhance the emotional health of young people through counselling, support and therapeutic use of the arts.
- Support schools and other educational institutions in addressing the emotional needs of young people appropriately.
- Undertake any other charitable activity.

These objectives are pursued through a number of services, some of which are funded by central government and local authority grants, but the bulk of which are made possible through the generosity of charitable trusts, companies and individuals, including a large number of volunteers.

Key Priorities and Our Agenda

We thought about the lives of the people we serve and listened to our young people, our staff, our professional colleagues, those who support us financially and those who make the public policies that affect children, young people and their carers. We reviewed research. We looked at our history – how we've evolved and the ways in which we have stayed the same. Two things remain clear: our work is urgent, and the ways in which we deliver our services have become more complex. The main focus of our strategy will be to develop, improve and refine our existing range of services, but we also know that there is significant unmet need that we have the skills, but not yet the resources, to support.

Based on all that we learned, we have reframed our Mission and Vision and established a five-point Action Agenda. We believe that we must address children's needs through flexible approaches that strengthen families and communities simultaneously. We understand that families and communities are complex and struggle in different ways: there are families where poverty is a barrier and families where information, language or cultural differences are barriers. In all cases, we respect choices and support both the young people and the caregivers.

Our intention is to also highlight and meet the needs of 'love children' – those who may be living with family but who are, in effect, managing their own needs due to their carers' personal vulnerabilities.

We believe that, by implementing the following agenda, we will be best-positioned and best able to foster healthy, well-nurtured and resilient children and young people.

- Responsive Programmes Address the ever-changing needs of children and young people in collaboration with communities.



- Collaborative Relationships Strengthen existing partnerships and build new ones that expand opportunities for the most vulnerable children and young people
- Compelling Messages Inspire internal and external audiences to action by creating a common understanding of our ethos, our work and our vision,
- Dynamic Leadership Develop the next generation of diverse leadership in our organisation and our evolving cross-disciplinary field.
- Organisational Excellence Maximise financial and human resources to enable staff and volunteers to implement excellent programmes and services.

This five-point action plan is designed to strategically focus our work by leveraging what we have learned about how to build resilience in young people and services where children matter most.

Performance Review

We constantly monitor our services and how we deliver outcomes for children and young people. Last year we set out a number of priorities for the organisation, financial and quality-based, and we are happy to report that we succeeded in delivering these outcomes.

One of the key priorities for the organisation was the replacement of the YSDF grant with an alternative statutory grant. Kids Company was successful in securing a two-year grant of £4.79million per annum from the Volunteering Communities section of the Department for Education. This includes a capacity-building grant.

We have also consolidated our fundraising programme and can now confirm that 24% of our income for 2012 will come from three foundations.

We continue to strengthen our education programmes, and we are happy to report that all children attending education at Kids Company achieved at least two qualifications. This average is representative of young people studying literacy and numeracy for the first time, or completing a degree at a red-brick university.

We have worked with some 36,000 children and young people, approximately 18,000 of whom are receiving intensive programmes of wraparound support, comprising financial help, therapeutic interventions and educational provision, among others. We are constantly striving to improve outcomes in health, providing clinical, practical and emotional support to children and their carers.

The University of London evaluated Kids Company over three years (2005-2008).

The following statistics illustrate some of their findings related to children and young people supported by our street-level centres

A sample of the case histories of young people accessing one street-level centre shows clients experiencing the following problems:

- 84% homelessness
- 82% substance misuse
- 81% criminal involvement
- 83% sustained, complex trauma during childhood
- 87% emotional difficulties and mental health problems
- 39% young carers struggling to cope

The results of Kids Company's interventions:

- 90% improved accommodation/provision
- 86% engaged in work experience
- 91% reintegrated into education
- 90% reduced involvement in criminal activity
- 94% reduced level of substance misuse
- 89% gang involvement stopped
- 81% achieved academically
- 69% employed, 86% work placements



HOW WE SUPPORT OUR CHILDREN AND YOUNG PEOPLE

Our services continue to be over-subscribed. In 2011 we assessed a further 1,100 young people who had self-referred for services at our centres. This is only the tip of the iceberg, as each young person is part of a broader network that needs to be supported in order to resolve the crises in the life of the young person.

An evaluation was carried out ascertaining the levels of food poverty amongst the children and young people of Kids Company, the results of which are as follows

85% of our children depend on Kids Company for their main meal

64% say there is no food at home

33% rely on cheap takeaways as their main source of nourishment

A further survey about nutrition was carried out among staff members at 21 of our schools

97% of staff expressed concern about the children's level of nutrition

88% identified nutritional levels among students as being "poor"

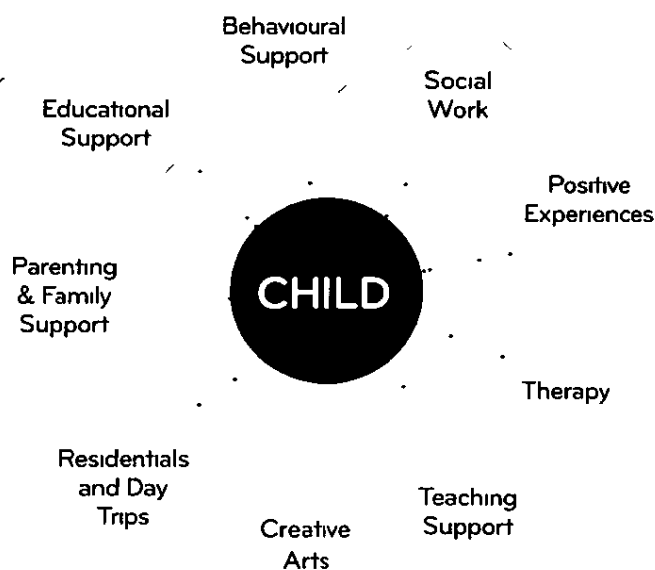
82% said hunger was impacting negatively on concentration among students

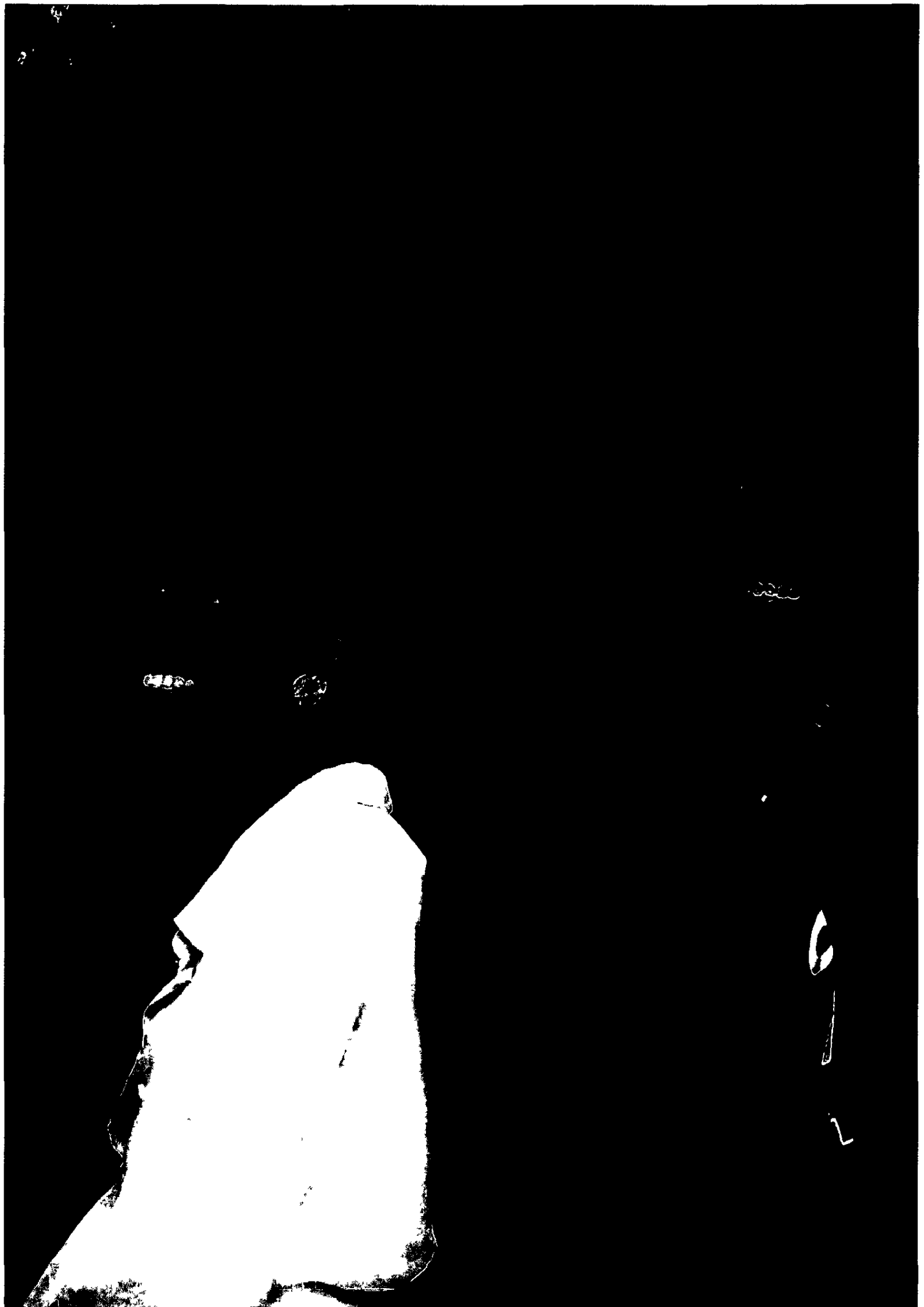
42% said hunger was a fundamental problem for their students

Kids Company envisions a future in which

- Children and young people are a priority,
- All children and young people, especially those most vulnerable, have the opportunities and resources they need,
- A broad-based coalition of public and private funders and collaborators support our mission,
- Our diverse and talented staff demonstrate on a daily basis that every action can change a life

This chart illustrates the range of support that Kids Company provides to young people





STRATEGY



The current economic climate leaves Kids Company with an unwelcome paradox. As the political climate moves towards 'The Big Society', thereby requiring a larger role for the voluntary sector, financial cuts jeopardise the future of these service providers. Simultaneously individuals are feeling the burden of the current, depressed, economy, greater numbers are requiring support from services and demand is already starting to outstrip capacity.

Children and young people can feel isolated and helpless because they don't have access to the information they need or a place where they can share their experiences and get involved. We aim to impact this through the following:

INVESTING IN THE EXPANSION OF SERVICES

We wish to further enhance the training we provide for other voluntary, statutory and third sector organisations to improve standards and quality across the entire sector, building on our experiences of working with universities and other training facilities.

REDUCING THE PRACTICAL AND FINANCIAL BURDEN

In 2012 we aim to maintain and improve the value-for-money efficacy of our financial support programme for our young people. We provide food vouchers on a weekly basis alongside other forms of financial assistance, allowing young people and their carers to live with dignity and minimise the harsh choices they would otherwise face daily as a result of poverty.

REDUCING ISOLATION, BUILDING SUPPORT AND UNDERSTANDING

Our keyworkers provide support to young people and their carers through our centres, building resilience and enabling them to contribute to society. We aim to replicate our model in at least one other city in Britain in 2012, in order to demonstrate the portability of the ethos Kids Company represents.

RESEARCHING FOR BETTER FUTURES

We have partnered with a number of leading institutes and universities who have carried out detailed research to investigate the life circumstances of our cohort, and the outcomes achieved through our services, in order to improve how we support our young people and influence other providers.

Our brain research programme, involving the Universities of Cambridge and Oxford, UCL and the Institute of Psychiatry, is in its second year. We hope to have some preliminary findings that can be integrated into our frontline working practices and teaching by early next year. We constantly strive to enhance our service delivery through rigorous research programmes with our academic partnerships. We hope that the results of these findings will help us to campaign on behalf of our young people in a much more effective way, to change policies and statutes accordingly.

SECURING RESOURCES NEEDED TO CONTINUE OUR WORK

Following a competitive process, Kids Company was successful in replacing its Youth Sector Development Fund grant with funding from the Department for Education's Voluntary and Community Sector (VCS) grant worth around £4.48million each year for two years, beginning on the 1st of April 2011.

We aim to be Quality Assured by as many local authorities as possible so that there is no excuse for not offering us local authority funding for providing services. We will further strengthen our fundraising strategy to increase our individual donations as part of our Campaigns Programme. Our Child Poverty Busting Campaign will be supported to ensure that 5,000 children receive the necessary material goods to alleviate the limitations of their poverty.



WHY KIDS COMPANY IS NEEDED

Kids Company works collaboratively with social care agencies, but unfortunately there are times when these agencies fail to meet their statutory obligations in relation to protecting vulnerable children and young people.

In 2011 the Christmas Day event held by Kids Company welcomed over 3,500 vulnerable children, young people and families and over 200 volunteers. A further 3,500 were supported out in the community with food and gifts. The children enjoyed good food, individually wrapped presents, storytelling, fun and games.

The centres' facilities are open seven days a week, with out-of-hours emergency phone access. Where unsuitable housing is a problem, our team either finds the children appropriate accommodation or tries to ensure that the local authorities meet their statutory obligations, with the help of a team of pro-bono lawyers and local solicitor firms.

2011 presented significant challenges in relation to fundraising, and incredible inspiration in relation to the children's achievements. A huge number of our young people went to university to study Medicine, Social Care, Arts, Languages, Business Studies and Accountancy, among other subjects. It was a miracle to see six boys, who were originally dumped at Victoria Station aged fourteen and fifteen by traffickers, subsequently cared for by Social Services in bed and breakfast hotels and living on £30 per week, achieve brilliantly at university and walk straight into jobs. The first time they made their way to one of our street-level centres, they were barely able to hold eye contact, depleted and deeply traumatised. Now they are animated and intellectually rigorous young men who feel passionately about wanting to give back to the communities that have given them so much.

We believe that we are piloting a potential solution by devising new ways of working in challenging neighbourhoods and by creating a new paradigm of care, contrary to the current model which assumes that an individual's crisis is temporary and can be resolved by short-term, prescriptive solutions.



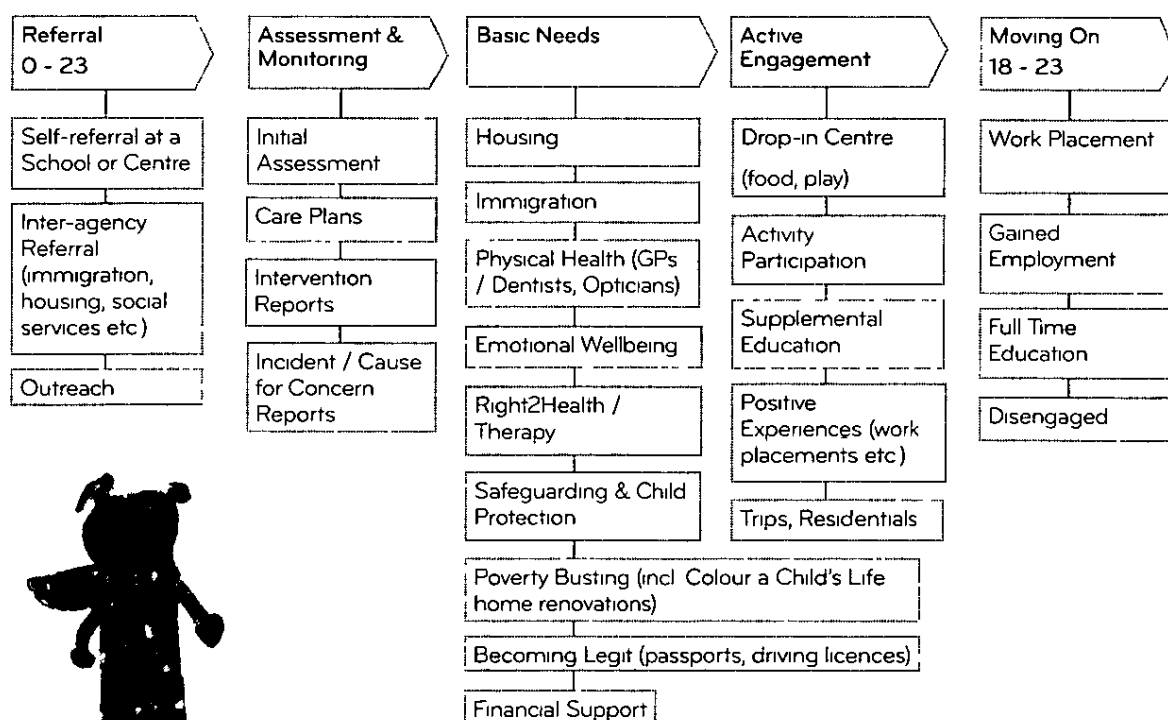
WHAT WE DO

Kids Company seeks to replicate the comfort and support of a strong, loving family environment for children and young adults experiencing, or at serious risk of, neglect, abuse and trauma. Every child or young person who walks through our door receives an in-depth assessment of their individual needs and circumstances, which are divided into five main categories, represented by statutory services:

- emotional wellbeing (including safeguarding and child protection),
- mental and physical health,
- education, employment and training,
- housing, and
- 'Get Legit' (comprising immigration, criminal justice, legal documentation etc)

The charity was established in 1996 and has two main aims:

- Through our street-level centres, our over-16s educational centre and our early intervention programme in 40 schools, to provide assistance to vulnerable children and young people. Currently the charity works with 36,000 children, approximately 18,000 of whom receive intensive support. At the centres we provide a core programme of therapy and education, as well as social care support. Many of the children who come to us have fallen through the cracks of social services provision and are invisible to the very services set up to support them.
- Through hands-on knowledge gained at street level and academic research, to create a replicable best practice model for the management of childhood trauma and the reduction of violence and abuse nationwide.



There are many activities that are co-ordinated across Kids Company by the Special Projects team

Volunteering Many of our children and young people lack access to opportunities to explore the outside world, often because their parents are unemployed or unable to care for them. Each year we work with thousands of volunteers, all with their own unique combination of skills and experience. The Kids Company community of volunteers ranges from teachers and business leaders to TV presenters. Volunteers make a colossal impact on the lives of thousands of children and young people and we are enormously dependent on their contribution and dedication. Their generous support means Kids Company has a pool of aspirational experiences that the children can access.

Placements Professional placements are offered from within a range of professional disciplines to support the practical, personal, social and emotional needs of children and young people. All students in placement can access the principles, values and ethos that make Kids Company unique in learning from vulnerable children how to care better.

Students join a community of inter-disciplinary practitioners advocating children's right to health. Kids Company has both developing and established partnerships with clinical and educational organisations and is committed to participating in, promoting and disseminating research to achieve the best possible outcomes. All placements are co-ordinated by dedicated relevant professionals who work safely and effectively with the specific criteria of each individual student in placement.

Mentoring One-to-one mentor support is extremely valuable for our young people, many of whom lack a reliable adult in their lives. Mentors help children and young people achieve their goals, build confidence, increase self-esteem, and perhaps most importantly, have some fun!

Kids Company mentoring aims to provide mentees with a meaningful adult relationship by encouraging and supporting them through the development of a strong personal bond. While Kids Company provides full training and support, the mentor will also offer guidance based on their transition from adolescence into adulthood.

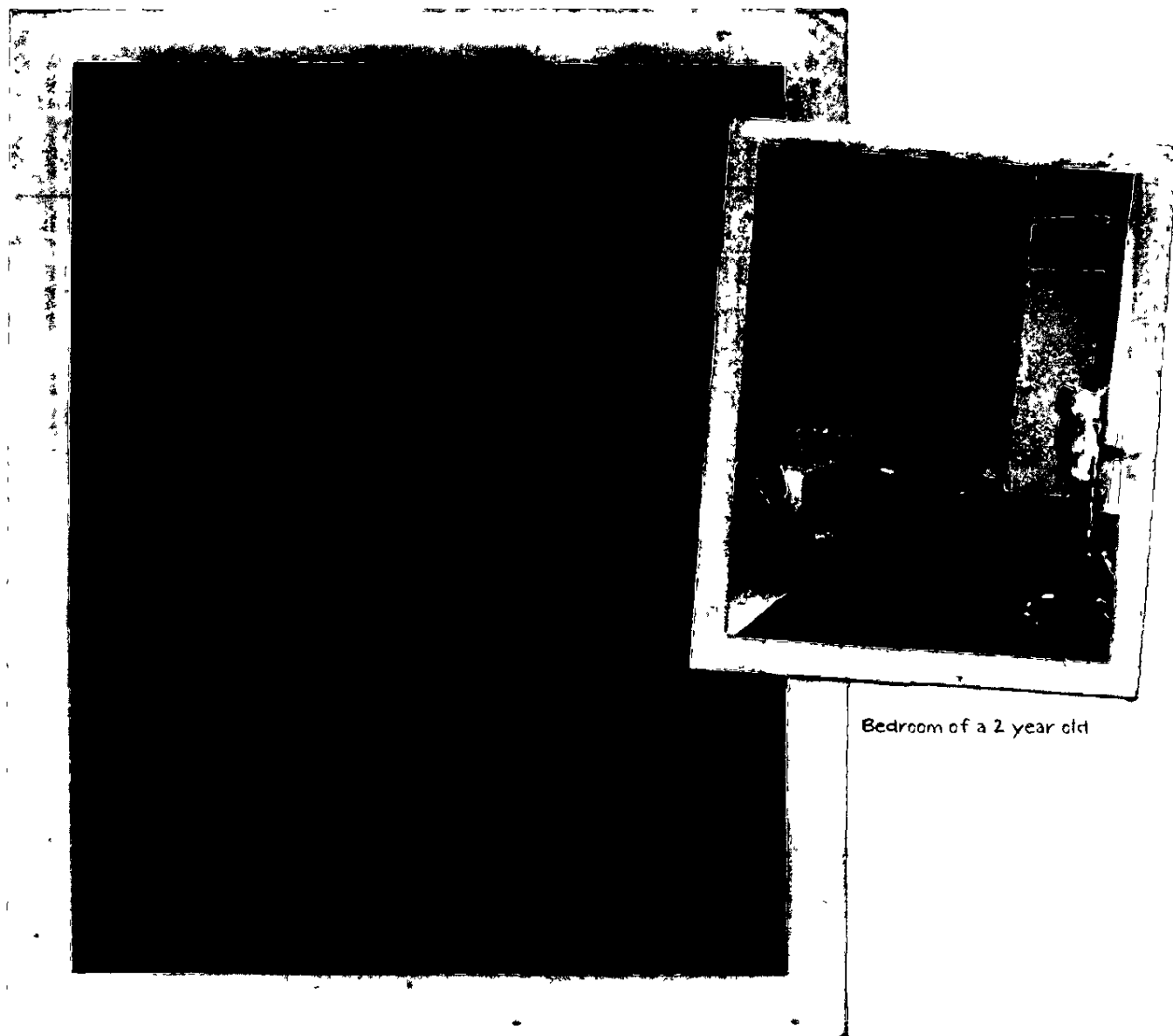
Safeguarding Kids Company has set up its own safeguarding department. Historically, the organisation has noticed that large numbers of children referring themselves to Kids Company are not having their needs met appropriately through statutory agencies, either thresholds are unacceptably high, or frequent changes of local authority social workers mean that cases are not robustly safeguarded. There is considerable risk when children are moved between boroughs or trafficked in and out of the country. Therefore the Kids Company Safeguarding Team functions very much like a child advocate, ensuring that vulnerable children are not lost in the system. At times, this can mean that judicial reviews need to be initiated. It is worth noting that in the last 14 years all judicial reviews have been ruled in favour of the children of Kids Company, two of these reviews led to changes in the law, thereby affording greater protection to vulnerable children.

The Safeguarding Team has a number of areas of expertise, particularly in relation to child protection, immigration, criminal justice, housing and benefits. There is also now a High Risk Outreach Team (HROT) within the Safeguarding Team whose members are experienced keyworkers. This team can work with children and young people who are assessed as being too high-risk to access services through the centres, or who may need keyworking support within their community.

Positive Experiences Acting in a supporting role to the keyworkers, the Positive Experiences department encourages a culture that promotes a variety of opportunities for engagement and many of these are captured within the Goals & Outcomes data. The main aim of the department is to replicate the 'soft skills' that a family imparts through exposing a young person to a variety of 'positive experiences' during the transition from adolescence into adulthood.

The Positive Experiences team develops strategies to help young people fulfil their personal and professional aspirations. By collaborating with individuals and organisations, the team explores tangible and easily accessed opportunities for young people which ultimately encourage their integration into mainstream society. Some of the services offered by the department include academic and practical assistance whilst at university, access to higher education, work experience placements, internships, volunteering in the UK and overseas, and life coaching.

Colour a Child's Life Colour a Child's Life is a housing intervention team supporting children trapped in chronic poverty. These situations are often the result of parents/carers being unable to sustain an appropriate standard of living. Our teams not only advocate to local authorities to make children's homes safe, but they also mobilise voluntary city teams to help furnish and decorate children's bedrooms. After a home has been assessed, our social care team decides whether it is suitable for corporate volunteers to go into the home. Companies are asked to make their staff available for one day during which a group of corporate volunteers help carry out and fund a home renovation. However, if the family circumstances are too complex, a safeguarding team is sent to complete the necessary repairs.



Bedroom of a 2 year old



The Heart Yard The aim of the Heart Yard is to provide Kids Company service users with a contained and safe space where they can fully engage with emotional therapy and holistic treatments. At the Heart Yard a team of therapists offers emotional therapy, group therapy, and complementary therapy. The core team includes a full-time in-house therapist, who also runs a drop-in surgery, and 11 part-time therapists (art, play, dance & movement and integrative). There are also two part-time consultant psychiatrists. Services provided at the Heart Yard are informed by and closely related to the work done by the Right 2 Health team whose role is explained below. The Heart Yard also offers a parent-infant specialist service which works to improve impaired attachment relationships between young parents and babies.

The Heart Yard's success is reflected in Kids Company having won Morgan Stanley's staff vote to become their 2011 Charity of the Year, which will fund the establishment of a new Heart Yard.



Services in Schools Our aim is to see children flourish in all aspects of their lives, and to support both carers and schools in nurturing and caring for their children. We help schools and staff to deal with the needs presented by children and families living in complex situations. We have a holistic approach and we intervene practically, emotionally and educationally as agreed with the school.

The work in schools involves placing a qualified therapist or social worker in a school. Around this worker we build up a team of trainees specialising in social care and mental health, as well as arts workers and general volunteers. It's a culture whereby the wellbeing of the whole school is addressed, with teachers, support staff, parents and pupils offered help. Children self-refer or can be referred by staff. For pupils who present with severe disturbances or complex issues, paid therapists are appointed.

Any child about whom the school is worried can be referred to the street-level centres for intensive support 365 days per year. All child protection issues go through the special needs coordinator and designated child protection officer, but as cases are referred to social services, the Kids Company teams continue tracking to ensure the best possible outcome for the child. If the child moves school, the team will follow. We achieve inclusion by allowing all pupils to participate in the arts activities and outings to places of interest. This is important as the schools are caring for children impacted by high levels of poverty.

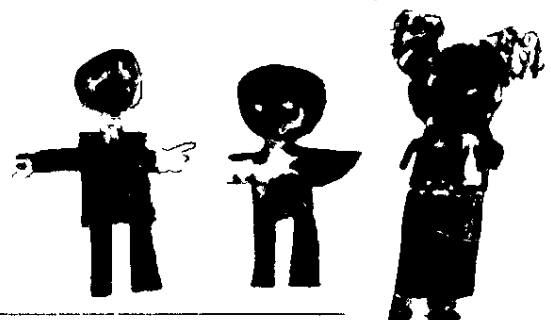
Under-16 Educational Provision with Statutory Funding In partnership with Westminster City Council and the Prince's Trust, Kids Company provided, under the Back On Track programme, an educational provision which has produced excellent results and will continue beyond the period of this grant. In the context of such a programme, Kids Company has also recruited a number of educational psychologists to develop new evaluation and assessment tools. Together with London School of Economics Masters graduates, work has commenced to create appropriate evaluation tools in the context of international protocols.

Cutting-edge Arts Programme The 18,000 children and young adults who access our arts programme arrive at our drop-in centres with a range of emotional, behavioural and social difficulties often resulting from significant experiences of chronic trauma and neglect. Many of them are 'lone children' living in severe deprivation with limited or no support from the adults in their lives. We use the arts to reach and assist the traumatised children who access our services.

Often the challenging circumstances in which children survive their childhoods are not known to any of the adults around them. For children who are too young or disturbed to speak about their anxiety, the arts can also be a powerful communication and assessment tool. For older children it is a platform to express their frustration or anger and through our Arts Awards young people can also increase their aspirations and career prospects.

Each year the lives of vulnerable children are transformed through innovative arts projects which we deliver across our street-level centres and in 40 schools. Our courses include fine art, animation, poetry, fashion, film, photography, music, dance, puppetry and graphic design.

The sports programmes have been equally successful, with Kids Company taking part in and completing Duke of Edinburgh Awards.



Neuroscience Research Under Kids Company's campaign, Peace of Mind, and thanks to the generous support from Shire Pharmaceuticals and the Waterloo Foundation, we have been able to establish a diverse and robust programme of research into the impact of childhood maltreatment as well as potentially identifying the best strategies to assist children in acquiring greater mastery over their trauma.

The Child Poverty Busting Programme With the amazing help of Samantha Cameron, we launched our own Child Poverty Busting Programme, which aimed to match 5,000 children with 5,000 poverty busting solutions, including practical support and mentors where appropriate. One of the main functions of the Child Poverty Busting Programme is to support and expand the delivery of established donations and volunteer services at Kids Company. Through four interrelated activities, the programme aims to address the material and aspirational poverty experienced by some of London's most vulnerable children. These activities are broadly defined as Homemaker, Basic Material Needs, Food & Nutrition, and Aspirational Poverty.

The Child Poverty Busting Programme was instrumental in setting up a warehouse where goods donated by the general public and various companies are stored. The warehouse has a fully operational system whereby frontline staff can request goods for children and young people which are then picked up or delivered in a timely fashion. The warehouse team records the goods according to the requirements of the Charity Commission.



Students at the Urban Academy



The collective creativity of our young people was showcased in the 'My Life Illuminated' exhibition which took place at the Southbars Centre in January 2011.

OUR SUCCESSES

Kitemark Investing in Volunteers After an intensive assessment period, Kids Company has achieved the Investing in Volunteers kitemark. Investing in Volunteers (IiV) is the UK quality standard for good practice in volunteer management. This award is the result of the incredible dedication of our mentors, schools, centres, corporate volunteers and complementary therapists.



Award Ceremonies for Young People The Kids Company Awards Ceremony took place on the 19th of July 2011. The event was organised by the young people attending the educational provisions, as a celebration of all the accomplishments of young people, including films, a fashion show, poetry readings, etc. Over 140 young people received awards across the following categories: personal development, sports, creative arts, media, and other academic successes.

Christmas Day Christmas has often been a time of devastating loneliness, shame and despair for the exceptionally vulnerable children we support. Many would not experience simple acts of kindness, like a hug, a present or a hot meal, if we weren't there to support them throughout Christmas and the New Year. Every year we honour the trust children place in us by throwing a huge party, so that all our kids can experience the magic and the joy of being children at Christmas.

In 2011, Kids Company's Christmas Day at the Oval cricket ground welcomed over 3,500 vulnerable children, young people and families and over 200 volunteers. A further 3,500 children were supported out in the community with food and gift parcels. Our volunteers worked tirelessly with our Arts Team to make a memorable Christmas setting.

Opening of Kenbury Works With the extraordinary help of The Nomura Foundation, Kids Company was able to expand its services at Arches II to include new premises, which enable us to deliver our services at the Arches with greater ease and swifter efficacy. Our children and young people are hugely grateful for use of the Nomura classrooms, and the keyworkers are benefiting significantly from this new resource and space. The centre became fully operational in October 2011 after a major redevelopment.

Morgan Stanley Charity of the Year In 2011, Morgan Stanley's London offices chose Kids Company as their charity partner for two years. The Morgan Stanley International Foundation pledged to match the amount raised by their employees, £12million so far. The funds raised will ensure that Kids Company can give its Heart Yard a permanent home. We hope that the new 'Kids Company Morgan Stanley Heart Yard' will be open by December 2012.





Award-winning Garden at Hampton Court Kids Company young people worked on a garden in The Hampton Court Palace Flower Show, building it from scratch, and received the prestigious Silver Award for their garden from the Hampton Court judges. We are so grateful to Bill Butterworth for initiating this invitation. The garden was named Frabjous Day, and was inspired by the Lewis Carroll poem 'Jabberwocky'.

YSDF Kids Company was awarded a grant from the Youth Sector Development Fund (YSDF) through the Department of Children, Families and Schools to work with 400 high risk young people over three years. In fact, Kids Company was able to work with 668 clients of whom 89% self-referred to the programme. The split between male and female service users was approximately 50/50.

The purpose of the YSDF was to promote and support growth and build capacity within third sector organisations which deliver effective services and activities for young people in England, particularly the most disadvantaged.

REPORTING BACK TO THE YOUTH SECTOR DEVELOPMENT FUND 2008 - 2011

MILESTONE SET BY GOVERNMENT	MILESTONE ACHIEVED
1 100% of young people achieving one goal set in their assessment and care plan – 400 by April 2011	100% of the cohort - 668 young people - achieved one goal
2 80% of young people achieving two goals set in their assessment and care plan – 320 by April 2011	99.7% of the cohort - 666 young people - achieved two goals 99.25% of the cohort - 663 young people - achieved three or more goals
3 50% of young people identified as in housing need in their assessment stabilised in accommodation	88% of young people identified as in housing need were stabilised in accommodation
4 80% of young people having an increase in their SDQ impact score – 280 by April 2011	Significant decrease in the aggregate overall stress score – insufficient data available to report on impact score as young people refused to fill in the form because they thought it was surveillance and were worried about where the information might go
5 300 Kids Company young people achieving accreditation during the YSDF programme by April 2011	421 young people of the cohort achieved an accreditation



3,500 costs workday, but it's a good way to get the most out of the day.





REPORT FROM THE TRUSTEES



Company Status

Kids Company began operating in November 1996. Keeping Kids Company (known as 'Kids Company') was constituted as a company limited by guarantee on 30 September 1997 under a Memorandum of Association and is governed by its Articles of Association. The liability of the members in the event of the company being wound up is limited to £1. The company was registered as a charity on 25 February 1998 and acts entirely as a non-profit-making organisation.

Public Benefit

The trustees have complied with their duty in Section 17 of the Charities Act 2011 and have paid due regard to public benefit when preparing this report. As well as improving outcomes for vulnerable young people, the charity benefits the wider public by enabling young people to access education services and practical and emotional support, thus preparing them to make a positive contribution to society. In addition, crime is reduced and public spaces become safer, friendlier environments.

None of our young people are ever charged for any of the services or support provided by Kids Company, or restricted from accessing the provisions they need. The benefit to the wider public is consistent with the charitable aims of Kids Company. Further detail on the benefits and public impact of our actions in 2010 can be found below.

Structure, Governance and Management

We anticipate that the next leg of our journey will be an intense and powerful one focused on key outcomes and the generation of new ideas.

The trustees of the charity are also directors for the purposes of company law. The Board of Trustees (referred to in the company's Articles as the "Management Committee") consists of not more than ten and not less than five members. At present, the Board of Trustees has ten members from a variety of professional backgrounds relevant to the work of the charity and meets at least six times per year.

The board is also supported by its sub-committees, which support its decision making. The Finance and Governance Committees meet at least ten times per year. The committee's members include Richard Handover, Vincent O'Brien, Francesca Robinson, Sunetra Atkinson and Jane Tyler.

The trustees are advised by a clinical board, used as needed.

Day-to-day management is delegated to the Chief Executive Officer, Ms Camila Batmanghelidjh, who founded the charity, and Mrs Mozhy Chipperfield, who has extensive experience in management both in the private sector and the National Health Service.



Recruitment and Appointment of Trustees

Trustees are appointed either by the members of the company in general meeting or by the Management Committee. At each Annual General Meeting all must retire and are eligible for re-election. The more traditional business and care skills are well represented on the Management Committee. In an effort to maintain this broad skill mix and in the event of particular skills being lost due to retirements, individuals with appropriate skills are approached to offer themselves for election to the Management Committee.

Trustee Induction and Training

New trustees are invited to familiarise themselves with the charity and the context within which it operates. Briefing sessions jointly led by the Chairman of the Management Committee and the Chief Executive cover:

- The obligations of Management Committee members
- The main documents which set out the operational framework for the charity, including the Memorandum and Articles
- Resourcing and the current financial position as set out in the latest published accounts
- Future plans and objectives

Information from the various Charity Commission publications, signposted through the Commission's guide 'The Essential Trustee', is distributed to new trustees, together with the Memorandum and Articles and the latest financial statements.



OUR YOUNG PEOPLE'S STORIES

'K', AGED 25

When this young man was a child his mum was sectioned and he and his three siblings were left at the mercy of an extremely cruel, physically and emotionally abusive father.

His dad would semi-starve the children and beat them if they begged for food at school. He would play mind games, like hiding salt in the sugar, blame the children and publically punish them.

After social services got involved his little brother was adopted – and never seen again by his family.

The boy and his twin were sent to live with an aunt who starved them and locked them in a wardrobe for days.

By the time he was 18 years old he had suffered a breakdown, been diagnosed with schizophrenia and post-traumatic stress disorder.

After complaining to social services about the way his aunt treated them she invited him to lunch to 'apologise' and her boyfriend beat him up.

When he came to Kids Company he was given ongoing therapeutic support, a bed, a cooker, clothes, help with budgeting and access to benefits.

Now a regular student at the Urban Academy he has been earmarked to attend a survival course on a Scottish island, he is on a leadership training programme, he is accessing apprenticeship programmes and he has joined Millwall Football Club.

With our help, this young man is flourishing.

THE 'T' FAMILY

When Kids Company first came to this family home, we had to clean faecal matter, blood, urine and graffiti saying 'I hate my life' from the walls and give the children new sheets to replace the soiled and sodden ones they were sleeping on.

The mother had severe learning difficulties and mental health issues and was unable to care for the family properly.

Her 18-year-old daughter, who also suffered severe learning difficulties, had been raped and had no concept of personal hygiene or how to dress herself.

The eldest son, 14, was so desperate for affection he stole money from his mother to buy two dogs, who were, like the children, also neglected.

The 14-year-old and his bright, engaging 11-year-old brother kept themselves as clean and presentable as they could in the chaotic home. While they were helping the mother and daughter social services were unable to provide services for the boys.

The Kids Company legal team fought their case for six months until they started getting the statutory support they needed.

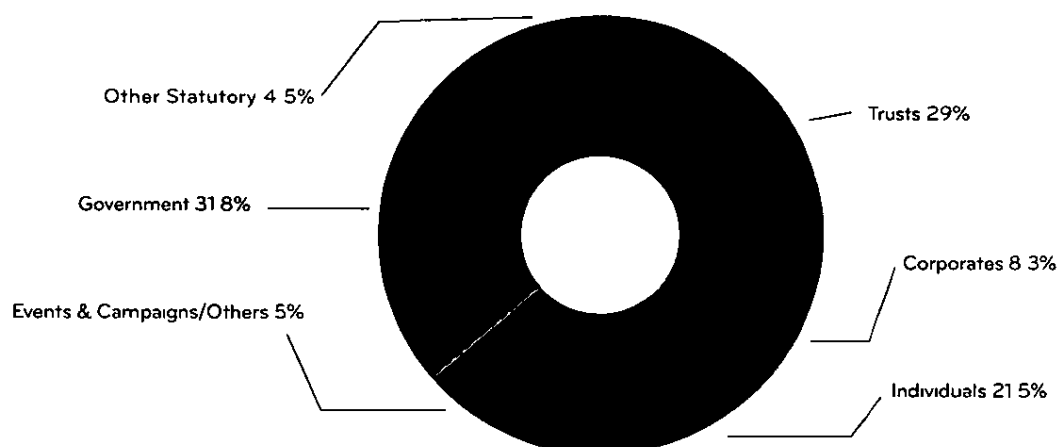
FINANCIAL AND BUSINESS REVIEW

While the recession has created a very challenging environment for the economy as a whole, the most vulnerable in society have had to endure the additional burden of cuts from local and central government. However, our income from charitable activities has grown, reflecting the quality and excellence of services we provide, enabling us to help the most vulnerable children and young people and their carers. Within this context, we have seen an increase in demand for our services.

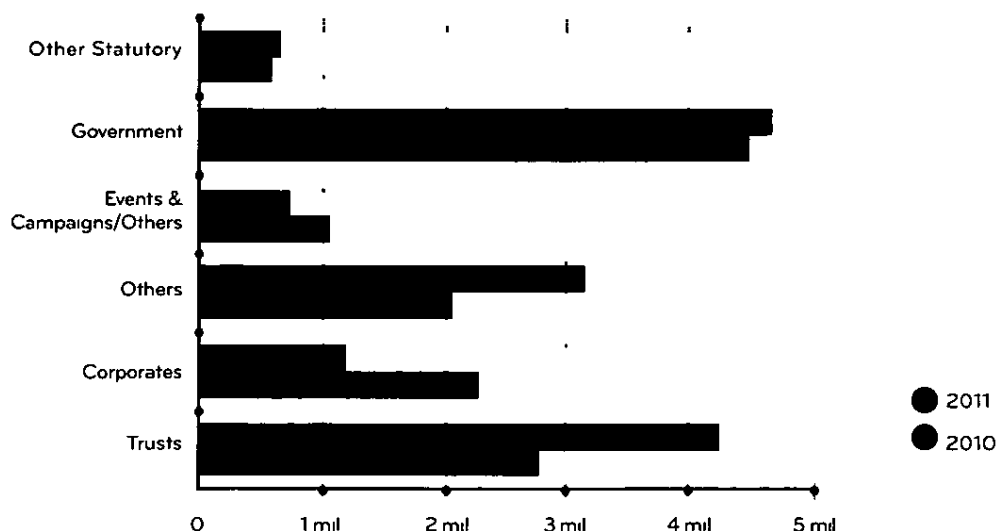
Income and Expenditure

The total income raised in the year was £15.63million, which represented a growth of 10.5% compared to the previous 12 months.

The income is received from the following sources:



The table below shows our income compared to previous year:



In March 2011 our three-year government grant, which had represented 31% of our income in 2010, came to an end. Kids Company was successful in securing a new grant from the Department for Education. At the launch of the bidding prospectus for the Voluntary and Community Sector (VCS) grant in November 2010, the Government set out criteria to directly fund, at national level, voluntary and community organisations that work with children, young people, parents and families, with a particular emphasis on early intervention and tackling the needs of the most disadvantaged groups. It was with pride that Kids Company received news of the new grant as it was the largest awarded, this reflects the quality of services provided under the previous grant.

The legacy income for the organisation grew for the third consecutive year, representing a total of £423,000 for the financial year 2011.

Kids Company was selected as the Morgan Stanley Charity of the Year in February 2011. This new partnership, launched by Morgan Stanley, supported by Kids Company and match funded by the trustees of the Morgan Stanley Charitable Foundation, raised £1.2 million in 2011. The funds raised from this partnership thus far are held by Morgan Stanley and will be transferred to the charity in 2012 to purchase our first building, which will be a permanent home for our therapeutic provision known as the Heart Yard.

In 2011 Keeping Kids Company Enterprises Limited was established. The object of the company is to carry on business as a general commercial company to produce profits and gains with the purpose of paying them to the charity as a donation.

Service provision has grown in line with demand for services, as Kids Company policy is not to turn away any child in need.

The charitable expenditure in 2011 increased by 91% largely driven by a need to increase staffing. Although the charity has grown rapidly it has been successful in keeping overhead costs to a minimum.

In summary, the challenge of delivering service within the resources available in the face of growing need is immense. However, when the invaluable resources of the many thousands of volunteers and supporters are taken into account, the picture changes. The challenges and opportunities ahead are substantial as we strive to deliver our strategic objectives. In summary, in financial terms, our priority is to "further improve our financial stability by establishing secure and predictable income levels and reliably forecasting our income for the next five years."

Reserves

At the end of the financial year 2011 Kids Company's free reserves were in deficit by £10,125, this has reduced from the previous year when the deficit was £32,464. The Trustees are taking all steps to redress the situation and it is expected that the free reserves will be in surplus by the end of 2012.

Investment Policy

The trustees have considered that the most appropriate policy at present is to maintain all surplus funds in the form of bank deposits. This policy is kept under review, having regard to the level of funds available.

Risk Review

Internal controls over all forms of income, assets, commitment and expenditure continue to be refined to improve efficiency. Performance is monitored and appropriate management information is prepared and reviewed regularly by the Finance Committee. The charity currently produces an annual budget and reports monthly against that budget, requiring senior management to comment on variances and outline corrective action. Updated financial forecasting is undertaken during the year to reflect changes in the operating environment and their impact on income and expenditure.

The Governance Committee of the Board of Trustees meets at least eight times a year and its remit includes clinical governance, training, education, staff development and risk assessment. The Governance Committee has delegated authority from the board to ensure that an active risk management process is in place and forms part of Kids Company's ongoing organisation activity. Clinical risks are managed through the practice of providing therapeutic supervision for all staff in regular contact with children, in addition to line management. The principal risk facing the charity is the uncertain external economic environment. The trustees confirm that they have identified and fully understand the risks to which the charity is subject and that systems are in place to manage these risks.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without negative discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the charity. Where a current employee or volunteer becomes disabled due to illness or injury the charity, wherever possible and reasonable, will provide assistance with rehabilitation, adaptation to premises, modification of equipment, provision of special aids, job restructuring, retraining and/or redeployment opportunities.

Employees

Kids Company is lucky to have an exceptional team of dedicated staff, whose support has been invaluable in navigating through these challenging economic times. Throughout 2011, Kids Company made great efforts to ensure employees were kept informed about and involved in the direction of the charity. Kids Company operates a flat management structure: all staff members have access to senior management and communication is direct and mutually respectful. Kids Company holds regular all-staff meetings to ensure staff members are kept up-to-date on the charity's progress and development. Employees are free to make suggestions at any time and, in fact, a staff survey was carried out in 2011 to ensure employees were happy and that any concerns were addressed in a timely and thorough manner.

In 2011, a new intranet was established to communicate and share information including news and forthcoming events. The intranet also contains our core policy and procedure documents for staff members to access. This is a shared resource, where staff members can input suggestions, book meetings and complementary therapy sessions, and communicate with each other.

Statement of Trustees' Responsibilities

Company and charity law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements the trustees have:

- selected suitable accounting policies and applied them consistently
- observed the methods and principles in the Charities SORP
- made judgements and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the charity will continue in operation)



The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

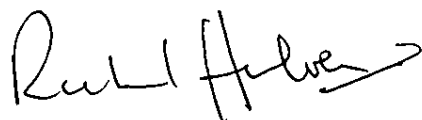
We, as the directors of the charity who held office at the date of approval of these financial statements as set out on page 2, each confirm, so far as we are aware, that

- there is no relevant audit information of which the charity's auditors are unaware, and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The charity undertook a tendering exercise and, as a result, has appointed new auditors. Kingston Smith LLP have expressed their willingness to continue as auditors for the next financial year.

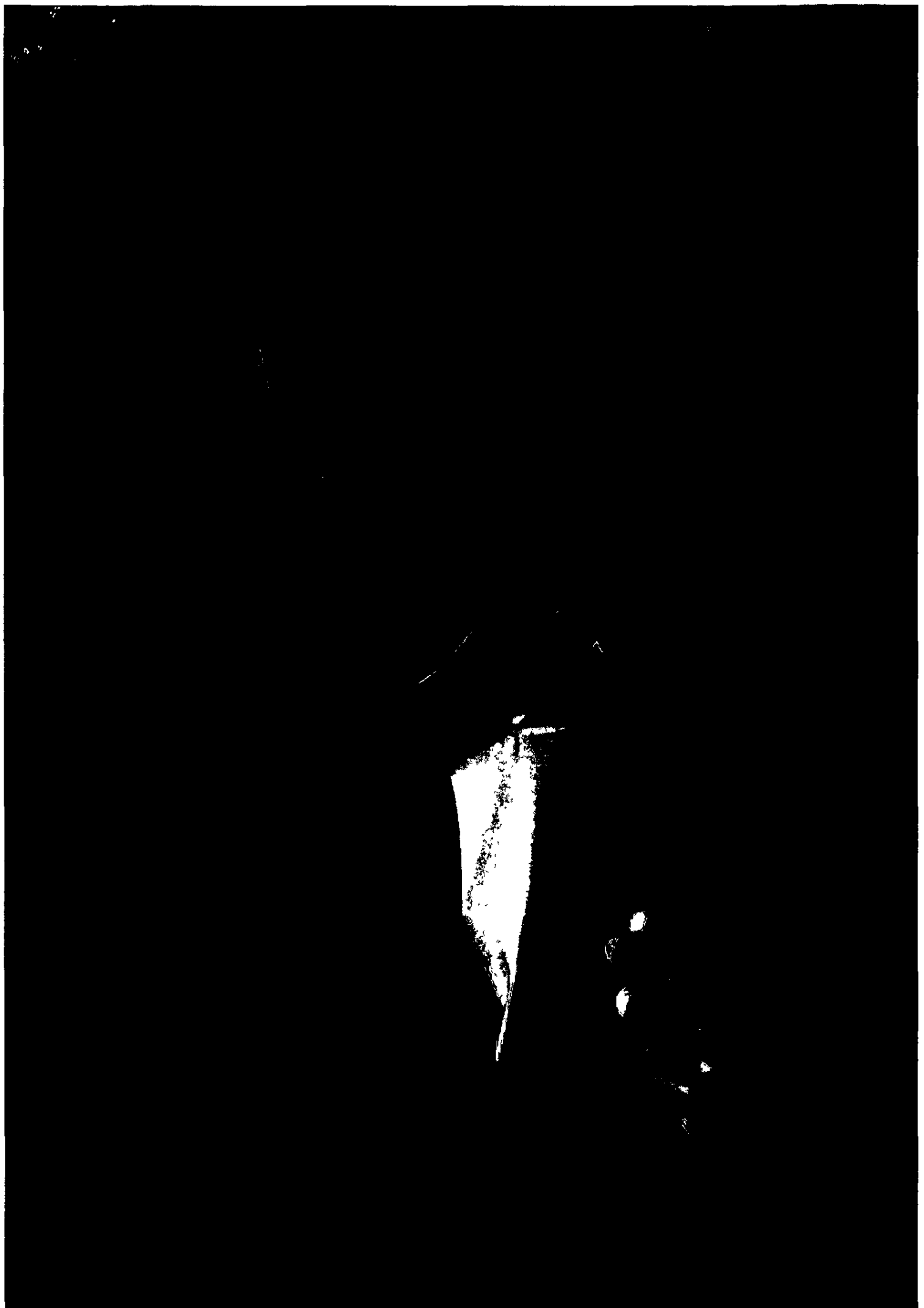
This report was approved and authorised for issue by the trustees on 20th September 2012 and signed on their behalf by



Richard Handhover
Deputy Chair

Date 20th September 2012





AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEEPING KIDS COMPANY (REGISTERED COMPANY NO 03442083)

We have audited the financial statements of Keeping Kids Company for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement 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).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report 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 the charitable company's affairs as at 31 December 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

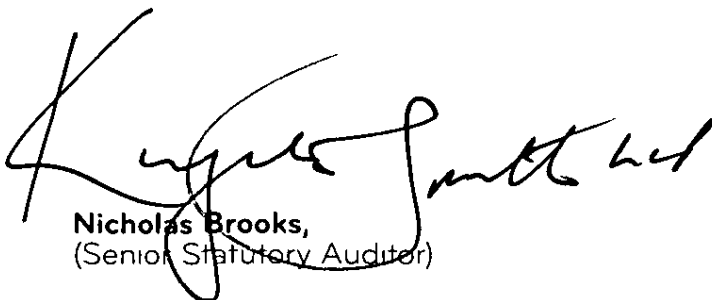
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report 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 trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report



Nicholas Brooks,
(Senior Statutory Auditor)

Date 28th September 2012

Kingston Smith LLP
Devonshire House
60 Goswell Road

for and on behalf of Kingston Smith LLP, Statutory Auditor
London EC1M 7AD





KEEPING KIDS COMPANY

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	8,044,004	1,525,507	9,569,511	8,092,712
Activities for generating funds	3	801,714	-	801,714	1,072,171
Investment income	4	570	-	570	370
Incoming resources from charitable activities	5	5,255,193	-	5,255,193	5,067,053
TOTAL INCOMING RESOURCES		14,101,481	1,525,507	15,626,988	14,232,306
RESOURCES EXPENDED					
Costs of generating funds	7	1,221,826	50,000	1,271,826	1,302,962
Costs of charitable activities	8				
Arches II-Kenbury Centre		5,100,432	374,762	5,475,194	4,720,124
Urban Academy		3,198,720	39,280	3,238,000	3,131,949
Camden		1,658,683	533,483	2,192,166	1,869,865
Schools		2,044,577	88,400	2,132,977	1,719,594
Special Projects		635,737	479,884	1,115,621	1,380,245
		12,638,149	1,515,809	14,153,958	12,821,777
Governance costs	9	32,961	-	32,961	42,846
TOTAL RESOURCES EXPENDED	10	13,892,936	1,565,809	15,458,745	14,167,585
NET INCOME / (EXPENDITURE)		208,545	(40,302)	168,243	64,721
TOTAL FUNDS AT 1 JANUARY 2011		41,500	40,302	81,802	17,081
TOTAL FUNDS AT 31 DECEMBER 2011		£250,045	£Nil	£250,045	£81,802

The annexed notes form part of these financial statements



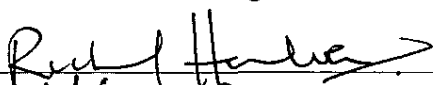
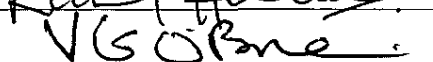
KEEPING KIDS COMPANY

Company Registration Number 03442083

BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	15		260,170		73,964
CURRENT ASSETS					
Debtors	16	1,710,436		961,443	
Cash at bank and in hand		1,010,039		432,344	
		2,720,475		1,393,787	
CREDITORS amounts falling due within one year					
	17	(2,730,600)		(1,385,949)	
NET CURRENT ASSETS/(LIABILITIES)			(10,125)		7,838
TOTAL ASSETS LESS CURRENT LIABILITIES			250,045		81,802
NET ASSETS/(LIABILITIES)			250,045		81,802
FUNDS					
Restricted funds	19		-		40,302
Unrestricted funds					
Designated funds	19	260,170		73,964	
General fund	19	(10,125)		(32,464)	
			250,045		41,500
			250,045		81,802

The financial statements were approved, and authorised for issue, by the trustees on 20th September 2012 and signed on their behalf by

 RICHARD HANDOVER (DEPUTY CHAIR)
 VINCE O'BRIEN (TRUSTEE)

The annexed notes form part of these financial statements



KEEPING KIDS COMPANY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Net cash flow from operating activities	24	980,461	312,427
Returns on investments and servicing of finance		102	(1,108)
Capital expenditure (purchase of tangible fixed assets)		(242,373)	(40,607)
INCREASE IN CASH IN THE YEAR		738,190	270,712
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH BALANCES			
For the year ended 31 December 2011		£	£
Increase in cash for the year		738,190	270,712
Net cash balances at the start of the year		271,849	1,137
Net cash balances at the end of the year		1,010,039	271,849



The annexed notes form part of these financial statements





KEEPING KIDS COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities SORP (Statement of Recommended Practice "Accounting and Reporting by Charities (published February 2005)") and the Companies Act 2006

The effects of events relating to the year ended 31 December 2011 which occurred before the date of approval of the financial statements by the trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2011 and the results for the year ended on that date

Company status

Keeping Kids Company is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Where expenditure has been incurred against future secured restricted funds a deficit balance may temporarily arise. To the extent that such balances will be reversed, with reasonable certainty by income secured but not yet receivable, a deficit balance may be carried in the balance sheet.

Income tax recoverable

Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable. Income tax reclaimed on donations from individuals is included as unrestricted unless the donor requests that it is also restricted as part of the donation.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

All incoming resources, including donations, are included in the Statement of Financial Activities based upon the stipulations made by the donor or provider of that income.

Any income which is deferred is deferred based upon the accruals concept. The charity accepts money from corporate supporters to cover the costs of volunteer activities carried out by the supporter's employees. As the companies are not receiving any benefit themselves, this is treated as voluntary income.

Gifts in kind donated for distribution are included at market value which we believe represents value to the charity and recognised as income when they are distributed. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately on the basis of number of staff (full-time equivalents) allocated to the activities. Governance costs include the costs of servicing trustees' meetings, audit and strategic planning.

As the charity is not VAT registered, all costs are shown as inclusive of VAT.



Research Expenditure

All research expenditure is written off when incurred

Operating leases

Payments under operating leases are charged to the statement of financial activities over the period in which the cost is incurred

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	Straight line basis over 3-5 years
Motor vehicles	Straight line basis over 5 years
Leased equipment	Straight line basis over period of lease
Capitalised building costs	Straight line basis over period of lease

2 VOLUNTARY INCOME

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Individuals	2,945,397	131,790	3,077,187	2,017,861
Trustees	78,025	-	78,025	51,250
	3,023,422	131,790	3,155,212	2,069,111
Trusts and foundations	3,159,789	1,104,572	4,264,361	2,789,527
Corporate	923,453	289,145	1,212,598	2,287,612
Gifts in kind (Note 6)	932,861	-	932,861	946,362
Other	4,479	-	4,479	100
	£8,044,004	£1,525,507	£9,569,511	£8,092,712

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Universities placement fees	49,504	-	49,504	32,800
Corporate and events	735,654	-	735,654	1,035,564
Income from lectures and conferences	16,556	-	16,556	3,807
	£801,714	£Nil	£801,714	£1,072,171

4 INVESTMENT INCOME

	2011 £	2010 £
Interest receivable from		
Cash at bank	£570	£370



5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Central Government	4,667,669	-	4,667,669	4,481,792
Local Government	211,366	-	211,366	260,435
Schools therapeutic support	376,158	-	376,158	324,826
Social services	-	-	-	-
	£5,255,193	£Nil	£5,255,193	£5,067,053

The charity received a Youth Sector Development Fund Grant of £4,667,669 for 2011 (and £4,481,792 in 2010). This was spent supporting identified young people based at both the Arches II Kenbury Centre and the Urban Academy.

6 GIFTS IN KIND

The charity receives a number of gifts in kind and gifts in service each year. Gifts in kind in the form of second-hand donated goods were valued with second-hand resale values, all new donated goods in kind were valued per the suggested value from the donors or per equivalent value from suitable catalogues.

Gifts in service were valued per written advice from the service companies, premises provided rent free were valued by the landlord on the basis of their commercial rental value. Professional gifts in kind (e.g. legal services) have been valued on a reasonable basis and included as income for the year. The Financial Statements have included an aggregate value of £932,861 (2010: £946,362). Under the Statement of Recommended Practice 2005 ("Accounting and Reporting by Charities" (published 2005)) these costs have been included in both incoming and outgoing resources.

In addition, the charity receives significant assistance from volunteers, which is not reflected in the financial statements. The Trustees' Report refers to the value of this time.

7 COSTS OF GENERATING FUNDS

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Staff costs	533,634	50,000	583,634	582,761
Fundraising costs	598,474	-	598,474	631,209
Allocation of support costs	89,718	-	89,718	88,992
	£1,221,826	£50,000	£1,271,826	£1,302,962

Types of activities include campaigns, challenge events, fundraising auctions.

8 COSTS OF CHARITABLE ACTIVITIES

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Staff costs	7,616,875	1,026,273	8,643,148	7,909,887
Direct costs	3,480,506	489,536	3,970,042	3,597,434
Support costs	1,540,768	-	1,540,768	1,314,456
	£12,638,149	£1,515,809	£14,153,958	£12,821,777



9 GOVERNANCE COSTS

	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Staff costs	3,913	-	3,913	3,799
Auditors' remuneration - statutory audit	26,570	-	26,570	36,000
Support costs	2,478	-	2,478	3,047
	£32,961	£Nil	£32,961	£42,846

10 RESOURCES EXPENDED

	Staff costs £	Direct costs £	Support costs £	Total 2011 £	Total 2010 £
Arches II - Kenbury Centre	2,932,616	1,943,372	599,206	5,475,194	4,720,124
Urban Academy	1,733,960	1,220,551	283,489	3,238,000	3,131,949
Camden	1,519,609	379,551	293,006	2,192,166	1,869,865
Schools	1,629,206	258,063	245,708	2,132,977	1,719,594
Special Projects	827,757	168,505	119,359	1,115,621	1,380,245
Total charitable expenditure	8,643,148	3,970,042	1,540,768	14,153,958	12,821,777
Costs of generating funds	583,634	598,474	89,718	1,271,826	1,302,962
Governance costs	3,913	26,570	2,478	32,961	42,846
Support costs	819,470	813,494	(1,632,964)	-	-
	£10,050,165	£5,408,580	£Nil	£15,458,745	£14,167,585

Details of costs of generating funds and governance are given respectively in Notes 7 and 9. Support costs are apportioned to different projects in proportion to the number of staff (full-time equivalents) attributable to those activities.

11 SUPPORT COSTS

	2011 £	2010 £
Staff	819,470	620,079
Premises	370,992	370,034
Depreciation	56,167	61,862
Interest payable on overdrafts	468	1,478
Other	385,867	353,042
	£1,632,964	£1,406,495



12 STAFF NUMBERS AND COSTS

	2011 £	2010 £
Wages and salaries	7,318,258	6,511,497
Social security costs	716,372	635,569
Recruitment	29,098	20,063
Training	72,792	71,056
Youth workers, therapists, practice teachers and special project workers	1,383,800	1,365,071
Supervision consultants	496,313	470,630
Termination payments	-	-
Other costs	33,532	42,640
	£10,050,165	£9,116,526
The average weekly number of employees, calculated as full time equivalents, during the period was	Number	Number
Costs of generating funds	181	104
Charitable expenditure	3108	2327
Governance costs	05	05
	3294	2436

Two employees received remuneration of more than £60,000. One received remuneration in the £70,000-£80,000 band (2010-1) and one received remuneration in the £80,001-£90,000 band (2010-1).

13 TRUSTEES

During the year, no member of the Board of Trustees received any remuneration (2010 - £NIL).
No member of the Board of Trustees received reimbursement of expenses (2010 - £NIL).

14 INDEMNITY INSURANCE

During the year £700 (2010 - £1,348) indemnity insurance premium has been paid to indemnify the trustees against damages and legal expenses for mistakes made in the actual running or governance of the organisation.

15 TANGIBLE FIXED ASSETS

	Leased Equipment £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2011	-	189,320	133,578	322,898
Additions	121,190	98,203	22,980	242,373
At 31 December 2011	£121,190	£287,523	£156,558	£565,271
Depreciation				
At 1 January 2011	-	151,793	97,141	248,934
Charge for the year	1,143	35,489	19,535	56,167
At 31 December 2011	£1,143	£187,282	£116,676	£305,101
Net book value				
At 31 December 2011	£120,047	£100,241	£39,882	£260,170
At 31 December 2010	£Nil	£37,527	£36,437	£73,964

16 DEBTORS

	2011 £	2010 £
Trade debtors	54,765	90,005
Donations receivable & Accrued Income	1,469,932	696,110
Other debtors	75,915	39,322
Prepayments	109,824	136,006
	£1,710,436	£961,443

17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Overdrafts	-	160,495
Loans	50,000	150,000
Trade creditors	341,424	57,765
Social security and other taxes	211,237	180,669
Accruals	446,311	593,389
Deferred Income	1,617,033	243,631
Other creditors	64,595	-
	£2,730,600	£1,385,949

Deferred income

Balance at 1 January 2011	243,631	111,968
Amount released to incoming resources	(243,631)	(111,968)
Amount deferred in the year	1,617,033	243,631
Balance at 31 December 2011	£1,617,033	£243,631

18 LOANS

	2011 £	2010 £
The loans are repayable as follows		
Within one year	50,000	150,000

All the loans are unsecured and no interest is payable



19 STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expanded £	Transfers £	Carried Forward £
DESIGNATED FUND					
Fixed Assets Fund	£ 73,964	£242,373	£(56,167)	-	£ 260,170
RESTRICTED FUNDS					
Urban Academy	60,000	10,100	(70,100)	-	-
Positive Experience	-	32,800	(32,800)	-	-
Therapy House	-	200,500	(200,500)	-	-
Social Work	-	30,000	(30,000)	-	-
Kenbury	-	262,731	(262,731)	-	-
Camden	-	517,000	(517,000)	-	-
Schools	-	81,400	(81,400)	-	-
Special needs	(18,902)	37,483	(18,581)	-	-
Christmas	-	47,081	(47,081)	-	-
Special projects	-	20,500	(20,500)	-	-
Volunteers	-	28,690	(28,690)	-	-
Research	(29,161)	32,000	(2,839)	-	-
Administration	-	203,161	(203,161)	-	-
Capital expenditure	-	-	-	-	-
Other	28,365	22,061	(50,426)	-	-
	£40,302	£1,525,507	£(1,565,809)	£Nil	£Nil
SUMMARY OF FUNDS					
Designated Funds	73,964	242,373	(56,167)	-	260,170
General Funds	(32,464)	13,859,108	(13,836,769)	-	(10,125)
	41,500	14,101,481	(13,892,936)	-	250,045
Restricted Funds	40,302	1,525,507	(1,565,809)	-	-
	£81,802	£15,626,988	£(15,458,745)	£Nil	£250,045

Purpose of designated fund

Fixed Asset Fund - The fixed assets of the charity are considered to be not easily realisable. In accordance with SORP 2005, once the funding conditions of the assets have been satisfied, an amount equal to the cost of the assets is transferred to the designated reserve and reduced annually by depreciation. The fund carried forward is equivalent to the net book value of the fixed assets.



Purpose of restricted funds

Urban Academy	Provision of education programmes and staff costs at Sherborne House.
Positive Experiences	Helps to facilitate young people's dreams.
Therapy House	Provides therapy to young people.
Social work	Costs of social workers.
Kenbury	Costs of running the Arches II drop-in centre.
Camden	Provision of educational programmes and staff costs at the Treehouse.
Schools	Provision of support and therapeutic services.
Special needs	Cost of special needs education. This fund is negative at the end of the financial year as the specific grant to meet these costs will be received in 2011
Christmas	Purchase of presents, provision of meals, special outings and extra staff at Christmas time
Special projects	Provision of a music facility and staff and material costs associated with 'Colour a Child's Life'
Volunteers	Cost of managing volunteers resource.
Research	Contribution towards the external evaluation and research. This fund is negative at the end of the year as the donations to cover the research costs are anticipated to be received in 2011.
Administration	Costs of certain central office staff.
Capital expenditure	Cost of acquiring new fixed assets (motor vehicle)
Other	Costs of materials and staff associated with various smaller programmes.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
	Designated Funds 2011 £	General Funds 2011 £			
Tangible fixed assets	260,170	-	-	260,170	73,964
Current assets	-	2,720,475	-	2,720,475	1,393,787
Creditors due within one year	-	(2,730,600)	-	(2,730,600)	(1,385,949)
Creditors due in more than one year	-	-	-	-	-
	£260,170	£(10,125)	£Nil	£250,045	£81,802

21 OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below

Operating leases which expire	Buildings	Equipment	2011 Total £	2010 Total £
within one year	-	-	-	18,209
within two to five years	320,000	-	320,000	339,908
more than five years	33,000	-	33,000	-
	£353,000	£Nil	£353,000	£358,117



22 RELATED PARTIES

At the year end, no balances were owed to trustees (2010 - £120,000). During the year one of the trustees converted their loan of £20,000 (2010 - £Nil) into a donation. Trustees made, or were associated with, donations in cash or in kind totalling £58,025 (2010-£51,250). An organisation associated with a trustee gave the charity £15,130 (2010 - £Nil). No trustees were reimbursed for expenses. All transactions were made at arms length and full disclosure was made to the trustees of any related party transactions. Two children of a trustee were employed by or contracted to the charity during the year, at aggregate total remuneration of £44,243 (2010 - £51,649). The decision to engage these individuals was taken with full knowledge of the board, which considers their employment to be in the best interest of the charity.

23 GOING CONCERN

As the charity has no endowed funds, the level of activities in the financial year starting 1 January 2012 will depend almost entirely on its ability to secure continuing grant income. Whilst significant grants have been awarded, the organisation continues to grow very fast, and has low reserves relative to its size. The charity's history of delivering the maximum possible charitable objectives with the resources available have often put a strain on the charity's cash flow. The trustees are confident sufficient funding will be secured and are monitoring the situation. The trustees consider that debts will continue to be paid as they fall due.

24 CASH FLOW STATEMENT

	2011 £	2010 £
Net incoming resources	168,243	64,721
Return on investment and servicing of finance	(102)	1,108
Depreciation of tangible fixed assets	56,167	61,862
Disposal of Fixed Asset		7,144
(Increase)/decrease in debtors	(748,993)	902,035
Increase/(decrease) in creditors	1,505,146	(724,443)
Net cash flow from operations	£980,461	£312,427

Analysis of Net Debt	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Cash at Bank and in Hand	271,849	738,190	1,010,039

25 KEEPING KIDS COMPANY ENTERPRISES LTD

In October 2011, Keeping Kids Company Enterprises was created. Due to the immateriality of the few transactions which went through, it was decided under section 405(2) of the Companies Act 2006, that it was not necessary to produce group accounts for 2011. Included in other creditors is an amount due to Kids Company Enterprises for £60,000.



KEEPING KIDS COMPANY

26 MAJOR DONORS

Corporate income

Alta Advisers Limited
Spina Design
American Express
Standard Chartered Bank
Andrew Webster
Taylor Wessing LLP
Andrew Winch Design
Terra Firma Capital Partners Limited
Arcadia Group Plc
This Works Limited
Asos.com Limited
Topshop
Aspen Insurance
Trafigura Limited
Astra Zeneca UK Limited
Trinity Mirror Limited
Autumn Paper Limited
Vaseline
Axa Insurance
William Morris WME
Banya Foster Agency
Workspace Management Limited
Barclays Bank Plc
Barclays Capital
Bb & R Spirits Limited
Belvedere Restaurant Limited
Blackrock International
Bloomberg
Bluebolt Limited
Capital Generation Partners LLP
Circleplane Limited
D Evans & Co Limited
DLA Piper LLP
Driven Worldwide
Esselco LLP
Eversheds LLP
Falcons Parents Association
Harrodian School Parents Committee
Harvey Nichols
Home House Limited
HSBC Graduate Charity Committee
HSBC In The Community
Incisive Media Plc
Jenson8 Limited

Joseph Limited
KMI Brands Limited
Logica UK Limited
M&C Saatchi UK Limited
M&G Investments
Marsh Charities Committee
Mavenck Capital Charities
Merrill Lynch International
Metro Associated Newspapers
Michael O'mara Books
Mitsubishi UFJ Securities International Plc
Morgan Stanley
Multikulturelles Netzwerk
Nina Campbell Limited
Off The Kerb
Orchid Advisory Limited
Peters & Peters Solicitors LLP
Petrofac
PSD Limited
Rabobank International
Radley College
Reed Elsevier
Reiss Limited David Reiss
Sacred River Limited
Sap UK
Science Limited
Skyl P Limited
Societe Generale
Sotheby's

Trust income

Angus Lawson Trust
Artemis Charitable Foundation
Asfari Foundation
BP Amoco Foundation
Comic Relief UK
Cowley Charitable Foundation
Cullum Family Trust
De Winton Trust
Elizabeth & Prince Zaiger Trust
Esmée Fairbairn
General Social Care Council
George Oliver Foundation
Ice Futures Charitable Trust
J Van Mars Foundation
Lake House Charitable Foundation
London Stock Exchange Foundation

MC Trust

Michael Harry Sacher Trust
Mothers4Children
Natasha Foundation
Nomura Charitable Trust
Patricia L E Reed Charitable Trust
Pears Foundation
Roan Charitable Trust
Rothermere Foundation
Russell Commission
Sofronie Foundation
St James's Place
The Addo Trust
The Aim Foundation
The Bryan Adams Foundation
The Drum Trust
The Elizabeth Frankland Moore & Star Foundation
The Hands Trust
The Hearn Foundation
The Holbeck Charitable Trust
The Michael & Melanie Sherwood Charitable Foundation
The Pittsburgh Foundation
The Rosemarie Charitable Trust
The Tom Ap Rhys Pryce Memorial Trust
The Volant Charitable Trust
The Waterloo Foundation
The Westminster Foundation
The William Wates Memorial Trust
Trafigura Foundation
The Addo Trust
Venture Partnership Foundation
Virgin Unite Foundation
Vodafone Foundation
White Stuff Foundation

Individuals income

A D'Offay
A Reynolds
B & C Linden
B & R Pinchbeck
B Gill
C Allen
C De Wavrin

D Finkler
D Laender
D Mickler
E F Dunphy Esq & L M Dunphy
F Issam And T Fares
F Robinson
F W Salway & S Salway
G L & H M Martin
H Branson
H M Parr
H McGrath
I E & J A Barlow
J & B Lupton
J Clarke
J Davie
J F Dereg
J Spers
M Curtis
M Fleming
M S Haggiag
N Bowers
P B & H J Moorhead
P Brakspear
P G Davies & Dr G R Davies
P Healy & I Georgeaux
P Hinsel
P Walsh
P Whitehouse
P Whittaker
R Airey
R North
R Odey
S Pevsner
S & B Roden
S Southall
T Astor
T Hincks
T M Gibani
T R Attwood
T Tabatznik
T Whyte



Thank You

The children, staff and trustees of Kids Company would like to express very grateful thanks for the kindness of everyone who donated to Kids Company during 2011.

Without the unceasing support and generosity of our donors, and the commitment of the government through the Youth Sector Development Fund, none of the work described here would have been possible.

We continue to be inspired by the children who seek Kids Company's help and by our incredible supporters.

