

For Registrar

**COMMUNITY FOSTER CARE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

**Company Registered Number : 03719101**

**Charity Commission Reference Number : 1084124**



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**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

**Contents :**

	<b>Page :</b>
Significant Information	1
Trustees' Report	2
Auditors' Report	3
Statement of Financial Activities	4
Balance Sheet	5
Notes	6– 11

**LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees/Directors :	V O'Connor J McLaughlin M Wilkinson F White R McDowell (appointed 18-04-06) J Needham (appointed 09-06-06) D Organ (appointed 03-06-06)
Secretary :	S Jacoby (resigned 01-02-06) J Tucker (appointed 01-03-06)
Senior Management Team	Miss S Jacoby, Chief Executive (resigned 1.2.06) Mr J Qualtrough, Interim Chief Executive (appointed 14.3.06)
Auditors :	Little & Company 45 Park Road Gloucester GL1 1LP
Bankers :	HSBC plc 109 Bath Road Cheltenham Glos.
Solicitors :	Bretherton Price Elgood St. Jame's House St. Jame's Square Cheltenham. GL50 3PR
Registered Office :	Twigworth Court Business Centre Tewkesbury Road Gloucester GL2 9PL
Charity Registration Number :	1084124
Company Registration Number :	03719101

**Year ending 31<sup>st</sup> March 2006**

The Trustees presents its report and audited financial statements for the year ended 31<sup>st</sup> March 2006.

## **Structure, Governance and Management**

### Governing Document

The organisation is a charitable company limited by guarantee, incorporated on the 24.2.1999 and registered as a charity on 15.12.2000. The company was established under a Memorandum of Association which established the objectives and powers of the charitable company and is governed under its Article of Association.

### Recruitment and Appointment of Trustees

The directors of the company are also trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association, the Trustees are elected to serve for a period of three years after which they must be re-elected at the next AGM

Mr J McLaughlin offered himself for re-election at the AGM held in January 2006 and was re-appointed.

Much of the charity's work focuses upon children and young people and the Board of Trustees have sought to ensure that the needs of this group are appropriately reflected through the diversity of the body. A foster carer is elected annually to represent the views of the carers.

The more traditional business skills are well represented on the Board of Trustees.

### Trustee Training

An annual training programme for all Trustees is set up to enable current and prospective Trustees to familiarise themselves with all aspects of the Company and the context within which it operates.

This is provided for by Senior Managers Ltd and covers:

- The obligations of Trustees
- The main documents which set out the operational framework for the charity including the Memorandum and Articles and the National Care Standards.

### Risk Management

All of Community Foster Care's policies and procedures are updated annually.

In addition to this, a risk assessment is obtained on all children before placing with foster carers. Our matching policy then ensures that we are able to minimize any risk posed by challenging children and our carers.

All personnel who are likely to have unsupervised contact with foster children are subject to an enhanced Criminal Record Bureau check.

Procedures are in place to ensure compliance with the health and safety of staff, volunteers, carers and visitors.

### Organisational Structure

Community Foster Care has a board of up to 8 Trustees who meet at least 6 times a year and are responsible for the strategic direction of the company. The Senior Management team also attends Trustee meetings but have no voting rights.

The day to day responsibility for the provision of the services rests with the Chief Executive along with the Senior Management Team. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performances are met. The Operations Manager is responsible for the day to day running of the social work side of the charity and the Financial Manager is responsible for the financial aspects of the charity.

### **Objectives and Activities**

Community Foster Care introduced an innovative approach to the recruitment of foster carers. Potential foster carers are targeted from Gloucestershire and other areas, including socially and economically disadvantaged areas. There are many benefits to this, including bringing regeneration to the region, and keeping children in their familiar environment.

Community Foster Care aims to provide:

- A commitment to a child/young person centred approach.
- High quality care in a family setting for children and young people.
- Respect for the racial, cultural, and religious backgrounds of all the children and young people.
- Care for the disability, gender or sexuality of fostered children during the matching process.
- 24 hour support for foster carers
- Carers who will respect the children's rights in their homes under the UN Convention on Children's rights and not to administer corporal punishment to any child.
- A commitment to the ongoing learning and training of foster carers, including NVQ 3 Caring for Children and Young People.
- A commitment to the ongoing learning and training of all Family Support Workers and Social Workers employed by Community Foster Care and all other support staff.

### **Achievements and Performance**

Community Foster Care provided foster care placements for over 35 children during 2005. We have over 40 approved foster carers who are approved for a wide range of children including disabled, sibling groups, babies and teenagers. We placed children from over 10 different Local Authorities with Gloucester being the main provider of placements

We are regulated by Commission for Social Care Inspection and we are inspected annually. Our last inspection took place on the 16<sup>th</sup> January 2006 and in summary we were deemed to do well in:

- Young people were matched well with carers and introductions were carefully made for the individual children, with well-recorded plans and review of the plan.
- Young people in education were supported well
- Financial matter, including payment to carers is dealt with to the satisfaction of carers and assistance with tax is appreciated
- A rolling programme of training is established with compulsory and specialist training courses planned for the year ahead with day and evening availability.
- The agency has a policy not to place under 5's with carers who smoke. Carers report that they are supported well, with the on call system praised for its availability, advice given and practical support.
- The agency facilitates and supervises contact for young people and their families, often using family link workers known to the young people
- The agency regularly monitor information held on files and pursue placing authorities for missing information.

### **Financial Review**

Against a backdrop of increasing costs to meet the National Minimum Standards and a period of prolonged staff sickness, the company has managed to minimize the operating loss for 2006. The structure for expansion has also been put into place and whilst this has inevitably led to increase costs, the Trustees believe that Community Foster Care is now in a position to expand successfully over the next few years.

No funding was sought through external fund raising with all income coming from contracts with Local Authorities.

### **Investment Policy**

Aside from retaining a prudent amount in reserves each year most of the charity's funds are to be spent in the short term so there are few funds for long term investment.

### **Reserves Policy**

The Trustees have examined the charity's requirements for reserves in light of the main risks to the company. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be between 3 and 6 months of expenditure. Budgeted expenditure for 2006/7 is £498,000 (excluding carers payments) and therefore the target is £124,500 to £249,000 in general funds. These reserves are needed to meet the working capital requirements of the charity and the Trustees are confident that at this level they would be able to continue the current activities of the charity in the event of a significant drop in funding.

### **Plans for the Future Periods**

The charity plans continuing the activities outlined above in the forthcoming years. Plans are also being developed to increase the professional support offered to both carers and the foster children.

Education is a main area that the charity aims to be proactive in helping looked after children reach their potential.

Expansion into Swindon is to continue with the target of at least 10 sets of carers in the area by 2007/8.

## **Responsibilities of the Trustees**

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees should follow best practice

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are prudent and reasonable; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at the time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees 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.

## **Members of the Board of Trustees**

Members of the Board of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1 of this report.

In accordance with company law, as the company's directors, we certify that:

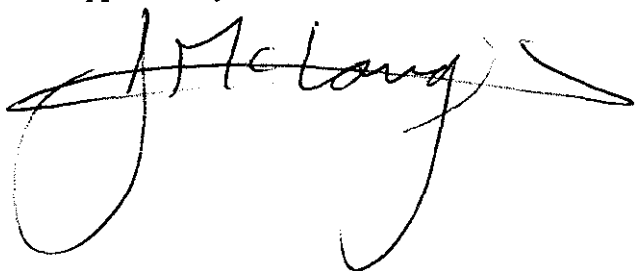
- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's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

## **Auditors**

Little & Co were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice; Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Board of Trustees on 18 January 2007 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. McLang', is written over a horizontal line.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
COMMUNITY FOSTER CARE**

We have audited the financial statements of Community Foster Care for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 trustees and auditors**

The trustees' (who are also the directors of Community Foster Care for the purposes of company law) responsibilities for the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessments of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.




We planned and performed our audit so as to obtain all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from misstatements whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard- Provisions Available for Small Entities, in the circumstances set out in note 15 to the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Little & Company  
Chartered Accountants  
Registered Auditors  
45 Park Road  
Gloucester

**Date 19 January 2007**

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2006

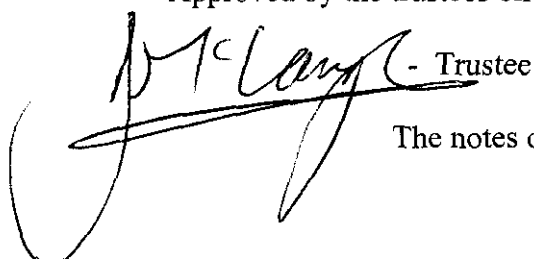
		General Funds £	Restricted Funds £	Total 2006 £	2005 £
	<u>Note</u>				
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary Income		-	-	-	-
<b>Incoming resources from Charitable activities</b>					
Local Authority Contracts	2	1,104,787	-	1,104,787	948,931
<b>Activities to Generate Funds</b>					
Investment income					
-Bank interest received		7,121	-	7,121	6,860
Room hire		11,164	-	11,164	11,849
Other incoming resources		12,624	-	12,624	17,747
<b>Total incoming resources</b>		<u>1,135,696</u>	<u>-</u>	<u>1,135,696</u>	<u>985,387</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating funds	3	18,714	-	18,714	55,769
Charitable Activities	3	1,103,936	-	1,103,936	928,795
Governance costs		20,928	-	20,928	7,118
<b>Total resources expended</b>		<u>1,143,578</u>	<u>-</u>	<u>1,143,578</u>	<u>991,682</u>
<b>Net incoming resources</b>		(7,882)	-	(7,882)	(6,295)
<b>Net movement in funds</b>		<u>(7,882)</u>	<u>-</u>	<u>(7,882)</u>	<u>(6,295)</u>
Total funds brought forward		343,158	-	343,158	349,453
<b>Total funds carried forward</b>		<u>335,276</u>	<u>-</u>	<u>335,276</u>	<u>343,158</u>

## BALANCE SHEET AS AT 31 MARCH 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	7	27,205	30,105
<b>CURRENT ASSETS</b>			
Debtors	8	130,309	119,426
Cash at bank and in hand		<u>207,568</u>	<u>219,886</u>
		<u>337,877</u>	<u>339,312</u>
<b>CREDITORS : Amounts falling due within one year</b>	9	29,806	26,259
<b>NET CURRENT ASSETS</b>		<u>308,071</u>	<u>313,053</u>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>		<u>335,276</u>	<u>343,158</u>
<b>CREDITORS : Amounts falling due after one year</b>		-	-
<b>PROVISION FOR LIABILITIES AND CHARGES</b>		-	-
		<u>335,276</u>	<u>343,158</u>
<b>FUNDS</b>			
General fund		335,276	343,158
Restricted funds		-	-
		<u>335,276</u>	<u>343,158</u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005) on the basis that the company qualifies as a small company.

Approved by the trustees on 18 January 2007 and signed on their behalf by :

 - Trustee

- Trustee

The notes on pages 6 to 12 form part of these accounts.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

## 1. ACCOUNTING POLICIES

**Basis of preparation.** The financial statements have been prepared under the historical cost convention, and in accordance with the provisions of the Companies Act 1985, the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" (2005) and The Financial Reporting Standard for Smaller Entities (effective June 2005).

**Fund accounting.** General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which may 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.

**Income.** All incoming resources are included in the SOFA when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Where the Charity receives the benefit of discounts, special rates and donated services, such items are included in the Statement of Financial Activities at the Trustees' valuation. Where the Charity also receives the benefit of work carried out by volunteers, without charge, no value is placed on these items for accounting purposes.

**Resources expended.** All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management. Governance costs are those incurred in connection with the compliance with constitutional and statutory requirements.

**Depreciation.** Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost over their expected useful economic lives as follows:

Fixtures and fittings	25% on net book value
Office equipment	25% on net book value

**Operating leases.** Rentals for assets under operating leases are charged to the profit and loss account in the period to which the expenditure relates.

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 MARCH 2006

## 1. ACCOUNTING POLICIES Continued..

**Taxation.** As a registered charity, Community Foster Care is generally exempt from Income Tax and Capital Gains Tax so far as it relates to its main charitable objective but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates.

**Pensions.** The charity operates a defined contribution pension scheme. The contributions payable to the scheme are charged against the profit and loss account in the accounting period in which they arise.

## 2. INCOMING RESOURCES

	General Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
<b>Incoming resources from</b>				
<b>Charitable Activities</b>				
<b>Local Authority Contracts</b>				
Cardiff Social Services	190,595	-	190,595	176,045
Swindon Social Services	45,695	-	45,695	19,511
Gloucester County Council	366,586	-	366,586	400,236
Bristol Social Services	63,123	-	63,123	62,303
Leicester Social Services	111,147	-	111,147	111,091
Walsall Social Services	50,613	-	50,613	-
North Wiltshire Social Services	7,534	-	7,534	-
Coventry Social Services	51,144	-	51,144	-
Plymouth Social Services	97,481	-	97,481	88,047
South Gloucestershire Social Services	22,174	-	22,174	26,039
Cheltenham Social Services	15,580	-	15,580	-
Independent Fostering	3,273	-	3,273	117
Birmingham Social Services	29,569	-	29,569	29,975
Lewisham Social Services	50,273	-	50,273	19,397
North Somerset Social Services	-	-	-	567
Northampton County Council	-	-	-	2,063
Torean Social Services	-	-	-	13,540
	<u>1,104,787</u>	<u>-</u>	<u>1,104,787</u>	<u>948,931</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

## 3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs (note 4)	Depreciation (note 7)	Other costs (note 5)	Support costs	Total 2006	Total 2005
	£	£	£		£	£
<b>Charitable activities</b>						
The provision of foster care.	206,513	6,825	716,815	173,783	1,103,936	928,795
<b>Cost of generating funds</b>						
Fundraising and publicity	-	-	18,714	-	18,714	55,769
<b>Governance</b>	-	-	20,928	-	20,928	7,118
<b>Total resources expended</b>	<u>206,513</u>	<u>6,825</u>	<u>756,457</u>	<u>173,783</u>	<u>1,143,578</u>	<u>991,682</u>

## 4. STAFF COSTS:

	Directly charitable £	Support costs £	2006 Total £	2005 Total £
Wages and salaries	168,831	85,333	254,164	213,878
Pension costs	17,477	5,197	22,674	21,562
Social Security costs	20,205	6,008	26,213	21,559
	<u>206,513</u>	<u>96,538</u>	<u>303,051</u>	<u>256,999</u>

Directors remuneration	<u>£-</u>	<u>£-</u>
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The average number of employees was	<u>10</u>	<u>9</u>
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No employee earned £60,000 per annum or more.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

## 5. OTHER COSTS

	Directly charitable	Support costs	Fund raising & publicity	Govern- ance	2006 Total	2005 Total
	£	£	£	£	£	£
Foster carers costs	584,183	-	-	-	584,183	461,000
Insurance- Carers	10,803	-	-	-	10,803	7,051
Respite care	6,528	-	-	-	6,528	18,145
Children's care & activities	5,349	-	-	-	5,349	6,791
Travel and subsistence	6,696	1,948	-	-	8,644	18,305
Staff training	7,525	2,238	-	-	9,763	12,842
Sessional staff	7,683	438	-	-	8,121	12,961
Premises expenses	38,130	12,140	-	-	50,270	39,730
Printing postage & stationery	10,288	3,059	-	-	13,347	7,726
Telephone	5,339	1,587	-	-	6,926	11,980
Legal, professional, & consultancy	-	32,226	-	17,610	49,836	29,476
Accountancy & Audit	-	-	-	3,318	3,318	2,938
Miscellaneous	14,152	17,619	-	-	31,771	25,970
Subscriptions	5,036	1,498	-	-	6,534	5,590
Equipment maintenance	8,282	2,463	-	-	10,745	6,620
Advertising & promotion	-	-	18,714	-	18,714	55,769
Bad debts	6,821	2,029	-	-	8,850	1,487
	<u>716,815</u>	<u>77,245</u>	<u>18,714</u>	<u>20,928</u>	<u>833,702</u>	<u>724,381</u>

Support costs include the management, administration and overheads necessary to enable the provision of foster care. These costs are therefore included in charitable activities expenditure in the Statement of Financial Activities.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

## 6. MOVEMENT IN TOTAL FUNDS FOR THE YEAR

This is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets (note 7)		
- owned assets	6,825	7,870
Loss on disposal of fixed assets	-	2,432
Operating lease rentals	41,615	32,340
Auditors remuneration	3,000	2,800

## 7. TANGIBLE FIXED ASSETS

	Property Improve- ments £	Office equipment £	Fixtures & fittings £	TOTAL £
<b>Cost or valuation</b>				
At 1 April 2005	6,495	26,136	23,008	55,639
Additions	-	3,346	579	3,925
Disposals	-	-	-	-
At 31 March 2006	6,495	29,482	23,587	59,564
<b>Depreciation</b>				
At 1 April 2005	-	12,146	13,388	25,534
Charge for year	-	4,324	2,501	6,825
On disposals	-	-	-	-
At 31 March 2006	-	16,470	15,889	32,359
<b>Net Book Value</b>				
At 31 March 2006	6,495	13,012	7,698	27,205
At 31 March 2005	6,495	13,990	9,620	30,105

## 8. DEBTORS

	2006 £	2005 £
Trade debtors	102,931	89,211
Other debtors	27,378	30,215
	130,309	119,426



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	13,305	13,719
Payments on account	-	6,553
Other creditors and accruals	7,803	5,987
Social security and other taxes	8,698	-
	<u>29,806</u>	<u>26,259</u>

## 10. STATEMENT OF FUNDS

	At 1 April 2005 £	Income £	Expenditure £	At 31 March 2006 £
<b>Unrestricted Funds</b>				
General fund	343,158	1,135,696	1,143,578	335,276
	<u>343,158</u>	<u>1,135,696</u>	<u>1,143,578</u>	<u>335,276</u>

## 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
<b>Unrestricted Funds</b>	27,205	308,071	335,276
	<u>27,205</u>	<u>308,071</u>	<u>335,276</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

**12. TRUSTEE EXPENSES AND TRANSACTIONS**

The charity paid £851(2005: £901) during the year to reimburse directors'/trustees' travelling and other expenses.

**13. OBLIGATIONS UNDER OPERATING LEASES**

The following payments are committed to be paid within one year:

	2006 £	2005 £
Expiring :		
Between one and five years	41,655	32,340
	<u>41,655</u>	<u>32,340</u>

**14. RELATED PARTY TRANSACTIONS**

The Charity is controlled by its trustees as detailed in page 1.

There were no related party transactions such as are required to be disclosed under the Financial Reporting Standard for Smaller Entities (January 2005).

**15. PROVISIONS AVAILABLE TO SMALL ENTITIES**

In common with many other charities of our size and nature we use our auditors to assist in the preparation of statutory accounts.