

SPURGEONS

Annual Report and
Accounts 2011/12



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> Think children

In December 2011 we celebrated the 20th anniversary of the UK signing of the UN Convention of the Rights of the Child (UNCRC). Setting out and reaching global agreement on a wide ranging set of rights for children was a key step and a real breakthrough for all of us who care passionately about children around the world.

But, at a time when public expenditure is reducing and vital services are being scaled back, so often it is the most marginalised in our society, those who rely most heavily on state funded services that are most affected. All too often this includes children and young people. If there is one central message from the UNCRC, it is THINK CHILDREN. As a society, all of us – and particularly those with political and economic power – must do more to assess changes and cuts through the lens of their impact on children.

Keeping focused


The same applies to Spurgeons. In a time of rapid change and turmoil when trying to make an organisation work well and navigate the complexities of our times, it would be very easy to get distracted from our focus on children. We are, first and foremost, a passionate, child-centred charity but we also need to be a professional, well run business. There is often a tension between those two things which we have to navigate on a daily basis.

As I look back over the last year, with all of the changes we have been through, I am so proud of our fantastic staff, volunteers and Trustees who have maintained their focus and ensured that children continue to be at the centre of what we do. When I visit our projects around the country and meet staff who themselves have so often been through upheaval, I appreciate so much their professionalism and dedication in prioritising the safety, wellbeing and development of children.

Spurgeons' success

In many ways Spurgeons has had an excellent year despite these incredibly challenging times. Our new Business Development team is having great success in winning new work, leading to significant growth. This success is only possible through the investments we have made in systems and processes in recent years and the reputation we have built across the country for delivering excellent outcomes for children.

Spurgeons' profile is also rising – both within our own sector but also with the general public. We have had some significant success with media campaigns and are being sought out for our input and opinions on government panels and with other key bodies. But, exciting and worthy of celebration though these successes are, our passion and focus continues to be, as it should, transformation in the lives of children and making sure that, above all, we 'Think Children'.



Tim Jeffery
Chief Executive



"I am so proud of our fantastic staff, volunteers and Trustees who have maintained their focus and ensured that children continue to be at the centre of what we do."

Hi, I'm Michael and I wanted to thank you for reading this Annual Report and Accounts from Spurgeons about the work they do with young people like me.

Caring for Dad

I'm 13 and my Dad had Multiple Sclerosis for 8 years. My brother Ben and I would help my mum to look after him because she works at a local school to help pay the bills. It was hard work but we all did it because we loved him and knew he would rather we looked after him than strangers.

As Dad got more sick he couldn't go up and down the stairs and we had to move into a bungalow. It was really hard for all of us and Ben and I felt like no-one really understood. Our friends could come home from school and play on the Xbox before they did their homework but we were helping mum out - looking after Dad, making dinner, doing the washing and cleaning the house.

We also ended up with lots of special equipment at home - special beds and hoists and toilets and things. I stopped

having my friends come round because I just didn't want to answer all their questions about what all the stuff was and what it was for. I started to feel really lonely. Then I started going to my Spurgeons' Young Carers project and it was brilliant!

Time off from worrying

It was so good to be with other people my own age who didn't ask loads of questions - they didn't have to, because they were in the same position. We could all just hang out together, doing normal stuff and going on trips without having to worry about things like I usually did. It was a shame that they could only afford to run it once every two weeks, I'd have gone every night if I could have done!

We were all on a TV programme for Spurgeons this year with Gok Wan, helping him understand what young carers do and how

it makes us feel. It was a brilliant experience and you can read more about it on page 13. My Dad died at the end of 2011 and we've moved out of the bungalow so that someone else who needs it can have it. I'll always be really grateful to Spurgeons for all the help and support they gave me. If I was a millionaire I'd give them loads of my money. They really made all the difference to me, my brother and my mum.

Thank you

I know that Spurgeons couldn't do what they do without you - and I know that what they did meant the world to us.

Thank you for supporting them so that they can support young people like me.

Michael.



"Spurgeons couldn't do what they do without you."

Who we are and what we do

Day after day, increasingly disturbing tales of child abuse, neglect and exploitation hit the headlines. Despite the frequency and gravity of these stories, the majority of the UK's vulnerable children go unnoticed by society; left to cope alone, in situations that most adults would struggle to handle.



And that's where Spurgeons comes in...

In partnership with local authorities, we support vulnerable children, their families and communities in finding long-lasting solutions to the challenges that they face, often alone and unnoticed. Just as importantly, we help vulnerable children to speak up about the things they care about. We ensure that children's voices are heard by those who have the power to change lives enabling more children to look forward to a future full of opportunities.



Our history

Our organisation has a remarkable heritage. Thanks to the extraordinary generosity of one woman, Anne Hillyard, Charles Spurgeon was able to open his orphanage in Stockwell to care for the fatherless and homeless – the street children of his day. Spurgeons continued to provide care for children in need via Children's Homes until 1979, when the last of these closed. The early 1980s brought the beginnings of partnerships with Local Authorities and churches to take our service delivery further.

Today you'll find us at the heart of communities – listening, learning and building relationships to make a lasting difference to the lives of children, young people, their families and wider communities.



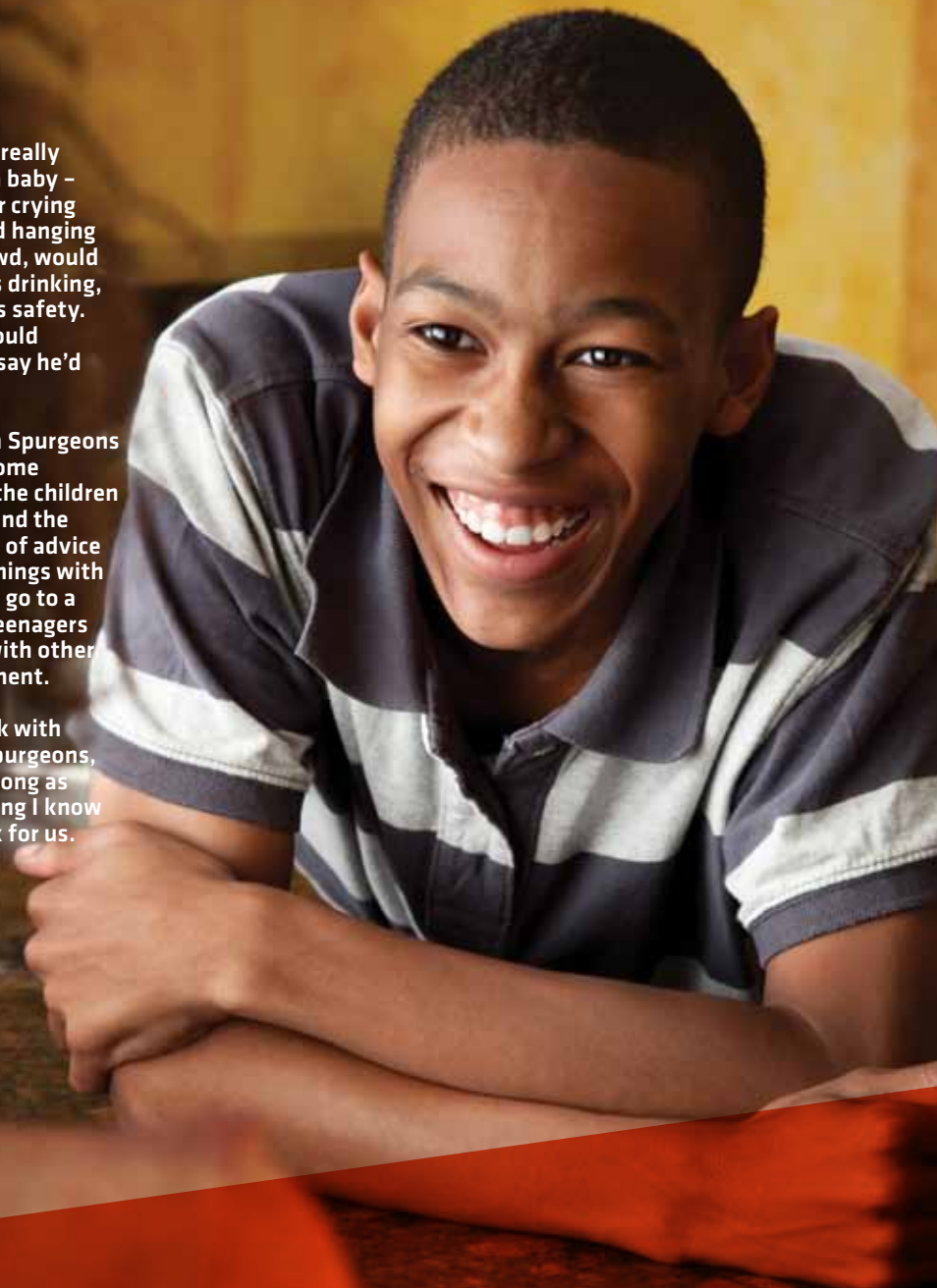
- Our work in numbers
- > **71** high-quality services provided by Spurgeons
 - > **20,242** children served by our programmes
 - > **400** Spurgeons' volunteers
 - > **624** Spurgeons' staff
 - > **25** local authorities where we deliver services
 - > **8** Spurgeons regional 'hubs'



My teenage son, Paul, really struggled when I had a baby – he went mad about her crying all the time. He started hanging around with a bad crowd, would steal from me and was drinking, I was worried about his safety. I thought the police would turn up one night and say he'd been stabbed.

I was put in touch with Spurgeons and started going to some parenting sessions at the children and family centre around the corner. They had loads of advice about how to handle things with Paul and suggested he go to a Spurgeons group for teenagers so he could hang out with other kids in a safe environment.

It can still be hard work with Paul, but, thanks to Spurgeons, it's getting better. As long as Spurgeons keeps helping I know things will work out ok for us.





“My whole life has changed and I’m not scared of the future anymore.”

Hi, I’m Jess and I’m 11. When I was 7 my Dad left home. I was so upset, it seemed to come out of nowhere. I was shocked, numb and confused. I couldn’t work out why he would go. I didn’t know what to do and just felt really lost.

I started spending a lot of time on my own and became obsessed with my weight – I thought I was fat and ugly.

I didn’t even feel like I deserved to have any friends. My Mum was really worried about me, she could see that I was getting worse, not better. Then one day one of the teachers at school told her that I should go to the Spurgeons’ project because it would probably really help me.

She was right and I’ve been going for a couple of years now. We always go out – we’ve been bowling, ice skating, to the beach and kite flying. I like that we get to go to loads of different places and I get to make friends with other people who don’t feel about themselves the way that I did about myself. It was nice to be with people who were

confident about themselves, it really helped me to see that I could be confident too – and I think I am now.

I really look forward to going to Spurgeons. I’ve made new friends and met back up with some from old schools that I used to go to. One of my sisters goes on another night and it’s good because it gives Mum a break for a bit too.

I’m getting on much better at school now too. I like most of the lessons, especially Music and RE. I’ve started to play the flute too. I can read music – I’ve been learning it in music class at school as well as at flute lessons. I just feel really different now. My whole life has changed and I’m not scared of the future anymore.

Spurgeons – making the difference

Customer satisfaction is part of Spurgeons' Outcomes Based Accountability (OBA) framework. The views of the people who use our services help to shape the planning, delivery and evaluation of our services. Listening to their views helps us to ensure that children, young people and families feel valued and respected when using our services and, ultimately, that they experience a positive difference in their lives as a result.

What did we do?

We conducted four Customer Satisfaction Weeks across the year and received 3,839 responses to our questionnaires.

Our quarterly customer satisfaction survey asks two key questions. These enable us to identify the difference Spurgeons makes to children, young people and families. It supports our planning process to inform future practice and identify issues and strengths and respond to them.

How did we do?

Spurgeons' services are treating service users positively and they report that a positive difference is being made in their lives.

The quotes below are what children, young people and families have told us:



“Coming here is a great opportunity. It is a very positive place and a good way to make friends.”

Project 229

“I would be lost without the support so thank you.”
East Newport Children's Centre

“My child is always greeted with a smile as am I. The staff are friendly and helpful.”
Kitts Green Children's Centre

“Since FIP have been involved they have changed my life. They have given me a lot of help and support. Without them I would not have known where to start.”
FIP – Family Intervention Project

We have exceeded our 2011-12 target for average scores

1. How did we treat you?



97.9%

of service users rated the treatment they received at Spurgeons as 'good' or 'very good'



95%

of services exceeded their target

2. Did we make a difference?



94.7%

of service users rated the difference the Spurgeons' service made to them as 'good' or 'very good'



96.5%

of services exceeded their target

When I was 14 my Mum left us. Then my Dad ended up with such a bad drink problem that he lost his job. He was blind drunk from morning to night. Things started to fall apart.

I tried to help. I spent lots of my time looking after my Dad. I didn't want him to be so sad. He kept saying he wanted to kill himself. I was so scared he'd leave me alone, without anyone. Sometimes, I missed school so that I could look after the house and keep an eye on him. When I was at school I was thinking all the time that he might do something and I'd come home to find him dead.

One day the bailiffs came and said our house was going to be repossessed. I was so scared. They were taking our home away. Where were we going to live? I'd heard about things that happen to kids that live on the streets - drugs, abuse - and even worse stuff. I was so freaked out at school that my teachers found out what was happening and contacted Social Services.

Social Services said that Dad was a danger to himself. I had to go to a foster family so that Dad could get help. I was totally devastated when I found out. I didn't want to live with people I didn't know and I was worried about leaving Dad. I was scared of what he might do to himself if he felt like he'd let me down.

But some people from a Spurgeons' Contact Centre helped me. They gave me the chance to see Dad in a safe environment. Without that, I would have felt so bad about myself - I would have been so lonely - I would have felt I didn't belong to anyone. I don't know whether my relationship with Dad would have survived.

It's taken a long time for my Dad to get back on track. But he is better. He feels differently about things, he can be positive and look forward to the future. And we are a much stronger family than we ever were before.



“Spurgeons made it possible for me to visit Dad again.”

Marketing and fundraising

2011/12 has been another challenging year for voluntary income. In addition to a continuing tough external environment the department was subject to a major restructure to ensure costs were in-line with income.

Income

Total voluntary income fell by £30,000 from £779,000 to £749,000 from the previous financial year. Legacy income made a slight recovery after the 15 year low in 2010/11 of £39,000 and increased to £78,000. Despite this improvement legacy income continues to be a challenge.



This has been a busy year with the development of the new regular giving product, testing new cash appeals and using social media to tell our story and raise voluntary income. During the final quarter of the financial year we also moved all our international child sponsors over to Global Care who have taken over management of the Spurgeons' projects in Kenya and Uganda. This process although smooth and well planned meant that income budgeted (£16,000) for the final quarter was not received as supporters and their donations had moved into Global Care.



We have seen real progression in our relationships with grant giving bodies and major donors. We are developing and maintaining excellent relationships with both existing and new strategic partners. Giving from strategic partnerships (major donors and grant giving bodies) grew by 23.8% from the previous financial year and secured £328,000 in restricted income.



Expenditure

Marketing costs were greatly reduced. Due to this reduction, profitability and return on investment all improved significantly.



Gok's Teens was watched by 2 million people

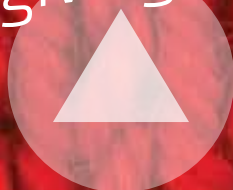
Profile

Non financial success was seen in the development of our brand and our digital media work. Highlights of our work this year include: In June 2011 we featured as Third Sector's Digital Campaign of the Week for Victoria Cares, our real time social media campaign which highlighted the challenges young carers in the UK face. This gave us a potential reach of over 1 million people.

Our profile was further enhanced by working with Channel 4 on Gok's Teens: The Naked Truth.



Funds from major donors and grant giving bodies increased



Marketing costs were greatly reduced



“I’m my old self again!”

Hi, my name is Lisa. I think I’ve always been happy and cheerful and bubbly – that’s what people have always said about me anyway. Then, when I was 11 my Dad took his own life. One day he was here and the next he was gone. I was shocked and devastated.

After Dad died everything changed. I spent all my time on my own for hours, never saying anything, just thinking about Dad and what had happened. I couldn’t sleep because I would have these awful nightmares. I lay awake for ages afterwards, my mind would just go over and over everything.

I knew Mum was worried and wanted me to talk but I didn’t really know how. I knew she was sad and I didn’t want to make her feel worse so I just kept it all to myself.

After a while I started going to Spurgeons’ Beyond the Horizon run for families like ours who have lost someone. I went to a session with my Mum to start with. It was good because it gave her a chance to talk about how she was feeling. While she was talking to the counsellor I did art and crafty things, things that would help me to understand what had happened.

I made a memory jar and a memory box. I have put in little things to remind me of my Dad – photos, a little bottle of his aftershave, a toy he won for me when we were on holiday one time – just little things that help me to remember him. After a few weeks going to Spurgeons Mum and I released some balloons. It was sad but really good. It was like we were letting Dad go, but in a good way. We couldn’t keep him here with us, he was gone. It helped Mum and I to move on too.

I’m really different now – or maybe I’m the same because I’m more like I was before Dad died. I like being with my friends again and Mum and I talk about dad more. I’m so glad that Spurgeons was there to help me, I’d hate to still be feeling like I was. I’m my old self again!

Spurgeons International Work

For over 20 years, Spurgeons has worked with children and families in some of the poorest communities in the world; making a real difference to children facing dire poverty.

However, our major focus and expertise is as a UK children's charity and this work has continued to grow and develop.

As a result, after a lot of thought, research and discussion, this year we transferred our overseas work in Kenya and Uganda to Global Care, another Christian organisation with an ethos similar to our own. This will enable the work we began to progress and thrive.

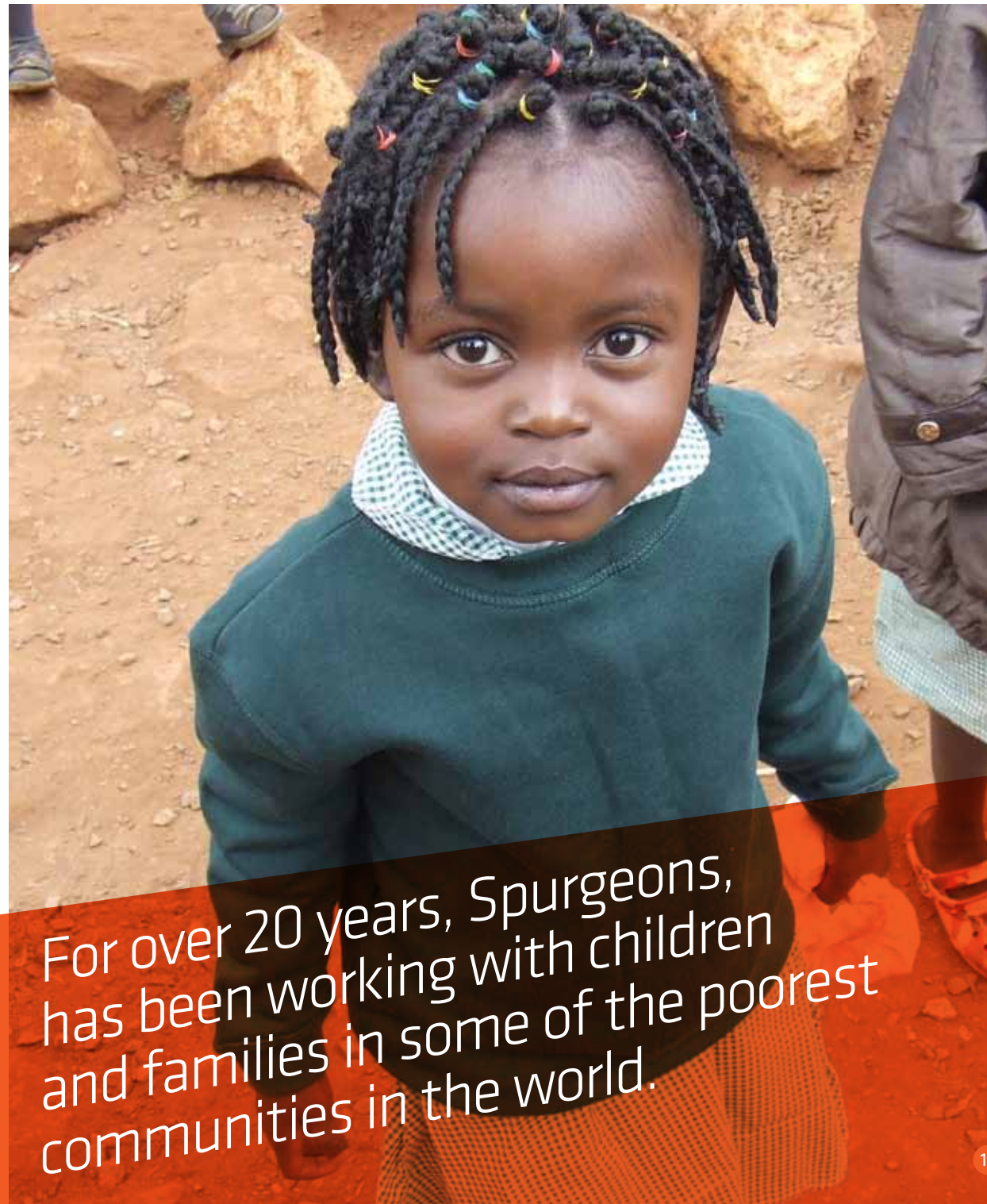
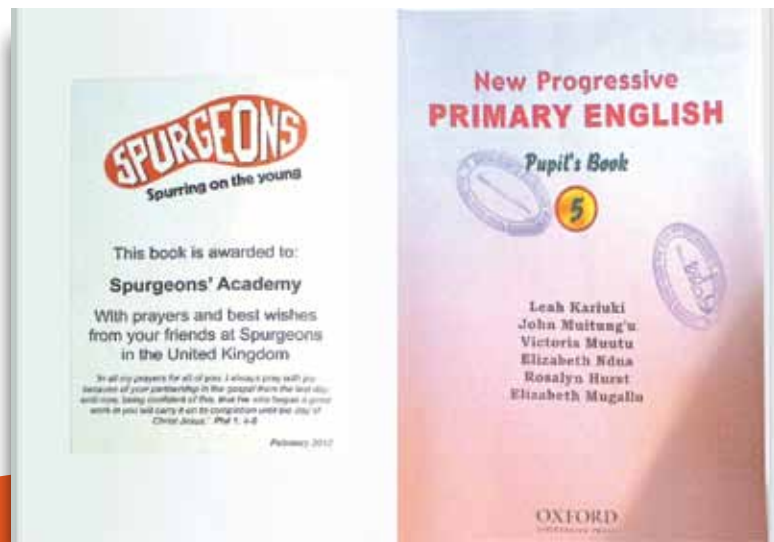


Think children

CEO, Tim Jeffery explains: 'This is an important and bold step for Spurgeons, to take away something so close to our heart and in which we have invested such time and effort over many years. We have identified the challenge in being able to operate as a highly professional children's charity in the UK and develop work internationally to the same standard. Ultimately, the future wellbeing of all our sponsored children and our capacity to increase this work with them has been at the centre of our thinking.'

As part of the handover process, Stuart Cornwell, Chair of the Board, and Tim Jeffery, CEO visited Kenya and Uganda in January and were able to present books to the children who have been supported through Spurgeons work. This was important for Spurgeons to mark this significant moment in our history and it was very much appreciated by the staff, the families and communities affected.

Spurgeons will continue to partner with Romania and Moldova as these programmes are phased out as part of an established exit plan. Romania is due to complete in March 2013 and Moldova in June 2013.



For over 20 years, Spurgeons, has been working with children and families in some of the poorest communities in the world.

Where we met our targets and where we did not...

Efficient and successful tendering

In 2011/12 we said we would:

> Achieve an annual equivalent net increase in income of over £2 million per annum as a result of tenders won.

Did we achieve this?

Yes

We exceeded our target and, as a result of the tenders won this year, our net turnover for 2013/14 has increased by over

£4 million

> Achieve an average full cost recovery on tenders won of over 96%.

Did we achieve this?

No

We fell just short of our target and achieved

95%

full cost recovery on tenders won.

> Maintain a tender success rate of 40%.

Did we achieve this?

Yes

We exceeded our target and achieved a tender success rate of

51.6%

We had the most successful year of tendering in our history and significantly exceeded targets that were set. The establishment of a new Business Development department, with a dedicated tendering team has enabled efficient tendering processes to be developed, that has contributed to our success rates.

Cost savings and efficiencies in infrastructure

In 2011/12 we will:

> Achieve efficiency savings of 3% on budgeted core expenditure.

Did we achieve this?

No

As a consequence of the new work in the Wiltshire children's centres and the London prisons, we made some additional investment in our infrastructure during the course of the year. However, if we look at the level of core infrastructure at the beginning of the year, we achieved a

1.5%

saving compared to the original budget.

> Achieve further economies of scale through a 5% increase in the average value of our contracts for service delivery.

Did we achieve this?

Yes

We have won a number of large contracts during the year which has boosted the average value of service delivery contracts by

25%

well ahead of our target.

> Ensure that core costs as a percentage of income fall by 5%.

Did we achieve this?

Yes

Core costs as a percentage of income fell by

11.7%

compared to the previous year, which reflects the greater efficiencies and economies of scale achieved during the year.

Improvements to systems and structures

In 2011/12 we will:

> Have the next phase of the web-based self service HR/Payroll system fully operational and available to all managers and employees by 31 March 2012.

Did we achieve this?

Partially

All employees now receive on line payslips and they can update their personal details on the web. The next priority is to roll out the absence recording module to all managers during

2012/13

> Have Spurgeons Management Information System for work with children and young people implemented and providing data for the 5 Service Delivery Areas performance report cards by 31 December 2011.

Did we achieve this?

Partially

The Management Information System was implemented by

31

December 2011 and the majority of staff have received training and have access to the system. Further work to be done to ensure data is of sufficient quality to provide robust data for performance report cards.

Development and successful operation of a new Enterprise Unit

In 2011/12 we said we would:

> Develop a business plan and secure financing for the Enterprise Unit by 30th September 2011.

Did we achieve this?

Yes

The Trustees agreed the business plan for the Enterprise Unit and the initial

investment

required to enable it to be operational.

> Recruit a core staff team and get the Enterprise Unit functioning effectively by 31st December 2011.

Did we achieve this?

No

The core staff team was recruited and started during

quarter 4

Unfortunately, our initial recruitment period was unsuccessful which led to a delayed start date.

> Develop and market 4 products to meet Year One sales targets.

Did we achieve this?

No

Due to the later than planned start date, the Enterprise Unit was unable to achieve its

Year One

sales targets. We are now on course to meet the revised targets during 2012-13.

Increasing unrestricted income

In 2011/12 we said we would:

> Design and test a new committed giving product which will secure unrestricted income. We aim to raise £37,000 in unrestricted income within the first financial year of launching this new product.

Did we achieve this?

No

We did not launch the new regular giving product, the first mailing for this campaign landed on 2nd April 2012 missing the end of the financial year by

2 days!

However, all the research, design and testing was completed in 2011/12 and we are looking forward to seeing how the regular giving product develops.

Successful bids to institutional donors

In 2011/12 we said we would:

> Secure income of £400,000 for specific projects with a Return on Investment of 1:4.8 and an average application success rate of 40%.

Did we achieve this?

Yes

Actual income banked this financial year was £328,000; however two additional grants were also secured. The first grant is from the National Lottery for

£1 million

The second grant is from Comic Relief for a total of £120,000 over 3 years to work with families in Birmingham at risk of or involved in sexual exploitation.

The Return on Investment for actual income banked this financial year is 1:4.5 and the application success rate for this year (including the two grants mentioned above is 40.5%).

Spurgeons Network

Spurgeons Network offers support and resources to Christians, churches and faith organisations working with children, young people and families in their local communities. We support and encourage members in their work, providing information, practice-based learning and specialist advice, as well as linking similar projects together for mutual support.

Our priorities for 2011/12 were to:

Contribute to positive and lasting change for children, young people and families by adding value to Spurgeons core business

> The added value to community based work that Network offers has become an integral part of Spurgeons' tenders. In West Essex and Peterborough, we co-ordinated events to introduce Spurgeons, our work and values to partners, with more localised events planned for each community later in 2012.

> Development work is underway with some Spurgeons' Children's Centres and services for prisoners' families to strengthen links with churches and faith based groups working in their local areas.

Support Network members to develop practice and standards and share knowledge and experience

> The new Spurgeons Network website went live in December and is now the main source of information for members about sector news, research, practice and training events.

> Other more specific support and signposting was provided to individual members by email, phone and face to face meetings, including help for a youth project bidding to run a community library!

> We ran training on how to work with challenging behaviour and with children affected by loss or bereavement.

Increase the sustainability of the Network

> Online membership has steadily increased, with plans for that to triple this year.

> A £10,000 grant was received towards our work with members.

> Additional consultancy income contributed towards a better-than-budget year end.

Increase Spurgeons' profile in the Christian sector

> We continued to sustain and develop our profile through national and local Christian networks, events and collaborative ventures.

> It's early days for the website and @SpurgeonNetwork on Twitter but both are proving crucial to developing our profile, membership and reach.



Hi, my name's Kirsty and my daughter, Jenny, started going to the Spurgeons nursery when she was about six months old. It's been a lifeline for me and my partner, Steve.

When Jenny first started at Spurgeons she was really challenging. She screamed and cried for a whole week and you couldn't even make eye contact because she'd cry. She just wanted to be left alone and would put her comfort blanket over her face. The Spurgeons staff would pass her from one to the other hoping that she might find one she liked long enough to stop crying. She didn't like it when people she didn't know came into the room and she would cry around visitors.

I would ring during the day to see if she was OK and I could hear her screaming. It was awful and I felt so guilty for leaving her, but knew we should persevere.

Once she'd got over her initial fear, she loved it! She still had a little cry when I left her, but soon even that stopped. The staff are so great with her and are really encouraging – she's learning so much! Jenny's a really friendly and outgoing little girl now; she's not afraid to make

the first move in making friends and her speech and confidence are fantastic. She sings along to songs and uses Makaton sign language! It's just amazing! She's so good with her counting, colours and shapes. She surprises us with things we didn't even know she knew! It's staggering!

We've seen such a transformation as Jenny's grown up at the Spurgeons nursery. Now when we arrive in the morning she runs in. She knows she's going to nursery to see her friends and play; there's a structure to her week and she knows her routine.

Jenny's learnt and experienced so much at the Spurgeons nursery. She does so many varied activities that I certainly wouldn't even be able to think of. It's become like a second home for us and the staff are so patient, kind, friendly and funny. Steve and I have a lot to thank them for. Everyone should come to Spurgeons!

“She's learning so much! Jenny's a really friendly and outgoing little girl now.”

Focus and objectives for 2012/13



Sustainable Growth

- > Achieve a net growth in contractual income of over **£2million** for 2013/14.
- > Diversify our business model through achieving annual growth targets set for the Enterprise Unit and develop at least **2 new products**.
- > Ensure that core costs as a percentage of income fall by **5%**.
- > Raise unrestricted income of over **£60,000** from the new regular giving product; and have over **400** supporters in the programme.
- > Secure restricted income of over **£500,000** from our grant making bodies with an application success rate of **40%**.
- > **Grow our profile** within the Children's Services sector through participating in conferences, speaking engagements and creating and executing a business development micro-site, within the core Spurgeons website.
- > Execute **2 national media campaigns** to raise Spurgeons' profile with the general public. We will further develop our website and attract **48,000** unique users to the site this financial year.

Performance Management

- > Achieve a **15%** increase in the proportion of Children's Centres achieving good or outstanding OFSTED inspection outcomes.
- > **Audits** of case files will be carried out in all services in order to ensure the best possible safeguarding is being achieved.
- > Have implemented Spurgeons' new **Performance Management Framework** across the organisation, in induction, supervision and appraisal processes.
- > All services to evidence **achievement** of national performance targets for service areas through the Outcomes Based Accountability based Performance Report Cards.

Forward into 2012/13...

Financial review 2011/12

Spurgeons has shown resilience in the face of the ongoing economic recession and public expenditure cuts in commissioned services, and it is particularly pleasing to report our first year of growth for a number of years. Total income in 2011/12 was £13.6 million, which is up 6% on 2010/11 and 14% better than budget. We know that the growth in 2011/12 is a precursor to much higher growth in 2012/13, following our recent tender successes and a 25% increase in our work from 1st April 2012.

We remain on track with our investment in infrastructure, which has been designed to maintain and develop the quality of services we deliver to children and young people. Whilst we have incurred a significant operating deficit this year, and further deficits are planned over the coming 2 years, the level of deficit is anticipated to fall each year as we look to grow our work to bring us back to a sustainable break even position. Our asset base remains strong, and we shall continue to undertake planned sales of certain investment properties to fund these deficits as required.

The net operating deficit of £1,245,000 comprises restricted deficits on services of £448,000 and an operating deficit on unrestricted funds of £797,000. The deficit on unrestricted funds was lower than the budget approved by the Board of Trustees, despite some additional investment in tendering capacity and in the transitioning of new work into the organisation. These costs represent an investment in 2011/12 for future growth, with the return on that investment coming through in 2012/13 and later years.

Total income **£13,678,000**

Total expenditure **£14,923,000**

Total funds **£8,465,000**



Local Authority income	77%
Income from central government	7%
Vuntary income	5%
Investment income	3%
Fees and project income	8%

84% of our income comes from the statutory sector, mainly from local authorities, particularly in support of the growing number of children's centres we manage. For the first time this year we have received income from central government departments. This has come through our contract with the National Offender Management Service to run the Prison Visitor services in the London prisons and the Department for Education grant funding for the Invisible Walls service. Virtually all external funding is given for specific services and is therefore restricted solely to that purpose and not transferable from one service to another. Whilst our total fundraised income was down in the year, a re-structure at the beginning of the year enabled us to drive down marketing and campaign costs so that our fundraising ratio shows a significant improvement compared to last year.



Children's Centres	62%
Contact Services	8%
Family support	7%
Children and young people affected by imprisonment	9%
Youth, community & young carers	9%
International projects	1%
Fundraising, Marketing & Promotion	3%
Governance/Investment property costs	1%

96% of our expenditure is incurred in direct support of our work with children, young people and families. Our children's centres now account for 62% of total spend, and our new work with children and young people affected by imprisonment comprises just under 10% of the total. Employment costs remain by far the highest single item of expenditure at over 65% of total spend.



General funds	27%
Designated Funds	35%
Restricted funds	37%
Permanently Endowed Funds	1%

Of our total funds, £3,094,000 are restricted funds which relate to specific projects and which can only be spent on the purposes for which the funds have been given. £126,000 comprises permanently endowed funds which are vested in the freehold property of Spurgeons' head office. The designated funds of £2,928,000 are those set aside by the trustees for a particular purpose and reflect the fact that this sum is tied up in the charity's investment properties, which provide essential income for the charity's activities. General Funds of £2,317,000 represent the free funds of the charity which are not designated for particular purposes.

Governance & Management

Statement of Trustees' responsibilities

Spurgeons is governed by a Board of Trustees who are also directors of the Charity for the purposes of the Companies Act. The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Company Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the company's state of affairs and profit or loss for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it's inappropriate to presume the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware
- The Trustees have taken all steps to make themselves aware of any relevant audit information and to establish the auditors are aware of that information
- These financial statements are produced in accordance with the Charities Accounts and Reports Regulations 2008.

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', issued in March 2005, in preparing Spurgeons' annual report and financial statements. The Trustees have considered the Charity Commission guidance on public benefit in deciding what activities to undertake and this report contains an explanation of the significant activities undertaken during the year to carry out the Charity's aims for the public benefit, and also the achievements measured against the objectives set by the Trustees.

Governance

The main Board continues to meet quarterly, with sub-committees delegated to oversee various aspects of the Charity's work to ensure effective governance and report back to the Board on a regular basis. The current sub-committee structure is as follows:

- A national service Standards Committee to undertake a due diligence role to scrutinise, challenge and support Spurgeons' work with children and young people
- A Finance and Fundraising Committee to oversee all financial aspects (including investment policy) and fundraising strategy and performance
- A Business Strategy Committee charged with reporting to and making recommendations to the Board on matters related to the Strategy of the whole organisation
- A Remuneration Committee to review the performance and remuneration package of the Chief Executive and, in conjunction with the Chief Executive, the Strategic Leadership Team.

In addition, a Safeguarding Panel, reporting to the Standards Committee, acts as the key forum for monitoring the organisation's performance in safeguarding issues. Trustee representation on this panel ensures safeguarding remains a key issue on the Board's agenda. The ongoing engagement of the Trustees in visiting projects and taking part in participation forums is a key element in linking the governance level of the Charity with its ultimate beneficiaries. Trustees are encouraged to visit regions and individual services to engage with staff and users as part of our commitment to user participation. To further facilitate this engagement, many Board meetings now incorporate a presentation by a local project on its work. Trustees may be proposed by any person and their appointment to the Board is decided by the assent of the existing Board, with appointment confirmed by members at the following AGM for a period of three years, after which they are eligible for re-election.

The Chair is elected from within the Board triennially and may serve up to two terms. New Trustees receive an induction programme and are assigned a mentor from among the existing Trustees to work alongside them during their induction period. Details of the names of the Trustees at the date of this report, and changes since 31 March 2012 are set out on page 35.

Management

The Trustees delegate the management, development of strategy and overall leadership of the Charity to the Chief Executive and a team of directors. During the year, the Strategic Leadership Team (SLT) has comprised the Chief Executive, the Director of Children's Services, the Director of Business Development, the Director of Finance and Corporate Services, the Director of Marketing and Fundraising, and the Director of Human Resources.

In order to share decision-making about the organisation's direction and management with a wider group of people and to ensure that decisions are made quickly and as close to the frontline as possible, the SLT has established a Leadership Forum of senior managers. The Leadership Forum meets every quarter with SLT and plays a role in shaping key issues about the organisation's future and development.

During the year, Spurgeons reorganised the management structure of our direct work with children and young people. The work is now managed through 3 regions (Midlands, East and South) each led by a Deputy Director of Children's Services.

The Deputy Directors give senior leadership and management to the performance of our current services, the transition and mobilisation of new services into Spurgeons and the continuing development of new work. Each Region has a team of Regional Managers in geographical hubs who manage the quality and performance of services and contracts with commissioners and funders.

The reorganisation has given us a scalable management structure for anticipated future growth and an even greater focus on making sure we are delivering the outcomes for children to which we are committed and contracted.

Service managers and workers deliver the extensive range of services offered by the organisation and are supported by 400 volunteers. Many of our projects are heavily dependent on volunteers who work directly with children and young people, either alongside staff or independently. We seek to train and support volunteers appropriately, based on their role. Our work to continuously improve national systems for volunteer recruitment, management and support is now lead by the volunteering service delivery group.

Spurgeons has established a new Department for Business Development to lead the process of developing and growing our work. The Department has a dual role of leading and coordinating the tendering process and, through the establishment of an Enterprise Unit, for developing new services that we can 'sell' in small units.

Spurgeons Network is managed through the Business Development Department. The Network is able to link up its services and support members through the hub structure, as well as organise events for members. By developing efficient and effective working relationships with colleagues in Children's Services, our central support departments provide a proactive and responsive service to meet both operational and organisational objectives. During the year we have continued to use our highly successful "Team around" approach where teams of specialists work together to achieve a common goal.

The team approach has enhanced the consistency and quality of our tender submissions and has ensured an efficient and effective transitioning into Spurgeons of new work. We have continued to use the Hear by Right framework for user participation.

Spurgeons have been working internationally for 20 years in a number of countries. In 2010, the Trustees began a wide-ranging review of our international operations in order to decide how best to take our work forward. Following an extensive period of discussion and negotiation that included the engagement of our International partners, Spurgeons entered into a strategic alliance with Global Care in January 2012 which involved the work in Africa transferring to Global Care's management. Global Care is a specialist international Christian charity with the ability to continue and develop the work in Kenya and Uganda that we have been engaged in over many years.

Legal status

We are a company limited by guarantee registered in England under number 3990460 and with a registered charity number 1081182. The consolidated financial statements set out on pages 37 to 38 include the results of the incorporated charity, Spurgeons, registration number 1081182 ('the Charity') and the unincorporated charity, Spurgeon's Child Care. The unincorporated charity retains the permanent endowment.

During the year, following Charity Commission consent, the Trustees of the D J Thomas Memorial Awards Trust Fund, resolved to transfer the assets and liabilities of the Fund to Spurgeons to be held as a restricted fund. The assets and liabilities were transferred from the unincorporated charity to the incorporated charity on 31 March 2012. The unincorporated charity (no 307560) is treated as forming part of the incorporated charity (no 1081182) for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 2011 following the issue of a uniting direction for accountancy and legal purposes, which was issued on 7 April 2005.

The two charities are accordingly registered under a common registration number (1081182) and the Trustees prepare a single set of financial statements for the whole entity, within which the individual parts are reported separately.

Risk management

Our risk register identifies the types of risks we face, prioritising them in terms of potential impact and likelihood of occurrence, and identifies the means of mitigating the risks, including a review of current systems and procedures and action points to take forward. The risk register is reviewed and updated quarterly by the Strategic Leadership Team.

The Board's sub-committees review those elements of the register that are most relevant to their remit and the Board of Trustees itself reviews the full register on an annual basis. The Trustees will continue to review the major risks to which we're exposed.

Reserves

Our policy on reserves is subject to an annual review by the Finance Committee and approved by the Board of Trustees. The Trustees have carefully considered the requirement for us to maintain an appropriate level of free reserves, being those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. To fund the ongoing investment in the quality of our services, the Trustees have approved the sale of a further two investment properties during 2012/13.

The Trustees' policy is to release from the Investment Property Revaluation Reserve to General Funds the cumulative net revaluation on those investment properties that have been approved for sale to fund the ongoing working capital requirements. As a result, a sum of £876,000 was transferred from the Investment Property Revaluation Reserve at the year end, representing the revaluation surplus on the two investment properties due for sale.

The Trustees have taken into account the level of free reserves necessary to cover the following potential risks:

- Loss of unrestricted income as a result of the closure of a major piece of work or failure to retain commissioned work on re-tender
- Failure to achieve necessary fundraising targets, including a drop in legacy income
- Fluctuations in investment income
- Future significant project deficits
- Cash flow requirement necessary to fund the ongoing, planned operating deficits over the coming two years
- An event having a major negative reputational effect on the charity.

Without a sufficient level of free reserves to cover the financial impact of factors that may be largely outside our control, our ability to safeguard the current level of charitable work would be rapidly undermined and could ultimately lead to a withdrawal of services.

As a service-based charity with long term commitments to children and young people that can't be shelved immediately, an appropriate level of freely available reserves is a vital requirement for stability by smoothing out ebbs and flows in fundraising and other income.

The considerable use of unrestricted reserves over the past few years, and our financial projections for the immediate future, demonstrate our commitment to growing and continuing our work with disadvantaged children. Our intention is not to accumulate funds unnecessarily, but to use them in a prudent and efficient manner to enhance the future lives of the many children and families with whom we work.

Based on the above assessment, the Trustees have estimated that the level of free reserves required to mitigate against the identifiable risks is approximately £0.9 million at 31st March 2012. The Trustees are aware that, as a result of the continued economic downturn, public expenditure cuts and the investment in the infrastructure of the Charity, unrestricted deficits in the region of £1.2 million are likely to be incurred over the next two years. The level of free reserves is represented by the General Fund, which stands at just over £2.3 million at the balance sheet date. The Trustees therefore anticipate that the current level of free reserves will be sufficient to cover the expected future deficits.

Investment management

Our powers of investment are governed by the provisions of the Trustee Act 2000. We operate an ethical investment policy to specifically exclude investments in companies where there is evidence of child exploitation or pornography, or where there is a substantial dealing in tobacco, gambling, alcoholic drinks or military hardware. So far as is practical our Trustees seek to protect the income derived from the investment asset base because it helps fund an essential part of our charitable activity.

Our non-property investments are held in Common Investment Funds under the management of Epworth Investment Management Limited. Epworth has a social, environmental and ethical investment policy that is consistent with the aims and objectives of the Charity. The ethical work of Epworth is based on a robust approach involving research, company meetings and networking over a wide range of issues. Certain companies whose activities are deemed inconsistent with this ethical approach are excluded from the portfolio, while a policy of constructive engagement is applied to those where it's felt likely to lead to positive change.

The funds have been set up so as to retain an approximate 75:25 split between equities and fixed interest securities and corporate bonds as set out in our Trustees' investment policy, and the investments are reviewed quarterly by the Finance Committee.

As permitted by the Charity's Memorandum and Articles of Association, our Trustees have given the investment managers discretion to manage the investment portfolio within an agreed risk profile. The investment managers submit quarterly progress reports and their performance is reviewed annually.

A full review of the terms and conditions of their appointment is made every three years. We've adopted a total return policy for our investments and the investment managers' performance is monitored against a set of benchmark total returns for the different classes of investment. The investment managers' target is to out-perform the benchmark index for total return by at least the amount of their fees.

Our Common Investment Funds achieved a total return (net of costs) of 3.2% during the year, which was below target when compared to the ethically adjusted weighted average benchmark total return of 4.2%. This underperformance was primarily the result of the portfolio being overweight in equities and corporate bonds relative to gilts. For the 3 years to 31st March 2012, the total return (net of costs) achieved was 14.7%pa against the ethically adjusted benchmark of 15.4%pa. The greater part of our investment value is held in a property portfolio, which is represented by assets that have been gifted to us over many years.

The properties are re-valued annually by our Trustees to include them at estimated market value as required under the Charities SORP. A full professional valuation of the investment property portfolio was commissioned from our property managers in 2007, which indicated a substantial increase in the value of these properties. For the purposes of these financial statements, the investment properties have been stated at our Trustees' valuation, which is based on the professional valuation carried out in 2007 as updated and guided by a prudent assessment of indices that track subsequent general market value movements.

The Trustees are continuing with a phased withdrawal from direct property ownership over the next few years, with the timing of sales being largely dependent upon market conditions. Some of the sale proceeds will be re-invested in common investment funds and other securities so as to achieve a more balanced portfolio mix, which is less heavily weighted towards property. The remainder will be used to fund our ongoing working capital requirements over the next 2 years.

Auditors

Messrs haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Signed on behalf of the Board of Trustees on 19 July 2012 by



S Cornwell
Chair of Trustees

Corporate information

Trustees, officers and professional advisors for the year ended 31 March 2012

Chair of Trustees

S Cornwell

Trustees and Directors

P Blount
(resigned 27 November 2011)

C Burns
(appointed 11 October 2011)

P Coleman
(resigned 6 July 2011)

T Elgar
(appointed 11 October 2011)

A Gilbert

I Gray

R Groves CBE
(appointed 6 July 2011)

K Hiscock

P Inch
(appointed 6 July 2011)

C Russell

R Vincent
(appointed 24 January 2012)

Strategic Leadership Team

T Jeffery – Chief Executive

V Floy – Director of Business Development (formerly Director of Quality to 31st May 2011),

L Morris – Director of Marketing and Fundraising

J Rigby – Director of Human Resources (up to 31 March 2012)

P Rolfe – Director of Finance and Corporate Services (and Company Secretary)

S Rome – Director of Children's Services

Registered Office

74 Wellingborough Road
Rushden, Northamptonshire
NN10 9TY

Auditors

haysmacintyre
Chartered Accountants
Fairfax House
15 Fulwood Place
London WC1V 6AY

Bankers

Barclays Bank PLC
Ashton House
497 Silbury Boulevard
Milton Keynes MK9 2ZU

Investment Managers

Epworth Investment Management Limited
9 Bonhill Street
London EC2A 4PE

Property Managers

Hindwoods
Chartered Surveyors
1 Charlton Road
Blackheath London SE3 7EY

Solicitors

Quality Solicitors Wilson Browne
Kettering Parkway South
Kettering Venture Park
Kettering NN15 6WN

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

Hewitsons
7 Spencer Parade
Northampton NN1 5AB

Independent auditors' report to the members of Spurgeons

We have audited the financial statements of Spurgeons for the year ended 31 March 2012 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial

statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 Annual 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 2012 and of the group'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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Signed on 19 July 2012
Adam Halsey (Senior statutory auditor) for and on behalf of haysmacintyre, Statutory Auditor, Fairfax House, 15 Fulwood Place London WC1V 6AY

Financial statements

Consolidated statement of financial activities

	Notes	Charity Unrestricted Funds £000s	Charity Restricted Funds £000s	Charity Sub-total £000s	Unincorporated Charity Restricted Funds £000s	Group 2012 Total Funds £000s	Group 2011 Total Funds £000s
Incoming Resources							
Incoming resources from generated funds:							
Voluntary income							
Donations and collections		182	413	595	76	671	740
Legacies		78	-	78	-	78	39
Investment income							
Rental income		228	-	228	99	327	349
Interest and dividends		38	-	38	20	58	55
Incoming resources from charitable activities							
Amounts received towards the support of children, young people and families	4	2,634	9,904	12,538	6	12,544	11,760
Other incoming resources							
Profit on disposal of tangible fixed assets		-	-	-	-	-	-
Total incoming resources		3,160	10,317	13,477	201	13,678	12,943
Resources Expended							
Cost of generating funds:							
Fundraising, marketing and promotion		370	100	470	-	470	633
Investment property costs							
		58	-	58	19	77	73
Charitable activities:							
Amounts expended in the support of children, young people and families	5	3,344	10,703	14,047	254	14,301	13,329
Grants paid/Capital Grants Transferred		-	43	43	-	43	162
Governance costs		32	-	32	-	32	24
Total Resources Expended	6	3,804	10,846	14,650	273	14,923	14,221
Net resources expended before transfers							
		(644)	(529)	(1,173)	(72)	(1,245)	(1,278)
Transfers between funds		(153)	153	-	-	-	-
Transfers between charities	11 (ii)	-	2,614	2,614	(2,614)	-	-
Net resources expended after transfers		(797)	2,238	1,441	(2,686)	(1,245)	(1,278)
Net gains on investment assets:							
Realised gains/(losses)		210	-	210	-	210	(121)
Unrealised gains/(losses)		122	-	122	(12)	110	303
Net Movements in Funds		(465)	2,238	1,773	(2,698)	(925)	(1,096)
Fund balances brought forward at 1 April 2011		5,710	856	6,566	2,824	9,390	10,486
Fund balances carried forward at 31 March 2012		5,245	3,094	8,339	126	8,465	9,390

The notes on pages 40 to 48 form part of these financial statements. All amounts are derived from continuing activities

Consolidated and charity balance sheets

	Notes	2012		2011	
		Group £000s	Charity £000s	Group £000s	Charity £000s
Fixed assets					
Tangible fixed assets	7	308	182	374	244
Investments	8	7,074	7,074	7,890	6,803
		7,382	7,256	8,264	7,047
Current assets					
Stock		8	8	-	-
Debtors	9	1,328	1,328	1,498	1,500
Short term deposits		910	910	706	2
Bank and cash balances		429	429	71	71
		2,675	2,675	2,275	1,573
Creditors: Amounts falling due within one year	10	(1,592)	(1,592)	(1,149)	(2,054)
Net current assets/(liabilities)		1,083	1,083	1,126	(481)
Net assets		8,465	8,339	9,390	6,566
Represented by					
Funds					
Spurgeons:					
Unrestricted Funds					
General Funds*	11(a)	2,317	2,317	2,027	2,027
Designated Funds**	11(a)	2,928	2,928	3,683	3,683
Restricted Funds					
Project Funds	11(a)	480	480	856	856
D J Thomas Fund***	11(a)	2,614	2,614	-	-
		8,339	8,339	6,566	6,566
Spurgeon's Child Care:					
Permanent Endowment Funds					
Foundation Trust	11(a)	126	-	130	-
Restricted Funds					
D J Thomas Fund ***	11(a)	-	-	2,694	-
		126	-	2,824	-
		8,465	8,339	9,390	6,566

The "Charity" column above gives the balance sheet for the incorporated charity, Spurgeons (no 1081182). The "Group" column includes the balance sheet for the unincorporated charity (no 307560), which retains the permanent endowment.

*General funds includes a revaluation reserve of £1,220,484 (2011: £1,202,239)
 **Designated Funds includes a revaluation reserve of £2,928,631 (2011: £3,683,694)
 ***The D J Thomas Fund includes a revaluation reserve of £1,072,779 (2011: £1,084,733).

Signed on behalf of the Board of Trustees on by:


 C Russell


 S Cornwell

Cash flow statement for the year ended 31 March 2012

	2012		2011	
	£000s	£000s	£000s	£000s
Net Cash Outflow from Operating Activities (Note a)		(944)		(1,952)
Returns on Investments and Servicing of Finance				
Rental income	327		349	
Interest and dividends	58		55	
		385		404
Capital expenditure and financial investment				
Disposal of property		-		-
Disposal of investment property	1,136		706	
Purchase of tangible fixed assets	(12)		(127)	
		1,124		579
Net Cash inflow before Increase/(decrease) in liquid resources (note d)		565		(969)
Management of liquid resources				
(Increase)/decrease in short term deposits		(204)		591
Increase/(decrease) in cash		361		(378)

The notes on pages 40 to 48 form part of these financial statements

Notes to the financial statements for the year ended 31 March 2012

A) reconciliation of changes in resources to net cash outflow from operating activities	2012 £000s	2011 £000s
Net resources expended	(1,245)	(1,278)
Depreciation charges	78	47
Investment income receivable	(385)	(404)
Decrease/(increase) in debtors	170	(251)
(Increase) in stock	(8)	-
Increase/(decrease) in creditors	446	(66)
Net cash outflow from operating activities	(944)	(1,952)

B) Reconciliation of net cash flow to movement in net funds	2012 £000s	2011 £000s
Balance at 1 April 2011	770	1,739
Net cash increase/(decrease)	361	(378)
Cash inflow/(outflow) from increase/(decrease) in liquid resources	204	(591)
Balance at 31 March 2012	1,335	770

The balance at 31 March 2012 is represented by:

Short term deposits	910	706
Bank and cash balances	429	71
Bank overdraft	(4)	(7)
	1,335	770

C) Analysis of net funds/debt as shown in the balance sheet	2011 £000s	Cash flow £000s	2012 £000s
Cash at bank and in hand	71	358	429
Bank overdraft	(7)	3	(4)
	64	361	425
Liquid resources	706	204	910
	770	565	1,335

D) Net liquid resources

The total net cash inflow of £565,000 for the year arises primarily as a consequence of the planned sale of investment properties to fund the planned deficit on unrestricted funds as set out in the statement of financial activities on page 37.

Notes to the financial statements for the year ended 31 March 2012

1. Accounting policies

A. Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of fixed assets including investments which are carried at market value and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) issued in March 2005, applicable accounting standards and the Companies Act 2006.

B. Consolidation

The financial statements consolidate the results of the charitable company no 1081182 and the unincorporated charity no 307560. The individual parts are reported separately as either restricted funds or permanent endowments.

C. Income and Expenditure

Dividends, collections and appeals are credited to the Statement of Financial Activities as received.

Interest, rents and amounts receivable from local authorities towards the support of the children, young people and families are credited to the Statement of Financial Activities on an accruals basis.

All legacies are credited to income in the year in which they are receivable, which is when the charity becomes entitled to the resource.

All support costs relate to the support of the principal activity and are charged to that activity in the Statement of Financial Activities. Expenses are charged to the Statement of Financial Activities on an accruals basis and include value added tax.

D. Investments

Quoted investments are valued at closing middle market price on the balance sheet date. Investment properties are stated at a Trustees' valuation, based on a professional valuation carried out in 2007 as updated and guided by a prudent assessment of indices which track subsequent general market value movements.

E. Investment Gains and Losses

Investment gains and losses are recognised in the Statement of Financial Activities when realised. Increases and decreases in market value are reflected in the Statement of Financial Activities.

F. Tangible Fixed Assets

The original land, buildings and equipment are retained at the carrying value resulting from a professional valuation made in 1997 and this valuation has not been updated. The freehold property held under the Foundation Trust has been included at purchase price. All the freehold properties recorded in the balance sheet are exclusively for the purposes of carrying out the charitable activities of the organisation.

Depreciation is provided to write off the cost of fixed assets over their anticipated useful lives at the following rates:

- Freehold buildings
2% per annum on cost
- Fixtures and fittings
12.5% and 25% per annum on cost
- Computer equipment
33% per annum on cost
- Motor vehicles
25% per annum on cost

G. Permanent Endowment Fund

This fund is treated as being permanently endowed in accordance with an agreement with the Charity Commission.

Notes to the financial statements for the year ended 31 March 2012

2. Pensions

The Charity contributes to a Group Personal Pension Plan for employees. The employer contributions range between 5% and 7% of gross pay depending upon the level of employee contribution. Contributions are further enhanced by a salary sacrifice arrangement through which the employer pays into the employee's pension fund 10% of the 12.8% employer's NI saving on the salary sacrificed. The Charity's contribution for the year was £304,297 (2011: £289,988).

3. Capital commitments

Capital commitments at the year end amounted to £ Nil (2011: £ Nil).

4. Analysis of amounts received towards the support of children, young people and families

	Unrestricted Funds £000s	Restricted Funds £000s	2012 Totals £000s	2011 Total £000s
Fees and other project income	509	509	1,018	964
Churches and other partners	3	9	12	139
Statutory Sector				
Local Authorities (including Sure Start)	1,967	8,633	10,600	10,657
NOMS	53	517	570	-
DFE	102	242	344	-
Total	2,634	9,910	12,544	11,760

Income relating to international projects is included within the figures for "Donations and Collections" and "Rental income" in the Statement of Financial Activities on page 37.

5. Analysis of amounts expended in the support of children, young people and families

Type of project	Unrestricted Funds £000s	Restricted Funds £000s	2012 Totals £000s	2011 Total £000s
Children's Centres	1,914	7,288	9,202	8,518
Children & Young People Affected by imprisonment	495	840	1,335	-
Family Support	305	733	1,038	1,520
Youth, Community and Young Carers	321	917	1,238	1,470
Contact Services	250	953	1,203	900
Independent Visitors and Mentoring	13	49	62	302
International Projects	46	177	223	243
Residential Units	-	-	-	376
	3,344	10,957	14,301	13,329
Grants paid/capital grants transferred	-	43	43	162

6. Total resources expended

	Staff Costs £000s	Depreciation £000s	Other costs £000s	2012 Totals £000s	2011 Total £000s
Costs of generating funds					
Fundraising, marketing and promotion	236	-	234	470	633
Investment property costs			77	77	73
Charitable expenditure					
Project costs	9,433	78	4,790	14,301	13,329
Capital grant transferred/Paid			43	43	162
Governance costs			32	32	24
	9,669	78	5,176	14,923	14,221

	2012 £000s	2011 £000s
Net movement in funds		
The net movement in funds is stated after charging:		
Depreciation	78	47
Operating lease rentals	214	203
Auditors remuneration (including VAT):		
Audit	12	12
Other services	-	-

	2012 £000s	2011 £000s
Support costs		
Operational management	1,024	938
Quality and Partner Support	484	176
Finance, IT and Corporate Services	535	579
Human Resources and People Development	543	536
Other central support and administration	291	540
	2,877	2,769

Organisational support costs are charged as far as possible to projects in a consistent manner. Costs are apportioned on the basis of the unit cost of each support activity and the estimated number of units used by each individual project or service. Both recovered and unrecovered support costs are included entirely within the analysis of amounts expended in the support of children, young people and families detailed in note 5 above.

	2012 £000s	2011 £000s
Staff costs		
Wages and salaries	8,662	8,497
Social Security costs	681	685
Other pension costs	326	290
	9,669	9,472

Notes to the financial statements for the year ended 31 March 2012

6. Total resources expended (continued)

Employee emoluments over £60,000

Employees continuing in service:

£60,001 to £70,000

£70,001 to £80,000

Both of the above employees belong to the Charity's Group Personal Pension Plan, employer contributions were in accordance with note 2 to the accounts.

The average number of employees (including casual workers) in the year was 624 (2011: 587).

The average number of full time equivalent employees (including casual workers) was 420 (2011: 379).

Analysis of full time equivalent employees:

Central departments and hub offices

Projects and services

	2012 Number	2011 Number
Employee emoluments over £60,000		
Employees continuing in service:		
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
	65	57
	355	322
	420	379

7. Tangible fixed assets

	Freehold property £000s	Motor vehicles £000s	Computer equipment fixtures & fittings £000s	Charity sub-total £000s	Freehold property* £000s	Group Total £000s
Cost/valuation						
At 1 April 2011	135	15	205	355	185	540
Additions	-	-	12	12	-	12
Disposals	-	-	-	-	-	-
At 31 March 2012	135	15	217	367	185	552
Accumulated depreciation						
As at 1 April 2011	36	15	60	111	55	166
Charge for the year	8	-	66	74	4	78
Disposals	-	-	-	-	-	-
At 31 March 2012	44	15	126	185	59	244
Net Book Value						
At 31 March 2012	91	-	91	182	126	308
At 31 March 2011	99	-	145	244	130	374

Property fixed assets are held at cost or where cost is not available then the market value as at 1997 as permitted under the transitional rules of FRS15. Depreciation is charged on property fixed assets in accordance with the accounting policies set out in note 1.

*This freehold property is a permanent endowment

8. Investments

a) Market value of investments

Common investments funds

Investment properties

Total investments - Charity

Investment properties - (D J Thomas)

Total Investments - Group

	2012 £000s	2011 £000s
Common investments funds	1,239	1,239
Investment properties	4,761	5,564
Total investments - Charity	6,000	6,803
Investment properties - (D J Thomas)	1,074	1,087
Total Investments - Group	7,074	7,890

b) Movements in market value of investments

Market value as at 1 April 2011

Acquisitions at cost

Disposals:

Proceeds

Realised loss

Unrealised appreciation

Market value as at 31 March 2012

	2012 £000s	2011 £000s
Market value as at 1 April 2011	7,890	8,414
Acquisitions at cost	-	-
Disposals:		
Proceeds	(1,136)	(705)
Realised loss	210	(122)
Unrealised appreciation	110*	303*
Market value as at 31 March 2012	7,074	7,890

*includes revaluation loss of £11,954 (2011: gain £52,733) on D J Thomas investment property)

9. Debtors: Due within one year

	2012		2011	
	Group £000s	Charity £000s	Group £000s	Charity £000s
Other debtors	1,243	1,243	1,417	1,419
Prepayments and accrued income	85	85	81	81
	1,328	1,328	1,498	1,500

10. Creditors: Amounts falling due within one year

	2012		2011	
	Group £000s	Charity £000s	Group £000s	Charity £000s
Bank overdraft	4	4	7	7
Other creditors	1,123	1,123	804	804
Other taxation and social security	317	317	186	186
Pension contributions	50	50	49	49
Loan from/(to) D J Thomas Fund	-	-	-	905
Accruals	13	13	13	13
Deferred income	85	85	90	90
	1,592	1,592	1,149	2,054

Notes to the financial statements for the year ended 31 March 2012

11. Funds

A) movement in funds

	Balance at 1 April 2011 £000s	Incoming Resources £000s	Outgoing Resources £000s	Investment Gains/(Losses) £000s	Transfers £000s	Balance at 31 March 2012 £000s
Unincorporated Charity:						
Permanent endowments						
(i) Foundation Trust*	130	-	(4)	-	-	126
Restricted funds						
(ii) D J Thomas*	2,694	201	(269)	(12)	(2,614)	-
						126
Charity:						
Restricted funds						
(iii) UK Projects	856	10,317	(10,846)	-	153	480
(ii) D J Thomas*	-	-	-	-	2,614	2,614
						3,094
Unrestricted funds						
Designated Funds						
(v) Investment Property Revaluation Reserve	3,683	-	-	-	(755)	2,928
General Funds						
(vii) General Funds	2,027	3,160	(3,804)	332	602	2,317
						5,245
Total Funds	9,390	13,678	(14,923)	320	-	8,465

*Denotes funds held in Spurgeon's Child Care

(i) The Foundation Trust is a permanent endowment vested in the charity's registered office freehold property in Rushden.

(ii) During the year, the Trustees of Spurgeons, Spurgeons being the sole Trustee of the D J Thomas Memorial Awards Trust Fund, resolved to transfer the assets and liabilities of the Fund to Spurgeons to be held as a restricted fund. Following Charity Commission consent, the assets and liabilities were transferred from the unincorporated charity to the incorporated charity on 31 March 2012.

(iii) Funding which has been given for a particular project, and any related expenditure, has been recorded in restricted funds in the year. Transfers in the year represent the following:

1. The meeting of net deficits from general funds on restricted funded projects that are not recoverable from future funding.
2. The movement of restricted funded project surpluses to general funds where either the projects have ended or no further contractual liabilities exist.
3. Fundraising costs have been allocated to restricted funds within the SOFA to reflect the costs of raising restricted voluntary income. However, these costs are unrecoverable by the restricted projects so they have been transferred to the general funds accordingly.

(iv) The Investment Property Revaluation Reserve represents the cumulative net revaluation on the investment properties (excluding those restricted to the D J Thomas Fund). The fund has been designated by the Trustees to reflect the fact that this sum is tied up in the Charity's investment properties, which are used to derive essential income for the charity's activities. During the year, following the decision of the trustees to dispose of certain properties, the revaluation reserve from those properties (both those that have been disposed of or are in the process of being disposed) has been transferred to general funds. This amounted to £876,413 (2011: £875,180)

(v) General Funds represents the free funds of the Charity which are not designated for particular purposes

B) Analysis of assets between funds

	Tangible fixed assets £000s	Investments £000s	Net current assets £000s	Intra fund balances £000s	Total £000s
Spurgeons:					
Unrestricted Funds	182	6,000	(299)	(638)	5,245
Restricted Funds	-	-	480	-	480
Restricted Funds - DJT	-	1,074	902	638	2,614
	182	7,074	1,083	-	8,339
Spurgeon's Child Care:					
Permanent Endowment - Foundation Trust	126	-	-	-	126
Total	308	7,074	1,083	-	8,465

The Trustees have plans in place for 2012/13 for the disposal of a number of investment and operational properties which are surplus to requirements in order to realise surpluses and strengthen the Charity's working capital position

12. S.C.C. Trading Limited

SCC Trading Limited is a wholly-owned subsidiary company which is limited by guarantee. The company became dormant with effect from 31 March 2004. As at 31 March 2012 SCC Trading Limited had net assets of £Nil (2011: £Nil).

13. Transactions with trustees

During the year the Charity reimbursed expenses of £7,073 (2011: £5,990) incurred by 11 Trustees (2011:8) in travelling to meetings and visiting projects.

No Trustee received any remuneration from the Charity.

14. Taxation

Spurgeons is a registered charity and therefore under Section 505 of the Income and Corporation Taxes Act 1988 the Charity is exempt from paying tax on its charitable activities.

Notes to the financial statements for the year ended 31 March 2012

15. Operating leases commitments

The Charity is committed to the following payments in 2012/13 under operating leases:

	Property £000s	Equipment £000s	2012 £000s	2011 £000s
Leases expiring:				
Within one year	74	7	81	67
Between 2 – 5 years	24	27	51	119
	98	34	132	186

16. Specific acknowledgements

Certain funders require a specific acknowledgement of their grant. The following grant and the related expenditure is shown under Restricted Funds in the Statement of Financial Activities.

Big Lottery Fund – Reaching Communities Grant received for our Oxford Shout Project £149,472 (2011: £150,017). Expenditure £104,080, with agreement to carry the balance forward into the next financial year.

Big Lottery Fund – Supporting Change Grant received for our Oxford Shout Project £10,000. Expenditure this financial year was £nil, with agreement to carry the balance into the next financial year.

Big Lottery Fund – Awards for All Grant received for our Wolverhampton Young Carers Project £10,000. Expenditure £8,832, with agreement to carry the balance into the next financial year.

Big Lottery Fund – Youth in Focus Grant received for our Sisters Project £26,700, all of which was spent in this financial year.

Department for Education – Improving Outcomes for Children, Young People & Families received for our Invisible Walls Project £309,771, all of which was spent in this financial Year. In conjunction with this grant, DFE also provided £35,000 for Capacity Building, which was all spent in this financial year and is shown under Unrestricted Funds in the Statement of Financial Activities.

Ministry of Justice – Improving the Prison Visits Experience through the involvement of Arts Organisations received for our Prisons Arts Project £35,000, all of which was spent during this financial year.

There are many other funders who have contributed towards the work of Spurgeons, which the Trustees gratefully acknowledge.

Thank you

This year has been very challenging as the recession continues to hit charities like Spurgeons hard. We are, therefore, especially grateful for the support of the following Charitable Trusts and corporate organisations in their generous contributions towards our work:

- > ADF Software Ltd
- > Arun Local Neighbourhood Improvement Area Fund
- > Ebenezer Trust
- > Enterprise Rent-a-Car Foundation
- > Grantham Yorke Trust
- > Hunting plc
- > IMI plc
- > LMI – Leadership Management UK Ltd
- > Miss Webber & Mrs Doidge Charitable Settlement
- > The Alfred Haines Charitable Trust
- > The Big Lottery Fund
- > The Burwood Trust
- > The Coutts Charitable Trust
- > The Grimmitt Trust
- > The Ibbett Trust
- > The Leswyn Charitable Trust
- > The Lillie C Johnson Charitable Trust
- > The Maurice and Hilda Laing Charitable Trust
- > The Princess Royal Trust for Carers
- > The Souter Charitable Trust
- > The Spurgeons Oaklands Charitable Trust
- > The Wixamtree Trust

We are delighted to have worked closely in 2011/12 with the following local authorities and other organisations to deliver excellent services that change the lives of children, young people, their families and communities:

- > Bedford Borough Council
- > Birmingham City Council
- > Brighton and Hove City Council
- > Children and Family Court Advisory and Support Service (CAFCASS)
- > Central Bedfordshire Council
- > Department for Education Hampshire Prisons Programme
- > Hampshire County Council
- > Hertfordshire County Council
- > Isle of Wight Council
- > Kempston Extended Schools
- > Leicester City Council
- > National Offender Management Service (NOMS)
- > Oxfordshire County Council
- > Salford City Council
- > SERCO Funding and Education Department
- > Walsall Metropolitan Borough Council
- > Warwickshire County Council
- > West Sussex County Council
- > Wiltshire Council
- > Wolverhampton City Council





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