



Action

Annual Report
& Accounts
2010/11

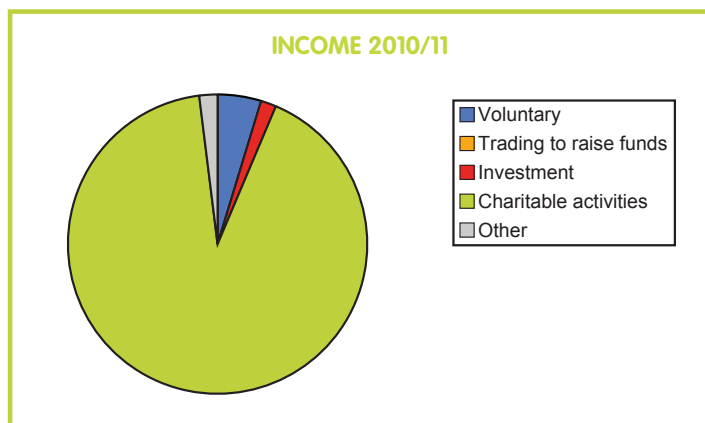
supporting families since 1869

Income & Expenditure Charts

INCOME

£'million

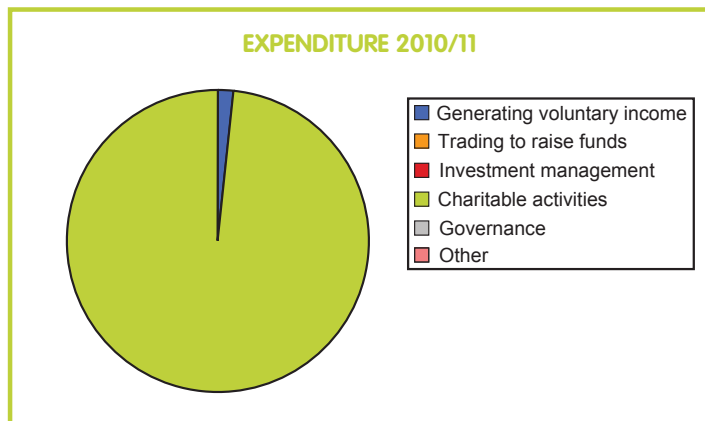
Voluntary	1.044
Trading to raise funds	0.023
Investment	0.337
Charitable activities	20.270
Other	0.413
	<u>22.087</u>



EXPENDITURE

£'million

Generating voluntary income	0.360
Trading to raise funds	0.020
Investment Management	0.019
Charitable activities	22.382
Governance	0.030
Other	0.000
	<u>22.811</u>



ASSETS & LIABILITIES

£'million

Restricted investments and Endowments invested to fund grant programmes	8.966
Fixed assets	0.452
Unrestricted assets	1.575
Restricted assets	6.145
Less : Liabilities	(4.473)
Total net assets	<u>12.665</u>

EMPLOYEES	715
VOLUNTEERS	500

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Introduction

The Trustees of the Charity, who are also the directors of Family Action for the purpose of company law, are pleased to present their report and financial statements for the year ended 31 March 2011. In preparing the annual report and financial statements of the charity, the Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) accounting and Reporting by Charities, 2005.

Our accounts show that the 2010/11 financial year was our most successful to date with us helping 43,000 children and families. In 10 years our income has grown from £3m to £23m and this has been because of investment in services for children and their families and the increase in local authorities contracting out services. Family Action grasped the opportunity to develop preventative and universal services for children and families. At the same time, we have been developing a range of innovative therapeutic services targeted at families with complex and multiple needs, and families with children on child protection plans.

Developing therapeutic services for families with complex needs alongside preventative services has stood us in good stead over the past year. In May 2010 the coalition government was formed and they made it their priority to cut public expenditure to reduce the nation's budget deficit. In their emergency July budget they cut several central government funding streams and set out the government's target budget reductions for the next three years. In mid-December local government, our main funders, were notified of their financial settlements and these required deeper cuts to be made in 2011/12. As a result of the cuts, we spent from January to March restructuring some services with reduced income and closing others.

Sometimes quick cuts are bad cuts but in our experience the statutory agencies were prepared. In order to retain children's centres, and services targeted at vulnerable families and children on child protection plans, our funders have all cut preventative services. At Family Action we have retained all our core family support services and children's centres as well as our mental health services. We have also maintained our geographical reach.

The cuts to funding streams affected preventative services that were attached to our core services. We had developed these to meet local need. They ranged from domestic abuse projects, cook and eat clubs and volunteer organiser posts, through to play-schemes and after-school clubs. Sadly, these were examples of The Big Society in action with many volunteers contributing their knowledge and experience to help others in their communities. Many of our volunteers were former service users who used the experience of volunteering to rebuild their confidence and self-esteem and to develop skills for the workplace.

The cuts were swift and deep, but despite this Family Action has survived the cuts and has emerged in a strong position. Our comprehensive financial planning and management plans meant we were prepared; we contained costs and came through the cuts without the need to draw on our general reserves. Our head office expenditure was cut in line with service reductions: we had planned for this by investing in improved systems and preparing to undertake tasks differently.

Making cuts and restructuring services is a bleak activity when you know that service users will pay the price. We also had to make loyal, hard working and experienced staff redundant and we thank them for their immense contribution. At times like this all you can do is to do what you have to do sensitively and well. This we achieved. The Trustees extend their heartfelt thanks for the hard work and long hours put in by Regional Managers and the staff in our Human Resources department. They would also like to thank the senior managers for steering the charity through these challenging months.

Launched campaign Against all Odds – 55 MPs signed Early Day Motion

Introduction

Now we must look to the future and there are some positive messages. The Government's policy agenda for children and families is beginning to emerge and the early indications are positive ones for Family Action. They suggest children's centres should go back to the foundations of Sure Start – a policy we support since the centres will have a greater focus on supporting the whole family. Families with complex needs remain at the heart of the Government's agenda and the Frank Field, Munro and Allen Reviews, commissioned by the Government and published in the spring of 2011, are central to our work. Research has demonstrated the impact of our services with improved outcomes for children. In 2010, the Building Bridges service was accredited by C4EO. Our latest research, externally evaluated by Mary Macleod OBE, continues to demonstrate positive outcomes for children and their parents who use our home based family support services.

We recognise that the environment remains volatile and we have prepared for this by adopting a two-year strategy. Our first commitment is to seek opportunities for new services. Last year we created our Business Development Unit to improve the quality of our tenders and help us respond to new opportunities. The commissioning environment is very competitive and many tenders favour the big providers, but we are competing by submitting excellent bids. We have also reviewed our services in line with emerging policy changes.

Our second commitment is to continue to invest in our Workforce Development Strategy and our monitoring and evaluation work because these are vital to the quality of our services. Thirdly, the Trustees have agreed the continued funding of our policy and campaigning activities. They have been a great success in 2010/11 and we have significantly increased our media coverage and created far more opportunities to influence policy makers in Government and Whitehall. Campaigning has been at the heart of our charity since our foundation in 1869 and we are determined to voice our concerns about the impact of policy change on our service users. It is our view that the poorest and most vulnerable members of our society should not pay a disproportionate price for the country's economic recovery. The Trustees have been proud of the work of our small policy and campaigns team over the past year.

In conclusion, we may be a little smaller but we remain a strong and vibrant charity. Trustees and staff alike are positive about our future and our ability to continue to provide innovative and creative services for families. We will finish with some good news. We achieved our ambition of becoming a truly England-wide provider of services on June 1st when we opened our first service in the North East.

Helen Dent CBE
Chief Executive

Gillian Keene
Chair of Trustees

Family Action today

Family Action is committed to working with vulnerable children and their families, as well as supporting individuals in need through our adult mental health, trustee and grant-making services.

Our vision: Our vision is that all families are free from disadvantage and social isolation. We believe that most families have the strength to overcome their difficulties – no matter how complex.

Mission: Combining practical, emotional and financial help, we support each family according to their needs. We use this experience to campaign for a society free from disadvantage and social isolation.

Values:

We work **holistically** with families in the heart of their communities.

We are **resourceful** and cost effective.

We take **action** and campaign on what we believe.

We work **collaboratively** with families, our staff and partner organisations.

We are **innovative** and adapt to changing needs.

We **empower** families by building on their strengths.

Key activities – what we offer

Family Action has a long tradition of identifying gaps in service provision and creating new models of service to meet need. We pride ourselves in taking a holistic, ‘bigger picture’ approach to working with families. We believe that most adults and children are best supported in the context of their family, and families are best supported in the context of their wider community.

Our frontline services are located in all nine English regions, where we offer a range of tailored interventions to meet the needs of local communities:

- We provide services, including parenting programmes and one to one support, to families in their own homes, as well as through schools, Childrens Centres and our own service bases.
- Our mental health services are unique in working with both adults who are experiencing mental health difficulties and with their children – ensuring both get the support they require.
- We support families who are currently experiencing, or who have in the past experienced, domestic abuse. We deliver a range of services, providing practical and emotional support.
- Family Action works with young carers and their families. We provide in-home support for families affected by parental learning disabilities.
- In partnership with local health services, we support individuals and families to tackle the social problems that often underpin medical referrals, such as housing, benefits and relationship issues.

Our central office, in East London, is the administrative heart of the organisation and also hosts our grants, deputy and trustee services. Last year Family Action provided nearly £700,000 through our grants programme to individuals and families in need, assisting with essential items such as beds, cookers and children’s shoes. We provided Deputy Services on behalf of the Court of Protection to around 60 clients who lacked mental capacity. We also provide trustee services on behalf of the Criminal Injuries Compensation Authority and the Motor Insurance Bureau.

“What I like about Family Action is too many people come with problems, it’s great to hear from people with solutions... and you have a great track record of how those solutions really do work”
Tim Loughton MP, Parliamentary Under Secretary of State for Children and Families

Highlights of the year

- We have become truly England-wide with the Durham contract for young carers that started on 1st June 2011.
- We have our first advocacy service for children in care
- We managed the cuts process well by looking after the loyal and talented staff that we had to make redundant in the best way we could, avoiding disputes and containing our costs
- During three months of gruelling cuts our staff worked hard, maintained services for their users – and remained determined to carry on imaginatively and creatively responding to the individual needs of the families we work with. They truly are the strength of Family Action
- We developed a workforce strategy
- We delivered and trained staff in monitoring and evaluation, including implementing the Family Outcome Star and completing the third Building Bridges Evaluation
- We migrated all our projects onto our IT platform; our intranet is up and running; we have joined up systems to start to streamline administrative processes
- We have, admittedly rather belatedly, joined the 21st century digital marketing age and are happily blogging, tweeting, 'facebooking' and putting clips on YouTube
- Media coverage is now extensive in the trade and national press, on radio and TV and we are mentioned almost daily.
- Our campaigning and advocacy has taken off and we have led the field on aspects of the changes to housing benefits and welfare reform and made a real impact in Parliament and Whitehall
- We have made nearly 2000 grants to families and disbursed nearly £700,000
- We have had 950 hits per week on our Educational Grants Advice Service website. Our website and grant application processes are being improved with a grant from Barclaycard.

We became England-wide on 1st June 2011, when Durham Young Carers service transferred

Our Achievements

This is what we said we would do in the 2010/11 financial year.

1. Develop and review our financial strategy to survive the financial crisis.

This is what we achieved:

It has been a most challenging year for Family Action, because we have had to close or reduce services and make staff redundant because of cutbacks in public expenditure. Family Action has survived the cuts without drawing on general reserves because we had robust financial and management plans in place. These enabled us to implement cuts on time and within budget and reduce head office expenditure in line with the reduction in service income. Our plan also meant that the staff we had to make redundant were treated as well and sympathetically as possible.

At the end of the process, staff and trustees alike felt deeply saddened because it meant that 4000 children and families will not be able to get the service that they need from us and we have had to make 100 loyal, hard-working staff redundant. We hope that since the cuts were front loaded we will not need to make further budget reductions in 2012/13. However, we are preparing contingency plans. We know that any further cuts will mean the loss of services for the most vulnerable families, including children on child protection plans.

This is a summary of the current situation.

We have retained our core early intervention projects with families with complex needs or children on child protection plans – services we provide both in families' own homes and in our children's centres and family centres.

We have lost very little of our mental health services, although cuts in adult services have been greater than in children's. We retain core work across the geographical areas in which we work - except for the London Borough of Lambeth where the voluntary sector bore the brunt of the cuts.

As far as we know, Lambeth is the only authority pursuing this strategy, and it ends a 70 year relationship with Family Action.

We have lost many of our preventative and universal services. The services were a cost effective way of supporting very vulnerable families, but, understandably, our funders in local government focused reduced resources on early intervention and child protection services for the most vulnerable families.

By the end of 2010/11 financial year, we had made 100 staff redundant and about 4,000 families will not be able to access the services they need. Public services are, by and large, focused on the poorest and most vulnerable members of our society and we are concerned that this group are paying a disproportionate price for the economic crisis.

2. Review management and administrative systems to ensure we are as efficient as possible and can focus as many resources as possible on service delivery.

This is what we achieved:

We achieved our objectives of reviewing our human resource and financial systems focusing on the links between the two. The work on streamlining our administration will continue into 2011/12.

We have had to make significant cuts in head office expenditure in line with service reductions. The aim has been to carry out activities differently, not simply to cut posts, so that we can continue to support our services and monitor and maintain their quality. Our head office expenditure includes our investment in campaigning, monitoring & evaluation and research as well as the Business Development Unit. We do not have quite enough funding to meet all these costs and, whilst we are re-focusing our fundraising effort and responding to tender opportunities, Trustees have agreed to draw down on reserves in 2011/12 to meet the additional costs associated with our investment in our future.

We opened our first Advocacy Service for children in care

Our Achievements (continued)

3. Review our strategic plan in terms of examining new opportunities for growth and development.

This is what we achieved:

We have prepared a new strategic plan, geared to growth and to provide the best quality services we can with the resources available. We are now consulting staff on the draft strategy and plan to issue it in October.

It is currently difficult to assess local government actions following the cuts and the decentralisation of finances, policy and decision making to them. In addition, we are only one year into the new government who have been focussing on getting public expenditure under control. They have commissioned reviews of policies that will impact on our work, including reviews from Frank Field MP, Graham Allen MP and Professor Eileen Munro. We are optimistic that there will be new opportunities for Family Action as the government maintains its commitment to families with complex and multiple needs and to vulnerable children.

Owing to the changing funding environment and in a context of policy change, it is likely our plan will be reviewed annually for the next three years. We are placing a greater emphasis in our annual business plans on refocusing our activities and responding quickly to the changing environment in which we work.

4. Implement the fundraising strategy and support it across the organisation.

This is what we achieved:

We have not achieved this in most respects. 2010/11 was an extremely turbulent year for fundraising with our Head of Fundraising moving on and some activities with the major donor and corporate sectors proving challenging in the current climate. Our core fundraising has held up. We are reviewing our strategy and whilst we remain committed to the main principle of our original strategy, we need to focus on what works for us and set more achievable targets.

Our Achievements (continued)

5. Develop a policy and campaigning strategy to aid service development, build relationships with our funders and support the fundraising strategy.

This is what we achieved:

This has been an area of enormous success over the past year. We have invested in the Policy and Campaigns activities and as a result we have been able to:

- Increase our PR and media activity
- Campaign on the impact of proposed legislative changes that we believe will adversely impact on our service users
- Improve communications internally and externally publish research and evaluation activities to raise our profile and achieve policy change

Here is further detail about the work we have achieved:

Communications Strategy: we have developed an integrated communications strategy which brings together the influencing and marketing needs of services, fundraising and policy and campaigns.

Media coverage: we have a good reputation with our funders, individual and commissioners, who all have such admiration for our work – but we are not known to the public and we think the groundbreaking work that we do deserves to be recognised! In the last six months of the year we focused on, and succeeded in, getting more media coverage. We have published reports and our service users have presented items on the news and on documentaries. We have placed articles and comment pieces, as part of our strategy of disseminating our knowledge and evidence about what works to other practitioners in a wide range of professional journals.

Policy and influencing: we seek to influence policy makers at a local level to support our services; we campaign at a national level on behalf of our service users. We do this by generating reports, meetings with Whitehall officials and Ministers, responding to consultations and inquiries, regular meetings with think tanks, making conference presentations and speeches, as well as through placing stories with political media and social affairs correspondents. We have done far more of all these things in 2010/11. The Trustees would like to thank our very small team of policy and campaign staff for all their hard work over the past year

Moving forward: Strategic objectives for 2011/12

- Focus the organisation on achieving growth by retaining the work we have and seeking new services.
- Keep our strategy and business plans under review so that we are responsive to new policy directions, including localism and the Big Society.
- Refocus our fundraising on what works for us, raising money for service developments that the statutory sector cannot fund.
- Campaign against legislative changes that we believe will adversely impact on our service users and advocate for policy changes.
- Focus on organisational development, including our workforce development strategy, compliance with systems and processes to ensure the safety and quality of our services and streamline our administrative processes to ensure efficiency.
- Consult and implement changes to our pension scheme.

Charity Administration & Financial Review

Governance & Management

Within this section we consider the governance arrangements of the charity. Our aims were to:

Govern the charity responsibly

Our Articles of Association provide that Family Action may have up to 15 Trustees and the present members of the Board are listed in this report. During 2010/11, there were three committees of the Trustee Board – the Audit Committee, the Quality & Performance Committee and the Governance Committee.

The recruitment of Trustees is steered through the Governance Committee, chaired by the Chair of Trustees. We assess the strengths of the board and the skills that we need for effective governance. All Trustees are volunteers and therefore unpaid but are entitled to claim expenses.

Provide effective governance through the Trustee Board and Committees

During 2010/11, the Trustee Board met six times, including two 'Away Days' and held an Annual General Meeting. The Audit Committee and the Quality & Performance Committee both met three times and the Governance Committee met twice.

Family Action decision making framework

The day-to-day management of the charity is delegated to our Chief Executive, Helen Dent. She works within guidelines which set out her delegated authority, called Executive Limitations.

Provide strategic leadership of the charity

The Trustees agreed a Strategic Plan in May 2009 to guide our activities to April 2012. In view of the economic situation and the impact on the funding of our services and our fundraising, we have rewritten our Strategic Plan. It will be published in the autumn of 2011. We set five key objectives, but we review and set corporate objectives annually, as part of our Business Planning process, to guide the future improvement and development of our services for the financial year.

Summary of the Financial Statements

Family Action had incoming resources of £22.1m, a decrease of 4% on income of £23.1m achieved in 2010. Of our income, 96% is restricted to funding specific services. Income for operational services came from local authorities, central government and NHS trusts for the provision of specific services. These funders are listed in the accounts (note 5).

Outgoing resources amounted to £22.9m, with £21.6m relating to operational services.

Funds at year end were £12.7m (2010 £11.6m). This was helped by the relative stability of the financial markets during the year, leading to modest gains of £0.3m on Endowment Funds and a significant reduction of £1.5m in the FRS 17 Pension deficit.

Administration costs

Over recent years, we have invested in the development of quality initiatives and monitoring and evaluation services, together with investment in IT systems and infrastructure during 2009/10 to improve our efficiency. In the light of the economic uncertainties facing us at the end of 2010/11, the Trustees recognised the need to contain our central administration costs at a level commensurate with our levels of income, but with a commitment to maintain the quality of support to our Operational Services to ensure we remain competitive and competent in the work that we do.

Charity Administration & Financial Review (continued)

Reserves policy

The Trustees have considered their policy on building up reserves and established that the appropriate level of free reserves is one that allows the charity to continue its normal activities in the event of a significant drop in funding or loss of projects. They consider that, ideally, this should be £1.2m. Our freely-available General Funds at 31 March 2011 were £1.2m, unchanged from last year. These formed part of our Unrestricted reserves which, at £1.6m, were £0.2m down from last year, with a reduction in funds designated for specific purposes (see note 15 for details). The Trustees recognise that, in the current economic climate, reserves may be depleted below the ideally-recommended level in the short term in order to invest for growth in the longer term.

In the past, the Trustees have set aside, or designated, part of our unrestricted reserves for certain specific purposes. The Trustees believe that these designated amounts, totalling £116,036, no longer serve a purpose and have therefore decided to release them back into General Funds.

Notes 15-18 of the accounts show the various funds or reserves by type and summarise the year's movements on each fund. Note 19 shows the assets and liabilities attributable to the various funds.

Investment policy

During 2010 the Board commenced a review of our investment needs. A thorough review was conducted with assistance from Barchester Green Investment a firm of financial advisors regulated by the FSA. This review included benchmarking the performance of a number of Investment Managers including our existing Managers JP Morgan. At the conclusion of the review in March, 2011, SEI were appointed as our Investment Managers to give us more diversified investment portfolio. In May 2011 our investment funds were transferred from J.P. Morgan to SEI to conclude the investment review.

The Trustees have retained Barchester Green as our Investment Advisor. The role of Barchester Green is new to us, but this is in line with best practice. Their service will include monitoring the performance of the Investment Manager.

Our Statement of Investment Principles, agreed by the Trustees, commits our Investment Advisor to maximise the overall return, income and capital growth, on the portfolio consistent with the degree of risk acceptable to the Trustees.

During 2010/11, investments were held as units of the JP Morgan UK Equity Fund for Charities and the Bond Fund for Charities and an income of £302k was achieved over the year, 11% down from £339k in the previous year.

Trustees review the investment needs of the main charity on an annual basis and our current policy is to hold cash that is not immediately needed in a money market call account.

Family Action risk management statement

The Trustees have reviewed the major risks to which we are exposed. Trustees prepare a strategic plan every three years, which is reviewed annually, providing flexibility to respond to change, particularly in relation to risks arising from changes to funding. We have brought forward the writing of our next Strategic Plan to reflect the volatile funding environment and policy context in which we are now working. We have also strengthened our annual business and financial planning to help us steer the Charity through the challenging economic climate.

In common with the rest of our sector, our funding will be significantly lower in the coming year but our monitoring processes have mitigated the risks and financial impact of this change. Reports are produced to monitor the effectiveness of these systems on a planned basis and such reporting will continue to be developed.

Charity Administration & Financial Review (continued)

Pension fund

Family Action currently provides a final salary pension scheme for its employees. Although most of our staff are recruited from organisations which have final salary pension schemes, we are aware that many of them are now closing their schemes to new entrants. Family Action is reviewing its pension arrangements and is currently consulting existing staff on closing our final salary scheme to new members. In common with Charities with final salary schemes, our pension scheme shows a deficit. This stood at £2.8m at 31 March 2011 (£4.3m last year) and, under UK accounting standards, we are required to account for this deficit on the balance sheet (see note 9).

Statement of trustees' responsibilities

Company law requires the Board of 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 these financial statements, the Board of Trustees is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will continue on that basis.
- observe the methods and principles of the charities SORP.

The Board of Trustees is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable it to ensure that the financial statements comply with the Companies Act 2006. The Board of Trustees is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As Directors we also confirm that we have made all necessary enquiries and taken such steps that we ought to, to ensure that we become aware of any relevant audit information and that the charity's auditors have been made aware of such information.

Public benefit statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Family Action's charitable purpose is enshrined in its vision of a society where all families are free from poverty, disadvantage and social exclusion. The Trustees ensure that this purpose is carried out for the public benefit by delivering services in accordance with our strategic aims. Many of our services are open to all and our policy and campaigning work will benefit everyone.

All Family Action services provide an identifiable benefit, and are made available to the public or sections of the public, in accordance with the two key principles of public benefit.

Charity Administration & Financial Review (continued)

Appointment of Auditors

A resolution proposing the re-appointment of our auditors will be submitted to our AGM in 2011.

Our Thanks

The Trustees recognise the determination and commitment of Family Action staff which has contributed greatly to the achievements this year. We would like to thank them all.

We would like to thank the Trustees for all that they do to support and govern the charity so effectively. It is the enthusiasm, creativity and determination of everybody involved in Family Action that makes it such a pleasure and privilege to be its Chair. With the role of Honorary Treasurer being taken on by Bryan Portman in December 2010, I would especially like to thank Mary Mountain for her 10 years as our Honorary Treasurer, having seen us through some financially challenging times.

Gillian Keene
Chair of Trustees

Family Action Trustees, Officers and Advisors

Trustees and Officers

Patron

Her Majesty the Queen

Officials

Lady Keene, Gillian (Chair)

Iain Harris (Vice Chair) *

Bryan Portman (Honorary Treasurer
appointed 9 December 2010)

Members

Martin Barnes

Sean O'Callaghan

Jane Held

Amanda Jenkins

Mary Mountain

Hilary Seal

Peter Stoakley **

Brent Thomas

Jacqueline Unsworth (to December 2010)

John Rowlands

Sally Shire

Chief Executive

Helen Dent CBE

Director of Services

Howard Jones

Director of Finance

Phil King (appointed 3 May 2011)

Director of Human Resources & Organisation Development

Norman Blissett

Director of Business Development

Jayne Stokes

Head of Fundraising and Marketing

Michaela Greene (appointed 2 February 2011)

* Chair of Quality & Performance Committee

** Chair of Audit Committee

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Investment Managers

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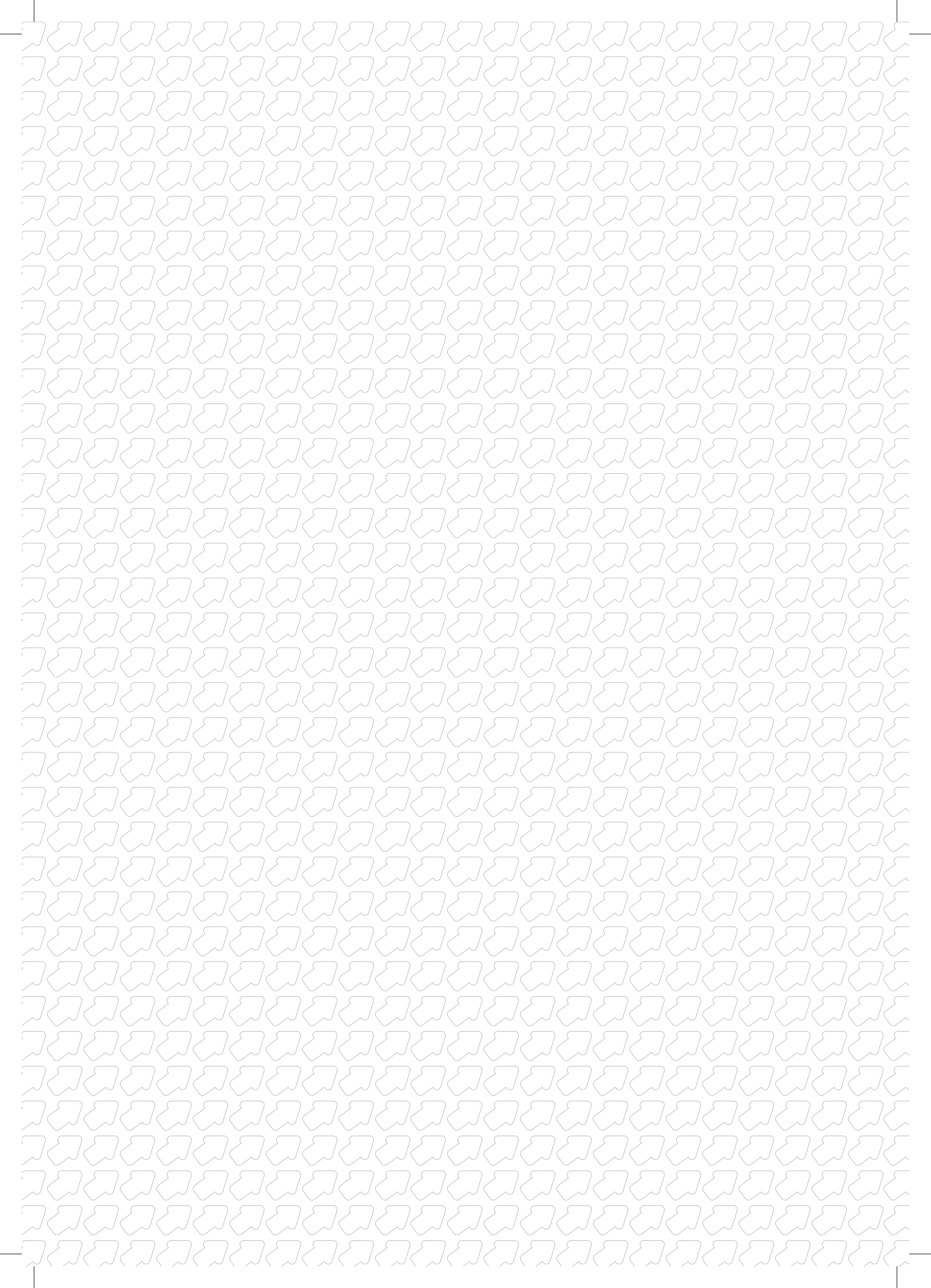
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Family Action is governed by its Articles of Association. It is a registered Charity (No 264713) and a Company limited by guarantee not having a share capital (No 01068186) England and Wales).



Independent Auditors' Report to the Members of Family Action

We have audited the financial statements of Family Action for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statements 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 opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement on page 11, 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.

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 group's and the parent 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 group's and the parent charitable company's affairs as at 31 March 2011 and of the group's charitable company's 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 prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre,
Statutory Auditors**

Fairfax House
15 Fulwood Place
London WC1V 6AY

Consolidated Statement of Financial Activities

For the year ended 31 March 2011

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000
Incoming Resources						
Incoming resources from generated funds:						
Donations and legacies	2	343	701	-	1,044	648
Activities for generating funds:						
Merchandising income	3	23	-	-	23	61
Investment income	4	35	302	-	337	367
Incoming resources from charitable activities:						
Statutory funding	5	-	18,229	-	18,229	18,847
Rent and fees		326	1,249	-	1,575	2,094
Trust and administered funds		-	463	-	463	756
New trust funds		-	3	-	3	-
Other incoming resources		174	239	-	413	338
Total incoming resources		901	21,186		22,087	23,111
Resources Expended						
Cost of generating funds:						
Fundraising and publicity costs		360	-	-	360	358
Merchandising costs		20	-	-	20	47
Pension scheme finance costs		-	19	-	19	248
Charitable activities:						
Operational services		848	20,544	-	21,392	20,102
Educational grants advice		-	342	-	342	405
Alleviation of need	6	-	648	-	648	1,068
Governance costs		30	-	-	30	37
Total resources expended	7	1,258	21,553		22,811	22,265
Net (outgoing)/incoming resources before transfers						
		(357)	(367)	-	(724)	846
Transfers between funds	10	220	(220)	-	-	-
Net incoming resources before other recognised gains and losses						
		(137)	(587)	-	(724)	846
Gains on investment assets	12	-	12	290	302	1,317
FRS17 - Actuarial gains/(losses)		-	1,433	-	1,433	(2,723)
Net movement in funds		(137)	858	290	1,011	(560)
Fund balance brought forward at 1 April 2010		£1,783	£1,632	£8,239	£11,654	£12,214
Fund balance carried forward at 31 March 2011		£1,646	£2,490	£8,529	£12,665	£11,654

All amounts relate to continuing activities. Conduit activities are not included above but are set out in note 21. The attached notes form part of the financial statements.

Consolidated Summary Income and Expenditure Account

For the year ended 31 March 2011

	2011 £'000	2010 £'000
Total income	22,087	23,111
Total expenditure	(22,811)	(22,265)
Net income/(outgoings) for the year	£(724)	£846

These all relate to continuing activities.

Total income comprises £901k of unrestricted funds and £21,186k of restricted funds. A detailed analysis of the merchandising activities is shown in note 3.

A detailed analysis of expenditure is available in the Consolidated Statement of Financial Activities and Note 7.

The net outgoing resources for the year of £724k comprises a loss on unrestricted activities of £137k and a loss on restricted activity of £587k, as shown in the Consolidated Statement of Financial Activities.

The Consolidated Summary Income and Expenditure Account is derived from the Consolidated Statement of Financial Activities which, together with the notes to the accounts, provides full information on the movements during the year on all the funds of the group.

The attached notes form part of the financial statements.

Consolidated Balance Sheet

At 31 March 2011 - Company Number: 01068186

	Notes	2011 £'000	2010 £'000
Fixed Assets			
Tangible assets	11	452	470
Trust and administered funds	12	8,966	8,661
Current Assets			
Debtors	13	1,205	1,638
Cash		6,515	6,337
		<u>7,720</u>	<u>7,975</u>
Creditors: amounts falling Due within one year	14	<u>(1,717)</u>	<u>(1,189)</u>
Net Current Assets		<u>6,003</u>	<u>6,786</u>
Total Assets Less Current Liabilities		<u>15,421</u>	<u>15,917</u>
Pension scheme deficit	9	(2,756)	(4,263)
Net Assets		<u>£12,665</u>	<u>£11,654</u>
Funds			
Unrestricted funds:			
General funds - includes revaluation reserve of £102k (2010: 105k)	15	1,348	1,314
Designated reserve	15	298	469
Restricted funds			
Income funds - includes revaluation reserve of £119k (2010: £107k)	16	5,246	5,895
Pension Reserves	9	(2,756)	(4,263)
Endowment Funds - includes revaluation reserve of £4,230k (2010: £3,940k)	18	8,529	8,239
		<u>£12,665</u>	<u>£11,654</u>

Approved and authorised for issue by the Trustees
and signed on their behalf on 21st July 2011.

Lady Keene

Chair of Trustee Board

Bryan Portman

Honorary Treasurer

The attached notes form part of the financial statements.

Company Balance Sheet

At 31 March 2011 - Company Number: 01068186

	Notes	2011 £'000	2010 £'000
Fixed Assets			
Tangible assets	11	452	470
Investment	12	438	423
Current Assets			
Debtors	13	1,223	1,673
Cash		6,065	5,925
		<u>7,288</u>	<u>7,598</u>
Creditors: amounts falling Due within one year	14	<u>(1,702)</u>	<u>(1,176)</u>
Net Current Assets		<u>5,586</u>	<u>6,422</u>
Total Assets Less Current Liabilities		<u>6,476</u>	<u>7,315</u>
Pension scheme deficit	9	(2,756)	(4,263)
Net Assets		<u>£3,720</u>	<u>£3,052</u>
Funds			
Unrestricted funds:			
General funds - includes revaluation reserve of £102k (2010: 105k)	15	1,342	1,307
Designated reserve	15	298	469
Restricted funds			
Income funds - includes revaluation reserve of £119k (2010: £107k)	16	4,836	5,539
Pension Reserves	9	(2,756)	(4,263)
		<u>£3,720</u>	<u>£3,052</u>

Approved and authorised for issue by the Trustees
and signed on their behalf on 21st July 2011.

Lady Keene

Chair of Trustee Board

Bryan Portman

Honorary Treasurer

The attached notes form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2011

Notes	2011 £'000	2010 £'000
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming/(outgoing) resources for the year	(724)	846
Depreciation	82	79
(Increase)/decrease in debtors	433	845
(Decrease)/increase in creditors	528	(453)
(Decrease)/increase in pension scheme deficit, net of gains/losses	(74)	(150)
Net investment income and expenses	(337)	(367)
	£(92)	£800
Net cash inflow/(outflow) from operating activities		
Net cash inflow/(outflow) from operating activities	(92)	800
Returns on investments and servicing of finance	1 337	367
Capital expenditure and financial investment	1 (67)	(153)
	£178	£1,014
Increase/(decrease) in cash in the year		
Reconciliation of net cash flow to movements in net cash		
Increase/(decrease) in cash in the year	2 178	1,014
	178	1,014
Change in net cash		
Net cash at 1 April 2010	2 6,337	5,323
	£6,515	£6,337
Net cash at 31 March 2011		

The attached notes form part of the financial statements.

Notes to the Consolidated Cash Flow Statement

For the year ended 31 March 2011

	2011 £'000	£'000	2010 £'000	£'000
1. Gross Cash Flows				
Returns on investments and servicing of finance				
Dividends received	302		339	
Interest received	35		28	
		<u>£337</u>		<u>£367</u>
Capital expenditure and financial investment				
Net investment purchases	(3)			
Purchase of tangible assets	(64)		(153)	
		<u>£(67)</u>		<u>£(153)</u>
			At 1 April 2010 £'000	Cash flows £'000
			At 31 March 2011 £'000	
2. Analysis of Cash Movements				
Cash in hand and at bank		6,337	178	6,515
Total		<u>£6,337</u>	<u>£178</u>	<u>£6,515</u>

Notes to the Financial Statements

For the year ended 31 March 2011

1. Accounting Policies

Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of freehold land and buildings and investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), and with applicable accounting standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings which include the trust funds where the Family Action was a Trustee and exerted controlling influence during the year. The results of the subsidiary are consolidated on a line-by-line basis.

A separate statement of financial activities is not presented because the charity has taken advantage of the provisions of paragraph 397 of the SORP 2005.

Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 13. 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 objectives of the charity and which have not been designated for other purposes.

Designated funds are the 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 that are used in accordance with the specific instructions imposed by the donors or which have been raised by the charity for particular purposes.

Investment income and gains are allocated to the appropriate fund.

Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No amounts are included in the financial statements for services donated by volunteers. Legacies are recognised on notification of an impending distribution or on receipt.

Resources expended

All expenditure is accounted for on the accrual basis and has been classified under headings that aggregate all costs related to the category. Support costs are those costs incurred directly in support of the expenditure on the objects of the charity and have been allocated, together with overheads, on the basis of the head count.

Fundraising and publicity costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with compliance with constitutional and statutory requirements of the Group.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

Rentals in respect of operating leases are charged on a straight line basis over the lease term.

Tangible fixed assets and depreciation

Tangible fixed assets financed by unrestricted funds and costing more than £500 are capitalised. This value comprises the purchase cost and any incidental expenses of acquisition. Tangible fixed assets financed by restricted funds are charged as an expense. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost on a straight-line basis over their expected useful economic lives as follows:

- Freehold property – 50 years;
- Equipment – 4 years;
- Furniture and computers – 3 years;
- IT infrastructure – 5 years.

Furniture and equipment that have been fully depreciated are written out of the accounts as their market value is considered to be negligible.

Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Pensions

Family Action operates a defined benefit pension scheme for permanent employees. The surplus or deficit of the scheme is recognised on the balance sheet. Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

Changes relating to current or past service costs and gains and losses on settlements and curtailments, and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.

Pension finance income arising from similar changes is recognised as an incoming resource; and actuarial gains and losses arising are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 9.

2. Donations and Legacies

	2011 £'000	2010 £'000
Individuals	265	303
Charitable trusts	559	242
Companies	220	103
	£1,044	£648

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

3. Merchandising Income and Costs

The charity has one wholly owned trading subsidiary, which is incorporated in the UK. Family Welfare Enterprises Ltd is engaged in general trading in association with the charitable activities of Family Action; it covenants its taxable profits to Family Action. Audited accounts of Family Welfare Enterprises Ltd are filed with the Registrar of Companies. Family Action also operates a shop that sells donated goods. The shop closed down at the end of June 2010.

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Merchandising income	23	61	8	40
Cost of sales	20	47	19	46
Merchandising costs	20	47	19	46
Surplus/(deficit)	£3	£14	£(11)	£(6)

4. Investment income

	2011 £'000	2010 £'000
Interest receivable	35	28
Dividends receivable from investments	302	339
	£337	£367

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

5. Statutory Funding

Barnsley Metropolitan District Council	London Borough of Hammersmith and Fulham
Bradford Metropolitan District Council	London Borough of Islington
Birmingham City Council	London Borough of Lambeth
Bradford and Airedale Primary Care Trust	London Borough of Lewisham
Cambridgeshire County Council	London Borough of Newham
Central Manchester, Manchester Children's Hospital	London Borough of Southwark
Central & North West London NHS Foundation Trust	London Borough of Tower Hamlets
Children & Family Court Advisory & Support Service	London Borough of Waltham Forest
City and Hackney PCT	London Borough of Wandsworth
Coventry City Council	Luton Borough Council
Department for Business, Innovation & Skills - Core Funding	Manchester City Council
Department of Health – Health Action Zone	NHS Norfolk
Department of Health Section 64 – Core Funding	Norfolk County Council
Department of Health Section 64 – Project Funding	Nottinghamshire County Council
Derby City Council	Peterborough City Council
Doncaster Metropolitan Borough Council	Rochdale Metropolitan Borough Council
Eastern & Coastal Kent Primary Care Trust	Royal Borough of Kensington & Chelsea
Great Yarmouth and Waveney PCT	Sheffield City Council
Greenwich Primary Care Trust	Slough Borough Council
Harborough District Council	Southend-On-Sea Borough Council
Harrow Primary Care Trust	South London & Maudsley NHS Trust
Hertfordshire Partnership NHS Foundation Trust	Southwark Primary Care Trust
Hinckley & Bosworth Borough Council	Swale Borough Council
Housing Corporation (Hexagon, Circle 33, Orwell Housing Association, H & F Homes)	Suffolk County Council
Kent County Council	The Learning Trust
Leicestershire County & Rutland Primary Care Trust	The Parenting Fund (Family & Parenting Institute)
Leicester City Council	Tower Hamlets Primary Care Trust
Leicester City Primary Care Trust	Wandsworth Primary Care Trust
Leicestershire County Council	Waveney District Council
Lincolnshire County Council	West Kent Primary Care Trust
Liverpool City Council	Westminster City Council
London Borough of Bexley	West Sussex County Council
London Borough of Greenwich	Wiltshire County Council
London Borough of Hackney	Worcestershire County Council

6. Alleviation of Need

The charity made 1,944 (2010: 4,218) grants to individuals in the year that totalled £0.65million (2010: £1.1 million).

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

7. Analysis of Total Resources Expended

	Staff Costs £'000	Other Costs £'000	Depreciation £'000	2011 £'000	2010 £'000
Cost of generating funds					
Fundraising and publicity costs	315	42	3	360	358
Merchandising costs	19	1	-	20	47
Pension scheme finance costs	-	19	-	19	248
	<u>334</u>	<u>62</u>	<u>3</u>	<u>399</u>	<u>653</u>

Cost of charitable activities

Operational services	16,740	4,577	75	21,392	20,102
Educational grants advice	245	93	4	342	405
Alleviation of needs	-	648	-	648	1,068
Governance costs	-	30	-	30	37
	<u>16,985</u>	<u>5,348</u>	<u>79</u>	<u>22,412</u>	<u>21,612</u>
	£17,319	£5,410	£82	£22,811	£22,265

	Direct Costs £'000	Allocated Costs £'000	Support Costs £'000	2011 £'000	2010 £'000
Cost of generating funds					
Fundraising and publicity costs	345	-	15	360	358
Merchandising costs	19	-	1	20	47
Pension scheme finance costs	19	-	-	19	248
	<u>383</u>	<u>-</u>	<u>16</u>	<u>399</u>	<u>653</u>

Cost of charitable activities

Operational services	20,511	-	881	21,392	20,102
Educational grants advice	328	-	14	342	405
Alleviation of needs	648	-	-	648	1,068
Governance costs	-	30	-	30	37
	<u>21,487</u>	<u>30</u>	<u>895</u>	<u>22,412</u>	<u>21,612</u>
	£21,870	£30	£911	£22,811	£22,265

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

7. Analysis of Total Resources Expended (continued)

Support Costs

Cost of generating funds

	Admin £'000	Executive Office £'000	Finance £'000	2011 £'000	2010 £'000
Fundraising and publicity costs	4	6	5	15	14
Merchandising costs	-	-	1	1	3
	<u>4</u>	<u>6</u>	<u>6</u>	<u>16</u>	<u>17</u>

Cost of charitable activities

Operational services	181	235	465	881	861
Educational grants advice	3	4	7	14	15
	<u>184</u>	<u>239</u>	<u>472</u>	<u>895</u>	<u>876</u>
	£188	£245	£478	£911	£893

Other costs include

Running activities for service users				2,548	1,744
Staff training, travel and recruitment				1,024	937
Buildings and grounds				910	832
Insurance and office costs				848	767
Printing and promotion				154	141
Pension scheme finance costs				19	248
Net pension service costs				(93)	280
				<u>£5,410</u>	<u>£4,949</u>

The above expenditure includes the following charges:

Audit fee				21	21
Depreciation				82	79
Operating lease rentals					
- Buildings				454	360
- Other				59	49
				<u>593</u>	<u>519</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

8. Trustees' Remuneration

The Trustees neither received nor waived any emoluments during the year (2010 £ Nil). No out of pocket expenses were reimbursed to Trustees.

9. Employee and Pension Costs

	2011 £'000	2010 £'000
Staff costs consist of:		
Wages and salaries	14,280	14,094
Social security costs	1,060	1,067
Pension costs (employer's current service cost)	1,315	1,155
Agency costs	16,655	16,316
	664	921
	£17,319	£17,237
The average number of employees was	715	736

The numbers of employees and staff costs are those of the group.

One employee received total emoluments of between £60k and £70k in the year (2010: One)
 Two employees received total emoluments of between £70k and £80k in the year (2010: One)
 One employee received total emoluments of between £80k and £90k in the year (2010: One)
 One employee received total emoluments of between £100k and £110k in the year (2010: One)
 All the above employees paid contributions into the group's defined benefits pension scheme in the year (2010: All)

Pension Arrangements

The group operates a defined benefits pension scheme and is administered by Capita Hartshead Limited in accordance with the rules and valuations of that scheme. Current employee contributions are 7% (2010: 7%) of pensionable earnings per annum.

The annual commitment under the Scheme for Family Action is for contributions at 11.9% of pensionable earnings per annum and members' contributions are in addition. No contributions were payable to the Scheme at the year-end (2010: Nil).

Trustees have received actuarial advice. The overall expected rate of return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

9. Employee and Pension Costs (continued)

The amounts in the balance sheet at 31st March are as follows:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of Scheme assets	14,103	11,748	8,369	7,881
Present value of funded obligations	(16,859)	(16,011)	(10,059)	(9,787)
Net liability recognised in the balance sheet	£(2,756)	£(4,263)	£(1,690)	£(1,906)
Experience gains/(losses) on Scheme liabilities	£692	£309	£(980)	£537
Experience gains/(losses) on Scheme assets	£114	£1,418	£(1,260)	£(922)
Analysis of amounts charged to activity cost categories:			2011 £'000	2010 £'000
Charitable expenditure operating charge				
Current service cost of the Scheme			(1,315)	(1,155)
Total			£(1,315)	£(1,155)
Bank and other interest/(other finance charges)			2011 £'000	2010 £'000
Expected return on Scheme assets			870	411
Interest cost on obligations			(889)	(659)
			£(19)	£(248)
Analysis of actuarial loss debited in the Statement of Financial Activities:			2011 £'000	2010 £'000
Actuarial gains/(losses)			£1,433	£(2,723)
Cumulative actuarial gains and losses			£(546)	£(1,979)
Changes in present value of the defined benefits obligation:			2011 £'000	2010 £'000
Opening defined benefits obligation			16,011	10,059
Current service cost - employer			1,315	1,155
Interest cost on Scheme liabilities			889	659
Contributions by members			540	498
Actuarial losses/(gains) on liability assumption changes			(627)	4,450
Actuarial losses/(gains) on liability experience changes			(692)	(309)
Benefits paid			(577)	(501)
Closing defined benefits obligation			£16,859	£16,011

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

9. Employee and Pension Costs (continued)

	2011 £'000	2010 £'000
Changes in fair value of Scheme assets are as follows:		
Opening fair value of Scheme assets	11,748	8,369
Expected return on Scheme assets	870	411
Actuarial gains/(losses) on Scheme assets	114	1,418
Contributions by members	540	498
Contributions by employer	1,408	1,553
Benefits paid	(577)	(501)
Closing fair value of Scheme assets	£14,103	£11,748

The major categories of Scheme assets are as follows:

	% of Total Scheme 2011	Share of Fund value at 31 March 2011 £'000	% of Total Scheme 2010	Share of Fund value at 31 March 2010 £'000
Scheme Assets				
Equities	63.8	8,997	61.8	7,260
Bonds/Gilts	24.0	3,385	22.7	2,667
Cash	3.1	443	6.0	700
Property	9.1	1,278	9.5	1,121
Total		£14,103		£11,748

	2011 £'000	2010 £'000
Actual return on scheme assets	£984	£1,829

Actuarial assumptions used at 31st March:

	2011 Per annum	2010 Per annum
Aggregate long-term expected rate of return on Scheme assets	7.20%	7.00%
Salary increases	4.40%	4.60%
Pension increases:		
- Pension earned before 6.4.97	3.00%	3.00%
- Pension earned after 5.4.97 for pre 1.5.06 joiners	3.20%	3.30%
- Pension earned after 5.4.97 for post 30.4.06 joiners	2.40%	2.50%
Discount rate	5.60%	5.60%
Rate of Inflation	3.40%	3.60%
Expected rate of return on equities	8.40%	8.50%
Expected rate of return on gilts	4.40%	4.80%
Expected rate of return on corporate bonds	5.60%	4.80%
Expected rate of return on cash	0.50%	0.50%
Expected rate of return on property	7.40%	6.50%

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

9. Employee and Pension Costs (continued)

Mortality Assumptions

Pre-retirement mortality is assumed to be in line with the published mortality tables AM92 for men and AF92 for women.

Post-retirement mortality is also assumed to be in line with published mortality tables SIPMA for men and SIPFA for women, in both cases using a Medium Cohort improvement with an underpin of 0.5% per annum.

Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
Current and Future pensioners	85.2	88.1

10. Transfers between funds

The transfer between funds represents the net balance of support given to Family Action out of unrestricted incoming resources to projects that are not fully covered by statutory or other specific funding and the transfer of surplus restricted funds to unrestricted reserves.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

11. Tangible Fixed Assets - Group and Company

	Freehold Property £'000	Equipment £'000	IT Infrastructural Development £'000	Total £'000
Balance at 31 March 2010	354	70	227	651
Additions	4	26	34	64
Disposals	-	(35)	(62)	(97)
Balance at 31 March 2011	358	61	199	618
Depreciation at 31 March 2010	69	45	67	181
Depreciation charge	7	22	53	82
Disposals	-	(35)	(62)	(97)
Depreciation at 31 March 2011	76	32	58	166
Net Book Value at 31 March 2011	£282	£29	£141	£452
Net Book Value at 31 March 2010	£285	£25	£160	£470

Freehold land and buildings are held at their last valuation performed in the year ended March 1998. This value is being depreciated over 50 years commencing 1 April 2000. The cost of these properties was £209,000.

Included in fixed assets are the properties at 501-505 Kingsland Road and 219 Stanstead Road which are held in accordance with the charity's accounting policy at a depreciated historic valuation. As shown above, their combined reported value at 31 March 2011 was £282,000. The Trustees, having made suitable enquiries, estimate that the combined market value of both properties to be in excess of £1.4m.

The net book value at 31 March 2011 represents assets used for:

	Freehold Property £'000	Equipment £'000	IT Infrastructural Development £'000	Total £'000
Charitable purposes				
Operational services	149	15	75	239
Educational Grants Advice	40	4	20	64
Support services	93	10	46	149
	£282	£29	£141	£452

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

12. Fixed Assets - Trust & Administered Funds

GROUP

Trust and administered funds

At valuation

	2011 £'000	2010 £'000
At valuation	£8,966	£8,661

All trust fund investments were revalued to the quoted price on 31 March 2011.

Summary of subsidiary undertakings:

Family Welfare Enterprises Ltd. 100% owned, Registered in England.

61 Endowed Trusts funds owning investments.

The investments of the trusts and administered funds are held in a Common Investment Fund which in turn is invested in two funds managed by JP Morgan Asset Management.

All investments are in the United Kingdom

	Group 2011 £'000	Group 2010 £'000
Market value at 31 March 2010	8,661	7,344
Add acquisitions at cost	3	-
Net gains/(losses) on revaluation in year	302	1,317
Market value at 31 March 2011	£8,966	£8,661
Historical cost at 31 March 2011	£4,617	£4,614

COMPANY

Investment in administered funds – Capital at valuation

Investment in Family Welfare Enterprises Ltd

Shares at cost

Amount owing

Investment in administered funds – Capital at valuation	438	423
Investment in Family Welfare Enterprises Ltd		
Shares at cost	10	10
Amount owing	(10)	(10)
	£438	£423

13. Debtors

Amounts invoiced to funders
Payments in advance and accrued income

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts invoiced to funders	619	948	619	948
Payments in advance and accrued income	586	690	604	725
	£1,205	£1,638	£1,223	£1,673

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

14. Creditors: amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Tax and social security	309	326	309	326
Other creditors	1,262	569	1,247	556
Receipts in advance	146	294	146	294
	£1,717	£1,189	£1,702	£1,176

15. Unrestricted funds

	Movement in funds			
	Balance 31 March 2010 £'000	Incoming Resources £'000	Expenditure & Transfers £'000	Balance 31 March 2011 £'000
GROUP				
Revaluation reserve	105	-	(3)	102
General funds	1,209	614	(577)	1,246
Designated funds:				
Fixed asset fund	24	-	(24)	-
Fundraising development fund	26	-	(26)	-
Service development fund	66	-	(66)	-
Staff contingency fund	353	287	(342)	298
	£1,783	£901	£(1,038)	£1,646
COMPANY				
Revaluation reserve	105	-	(3)	102
General funds	1,202	614	(576)	1,240
Designated funds:				
Fixed asset fund	24	-	(24)	-
Fundraising development fund	26	-	(26)	-
Service development fund	66	-	(66)	-
Staff contingency fund	353	287	(342)	298
	£1,776	£901	£(1,037)	£1,640

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which the valuation of the buildings exceeds their historical cost or purchase price.

The general fund represents the free funds of the Charity, which are not designated for any particular purpose.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

15. Unrestricted funds (continued)

The fixed asset fund was to enable the Charity to develop a rolling programme of maintaining its buildings and replace equipment, computers and furniture. The Trustees have decided that this reserve is no longer required and have released it back to General Funds.

The fundraising development fund and the service development fund were to enable the Charity to invest in its fundraising infrastructure and finance new innovative services for which funding was not available. The Trustees have decided that these funds are no longer required and have released them back to General Funds.

The staff contingency fund has been set up to enable the Charity to meet its contracted obligations where services experience staff absences due to sickness, redundancy or maternity for which additional funding is not available.

16. Restricted funds

	Movement in funds			Balance 31 March 2011 £'000
	Balance 31 March 2010 £'000	Incoming Resources £'000	Expend Gains/(losses) and transfers £'000	
Operational and other services	4,930	20,420	(21,110)	4,240
Other restricted funds:				
Lankelly Foundation	1	134	(135)	-
Triangle Trust 1949 fund	9	40	(29)	20
Barclaycard Education & Children	84	194	(264)	14
Other Trust funds - Revenue	93	103	(71)	125
Edith & W Morgan Mental Health - Capital	278	-	9	287
Other Trust funds - Capital	144	-	7	151
	<u>609</u>	<u>471</u>	<u>(483)</u>	<u>597</u>
Pension scheme reserve	(4,263)	-	1,507	(2,756)
Company	<u>1,276</u>	<u>20,891</u>	<u>(20,086)</u>	<u>2,081</u>
Nora Henry Trust	7	48	(26)	29
Other trust funds and cases - Revenue	349	247	(216)	380
Group restricted funds	<u>£1,632</u>	<u>£21,186</u>	<u>£(20,328)</u>	<u>£2,490</u>

- The restricted funds comprise two main elements – the unexpended income from the operational services and unexpended income of both endowed and non-endowed trust funds. The operational restricted funds represent funded projects and services run by Family Action. The balance at 31 March 2011 consists mainly of start-up funding on new projects not yet spent and funding to be carried forward as agreed with individual funders.

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

16. Restricted funds (continued)

- As explained in note 18, Family Action administers endowed funds. The unexpended income from the funds is carried forward under its restricted purpose.
- In addition to the endowed funds, Family Action administers income received from 30 Trusts and organisations. It distributes this income in the form of grants to individuals. The unexpended income from these sources is carried forward as restricted funds.
- Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with the restrictions imposed.

17. Big Lottery Fund Grants

These funds are part of statutory funding in restricted funds

	Project Ref. Number	Movement in funds			Balance 31 March 2011 £'000
		Balance 31 March 2010 £'000	Incoming Resources £'000	Outgoing Resources £'000	
Slough over 50's department	010204630	-	13	(13)	-
Newham Building Bridges	010371090	-	8	(8)	-
BME Wellfamily	010353831	-	102	(102)	-
Oxford Befriending	010300971	-	24	(24)	-
Peri-Natal Support-Hackney	010340820	-	15	(15)	-
Perinatal Support Project	010340820	-	14	(14)	-
Peri-Natal Support-Swaffham	010340820	-	9	(9)	-
Peri-Natal Support-WM	010340820	-	41	(41)	-
		£-	£226	£(226)	£-

18. Endowment funds

	Charity Reg. Number	Movement in funds			Balance 31 March 2011 £'000
		Balance 31 March 2010 £'000	Additions £'000	Unrealised Gains/(losses) £'000	
Permanent Endowments					
Caterham Whyteleafe Trust	272724	601	-	21	622
Eleanor Ponsonby Trust	275060	963	-	34	997
FWA Greater London Relief in Need Charity	1006487	343	-	12	355
FWA National Relief in Need	231205	240	-	9	249
FWA Relief in Need Charity for the Aged	237118	790	-	27	817
FWA Relief in Sickness Charity	264713	214	-	8	222
Limpsfield Convalescence Fund	208536	131	-	5	136
Women's Holiday Fund	207455	765	-	27	792
Green Bequest Fund	252152	101	-	4	105
Metropolitan Visiting and Relief Association	251586	306	-	10	316
Queen Adelaide Fund	207228	219	-	7	226
Bishop Andrews Charity	205288	100	-	4	104
Cumberland Benevolent Fund	231206	98	-	3	101
Other funds (balances < £100,000)		597	-	22	619
		5,468	-	193	5,661

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

18. Endowment Funds (continued)

	Charity Reg. Number	Movement in funds			Balance 31 March 2011 £'000
		Balance 31 March 2010 £'000	Additions £'000	Unrealised Gains/(losses) £'000	
Expendable endowments					
Nora Henry Trust	313949	1,416	-	50	1,466
British War Refugees Fund	251578	156	-	5	161
Fenton Trust	247552	511	-	18	529
Lamming Will Trust	216257	160	-	5	165
Alfred de Rothschild Trust	201625	257	-	9	266
Other funds (balances < £100,000)		271	-	10	281
		2,771	-	97	2,868
Total endowment funds		£8,239	-	£290	£8,529

Family Action manages both trust funds with or without endowments. There are 45 permanent endowment and 16 expendable endowment trust funds managed by Family Action, some more than 400 years old. The general policy is not to spend the fund's capital even if permitted to do so within the terms of the trust deed. The capital is invested and income is disbursed. The trust deed specifies the purpose for which the income can be used.

Family Action Trustees have established two grant allocation panels to approve the disbursement of grants in line with the terms of the trusts. All unexpended income is held as restricted funds for the purpose specified.

19. Analysis of Group Net Assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Fund balances at 31 March 2011 are represented by:				
Tangible fixed assets	452	-	-	452
Investments	-	437	8,529	8,966
Current assets	1,575	6,145	-	7,720
Current liabilities	(381)	(1,336)	-	(1,717)
Pension scheme deficit	-	(2,756)	-	(2,756)
Total net assets	£1,646	£2,490	£8,529	£12,665
Unrealised gains included above:				
Tangible fixed assets	102	-	-	102
Investment assets	-	119	4,230	4,349
Total unrealised gains at 31 March 2011	£102	£119	£4,230	£4,451
Reconciliation of movements in unrealised gains on investment assets:				
Unrealised gains at 31 March 2010		107	3,940	4,047
Add: net gain/(loss) arising on revaluations in year		12	290	302
Unrealised gains/(loss) at 31 March 2011		£119	£4,230	£4,349

Notes to the Financial Statements (continued)

For the year ended 31 March 2011

20. Leasing Commitments

At 31 March 2011 the group had annual commitments under non-cancellable operating leases for land and buildings as detailed below:

Operating leases which expire

- within one year
- within two to five years

	2011 Land and Buildings £'000	2011 Other £'000	2010 Land and Buildings £'000	2010 Other £'000
	216	59	245	49
	238	-	115	-
	£454	£59	£360	£49

21. Conduit Funds

Family Action manages and disburses funds on behalf of a number of organisations. The value of these funds at 31 March 2011 is stated below:

Motor Insurance Bureau
Receivership Services
West Mansfield Sure Start

	Balance 31 March 2010 £'000	Incoming funds £'000	Outgoing funds £'000	Balance 31 March 2011 £'000
	88	38	(15)	111
	389	4,165	(4,101)	453
	-	625	(625)	-
	£477	£4,828	£(4,741)	£564

Motor Insurance Bureau: Family Action acts as custodian trustee for minors in respect of awards made by the Motor Insurance Bureau. These funds are individually invested with National Savings. The investments are passed on to the individual benefactors on reaching the age of majority.

Receivership Services: Family Action acts as receiver for people who do not have the capacity to manage their own financial affairs. Family Action undertakes the day-to-day management of their financial affairs in line with guidelines provided by the Public Guardianship Office.

Sure Start Programmes: Family Action acts as the accountable body to the West Mansfield Sure Start Partnership. This involves disbursing grants to the voluntary and statutory sector that provide services to children under 4 years of age and their parents. Family Action's role involves financial control and monitoring expenditure against approved budget.

22. Performance Bond

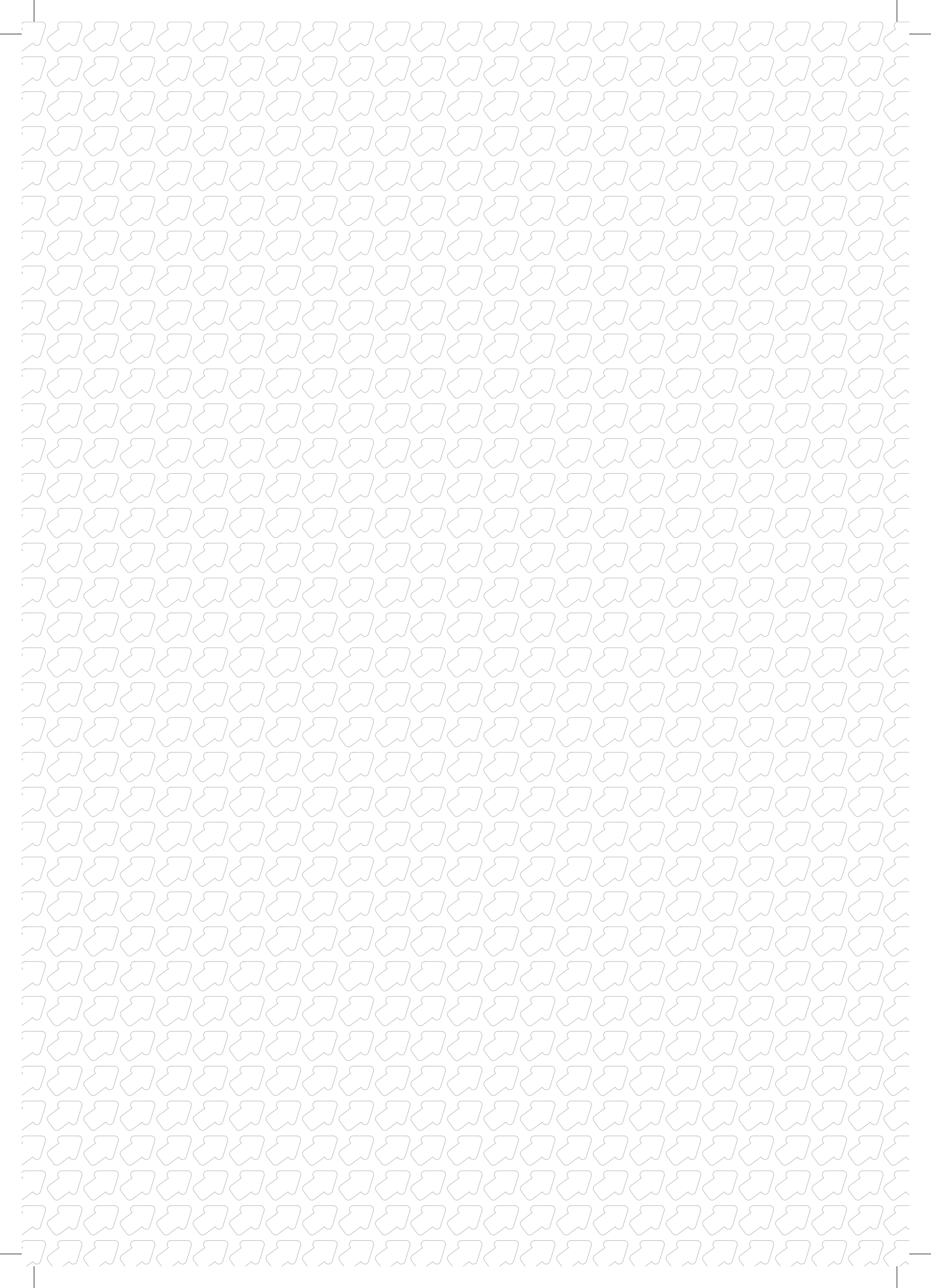
The Charity's bankers, Coutts & Co, provided performance bonds to the Leicester City Council for £40,000 in relation to a contract dated October 2008. The Charity provided unsecured counter indemnity to the bank in the sum of £40,000 that may become payable in the event that the bond is called upon by Leicester City Council.

Our Supporters

Family Action would particularly like to thank the following for their support in the last year. We would also like to thank our individual donors, our supporters who would prefer to remain anonymous, those making regular gifts, those raising funds through events and those who left us generous gifts in their wills:

The Albion Trust
Ian Askew Charitable Trust
Asquith Day Nurseries
Lord Austin Charity
The Austin & Hope Pilkington Trust
BBC Children in Need
Barclaycard
Baron Davenport's Charity
Bettys & Taylors of Harrogate
Big Lottery Fund
The Charles Brotherton Trust
The Noel Buxton Trust
CHK Charities Limited
The CPF Trust
The M & H Cadbury Trust
William A Cadbury Charitable Trust
The Cheruby Trust
Church Burgesses Trust
The City Bridge Trust
The Sir Jeremiah Colman Gift Trust
Coutts and Co. Charitable Trust
The Dagny Raymond Charitable Trust
Davis-Rubens Charitable Trust
Diageo Foundation
Dixon Pitchfork Charitable Trust Fund
The Drapers' Company
Edinburgh Trust No 2
The Eveson Charitable Trust
The Fitton Trust
The Charles S French Charitable Trust
The Freshgate Trust Foundation
The Green Trust

H&T Clients' Charitable Trust
Harapan
The Joseph Hopkins Charity
The Jaffe Family Relief Fund
The Jusaca Charitable Trust
Kilcuppe's Charity
The LankellyChase Foundation
The Keith and Joan Mindelsohn Charitable Trust
The Monument Trust
G M Morrison Charitable Trust
The Harry Payne Trust
The Privy Purse Charitable Trust
The Persula Foundation
Prudential plc
The R A and V B Reekie Trust
Royal Charity Fund
The Salamander Charitable Trust
The Salters' Company
The Scots Guards
The Scouloudi Foundation
Sheffield Bluecoat and Mount Pleasant Educational Foundation
Sheffield Town Trust
The Henry Smith Charity
The Eric F Sparkes Charitable Trust
The Swan Trust
C B & H H Taylor 1984 Trust
The Talbot Trust
The Triangle Trust 1949 Fund
The Eric Vincent Trust
Westfield Health



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Patron: Her Majesty the Queen. Chair: Lady Keene. Chief Executive: Helen Dent.