Achieving for Children
Community interest company

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

2014/15

Registration Number 08878185

achieving for children

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This Annual Report summarises the performance of Achieving for Children for the period between 5 February 2014 and 31 March 2015 and is authorised for issue by the Board.

N. Whitfield

Nick Whitfield
Chief Executive

Achieving for Children Community Interest Company
Registered in England and Wales as a Private Limited Company
Registered Office – Gifford House, 67c St Helier Avenue, Morden, SM4 6HY
Registration Number 08878185
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Chair of the Board of Directors' Statement

I am delighted to introduce and to welcome you to Achieving for Children's first Annual Report.

The past year has been a time of significant change. Our company was formed by bringing together the education and children's services of the Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames. The two Councils now commission us to deliver their children's services.

Our focus over the past year has been on establishing the foundations of the company while maintaining high quality services. We have integrated the workforce and redesigned the majority of our services, the new structures are now becoming embedded and show considerable efficiencies and improvement in delivery.

We are growing and developing as a business and we have submitted a number of formal tenders to deliver services for other local authorities. We have successfully won consultancy work with the Department for Education to provide improvement advice to local authorities who have been rated as inadequate in their Ofsted inspections.

We have faced a number of challenges during 2014-15, not least the competing pressures of establishing a new company yet managing the existing delivery of children's services within a tight financial framework. The financial challenge will only continue to get tougher as we move into 2015-16; however, through effective financial management, as well as innovative and creative thinking, we are confident we will continue to deliver high quality services in a cost effective manner.

We also remain determined to continue to improve children's social care services in Kingston which received an inadequate judgement following an Ofsted inspection in 2012 and was issued with a Notice to Improve by the Department for Education. A follow-up inspection in 2013 concluded that services remained inadequate but noted that good and steady progress had been made to improve safeguarding arrangements. This was confirmed in a review by the Department for Education in January 2015.

I would like to take this opportunity to thank our employees and partners for their hard work and dedication over the past 12 months. I truly believe that the progress we have made as a company would not have been possible without the often tireless efforts of our workforce and as a Board, we are extremely grateful for this.

Looking forward, we know we will face many challenges but are confident that we can continue to deliver on our promise to help children to live safe, happy and successful lives.

David Groves, Chair of Board of Directors

STRATEGIC REPORT

1. Chief Executive's Review of the Year

It has been an exciting year for us: one of great change and not insignificant challenge. Achieving for Children was the first entire children's services in the UK to spin out from a local authority. At the heart of the Councils' decision to set us up was a belief that we could create a bold, unique and more responsive company committed to, and entirely focused on, improving the lives of children, young people and their families.

We believe that we can do more as Achieving for Children than we would have been able to do if we had stayed as separate local authority services, with speedier decision-making and openness to new business opportunities.

We have now combined the workforce of the two directorates into one organisation and integrated many of the services into single structures. This has brought immediate benefits for residents. Examples are seen in the co-located integrated disabled children's service, the youth activity centre at Albany Park in Kingston, and the excellent youth facilities that are provided in Richmond. All of these can now be accessed by children from across the two boroughs.

It has also provided benefits in terms of addressing national agendas. For example, we have implemented a single approach to the prioritisation of the integration of education, health and social care services for children with Special Educational Needs and Disabilities (SEND), and we are proud that the quality of our Local Offer for children and young people with SEND has been recognised. We have also had a 100% success in meeting our targets for our joint refined offer to vulnerable and complex families through a joined-up Strengthening Families programme.

Locally, we have focused on improvement in the quality in children's social care as a first priority for the company. We have been able to ensure the delivery of sufficient nursery education and school places to meet forecasted demand, and have supported schools to maintain high levels of educational achievement whilst reducing gaps in attainment that previously existed between vulnerable children and their peers.

The expansion of the School Performance Alliance for Richmond and Kingston (SPA[RK]) has facilitated the creation of new relationships and encouraged more schools to work together. As a result, we have more schools graded as good and outstanding than ever before. We have worked hard with partners to improve the quality of the Local Safeguarding Children Boards (LSCBs) to ensure that safeguarding practice is scrutinised and held to account across the full partnership. This work has been facilitated and well supported by the new independent chair of the LSCBs.

Importantly for us, children and young people have been more engaged than ever in helping us shape services. They have assisted in the recruitment of staff for Achieving for Children through the Recruits Crew; produced a training programme to help professionals become more aware of the needs of young carers; and worked with the LSCBs to raise awareness about teenage relationship abuse.

None of these achievements would have been possible without the dedication of our employees who have worked relentlessly to create this new venture while continuing to ensure 'business as usual' in supporting children, young people and their families. For this I would like to express my sincere thanks.

In the years ahead, more challenges will undoubtedly present themselves. There will be a sharper focus on financial efficiency as public expenditure reduces and our delivery model will be tested as we integrate services further. We will seek to deliver provision closer to the communities we serve and to generate more income through the provision of services to others. Recent Ofsted inspections of children's services have also demonstrated a much tougher inspection regime, with an increasing number of local authorities requiring improvement. We are working hard to ensure the company is prepared for inspection by continually focusing on improving the quality of services, responding to feedback from the children, young people, families and partners we work with, and learning lessons from three local Serious Case Reviews. We will also work with our partners to create innovative solutions to increasing demands for social care services. This includes delivering a foster care improvement programme funded by the Department for Education to broaden the range of foster care placements for the most vulnerable young people.

We are confident that our second year in business will be as successful as our first and that our new company will continue to think in a creative way to find new ways of realising its vision to improve the lives of children, young people and their families in Kingston and Richmond.

Nick Whitfield, Chief Executive of Achieving for Children

2. Our vision

Helping children to live safe, happy and successful lives.

To help deliver this vision, we have created a set of values for the organisation that will guide our decision-making and the way that we work with children, young people, families and partners. Our values are:

- We put children and young people first
- We work in partnership to improve our services
- We focus on quality and innovation
- We are a listening and learning organisation
- We champion inclusion and value diversity

3. How has being a company made a difference?

From the outset we said that we wanted Achieving for Children to be different. Not just for the sake of being different but because we wanted to make a positive change to the lives of children and young people. We said that being a company would allow us to achieve this and would encourage us to think and act differently. We said we wanted to make decisions more quickly; work with our local partners to find creative solutions to shared challenges; listen to children and young people and involve them more in developing our services; retain a highly-skilled and motivated workforce; and bring in new expertise through our Board of Directors. So, how did we do in our first year?

We said we wanted to make decisions more quickly – so....

- We moved resources within Achieving for Children to meet the demand for additional Children's Centre activities in Richmond, rather than seeking growth funding from the two Councils.
- We set up our Bureaucracy Busting workshops, led by the Deputy Chief Executive. As a result we organised joint supervision between Early Help and Children's Social Care to improve practice, we clarified step-up and step-down processes, and we asked social workers to simplify consent processes so that they were fit for purpose.

We said we wanted to be innovative – so...

- We joined the Frontline Social Work Programme and are busy training eight social workers. We will train a further eight next year.
- Based on feedback from employees, we delegated budgets to frontline workers so that they could spend money on the things that would make the greatest difference to children.
- We created a Business Academy to enable employees to come up with and develop income-generating ideas.

We said that we wanted to work with our partners to find creative solutions – so....

- We created SPA [RK], our alliance of schools, to help them support pupils to reach even higher levels of achievement and attainment.
- We are creating Achieving for Children Outreach with our schools to promote their successful teaching and learning strategies to schools in other local authorities.
- We cultivated partnerships with organisations, such as Chessington World of Adventures, who helped us celebrate the achievements of our looked-after children and care leavers.
- We worked with Apple and John Lewis to look at innovation in IT and improvement in customer service, and to help us to think and act more like a business in the commercial world.
- We created formal partnerships with organisations in the voluntary sector, such as the YMCA, to enable us to bid for work that requires expertise that we do not have in-house.

We said we wanted to give employees a distinct voice – so…

- We established a Staff Awards Scheme to reward the best employees in the organisation, with decisions made by staff and not managers.
- At the request of our employees, we established a Staff Council that works with our Senior Leadership Team to deliver continuing change and improvement in our services.
- We reduced our caseloads for frontline staff to ensure that they could focus on providing high-quality support for the children they work with.

We said we want to hear from and involve children and young people, so…

- We asked children and young people to fundraise for those more vulnerable than themselves and achieved over £83,000 for our Philippines and Ebola campaigns.
- We invested early in a joint participation team to work across Kingston and Richmond to ensure children and young people have a meaningful voice.
- We worked with children and young people on the Children in Care Council to fund a programme of training for professionals led by looked- after children themselves.

Our employees said that we needed to retain the right staff – so…

- We funded over 60 of employees to attend external training courses ranging from short courses to degrees and post-graduate professional qualifications.
- We have identified employees with the potential to manage at the next level and encouraged others to move between boroughs to take advantage of opportunities for promotion.

We said we would bring in new expertise with a Board of Independent Directors, so…

- We appointed Non-Executive Independent Directors (NEIDs) with the purpose of keeping us focused on our key values and ambitions.
- Board Members act as advocates for employees, for example lobbying to protect key worker housing for employees.
- As we look to the future, Board Members can help us to identify suitable business opportunities, and to think and act more like a business.

4. Our achievements against our 2014-15 objectives

The following section in our annual report sets out our some of our achievements and our progress against the ten objectives we identified in our Business Plan for 2014-15.

Ensuring the effectiveness of early help services for vulnerable children

- The Team around the Child model has been embedded across Early Help and Children's Social Care ensuring families experience a seamless journey through our services. The Common Assessment Framework (CAF) is just one of the tools we use to assess the needs of children and young people. During 2014-15, we completed 1,131 CAFs in Kingston and 1,819 CAFs in Richmond.
- Since October 2014, specialist mental health workers have formed part of the Single Point of Access (SPA), which is the front door for all referrals into children's services. This new practice enables appropriate and timely referrals to Child and Adolescent Mental Health Services (CAMHS).
- The Strengthening Families Team has worked together with the police, health services and schools to improve the outcomes for families living in complex circumstances. Using the Team around the Child approach and targeted interventions to tackle school absence and crime, we met our national targets by increasing opportunities for 225 families in Kingston and 190 families in Richmond.

KATIE

Katie has mental health problems and was involved in alcohol and substance misuse, which has meant that she has not regularly attended school for two years. When Katie had a period of crisis, the Adolescent Resource Team (ART) immediately took action and arranged respite care. Her parents said that the respite care has, "definitely bolstered Katie and showed her there is a different way to handle things. It gave her the stability to make the life-changing decision to straighten out her life. It has also allowed us as parents to get back on an even keel and helped us to always respond properly to Katie. It has also allowed us to work, as before that we could never leave Katie alone. We are operating now as a normal family".

Safeguarding children and young people from harm through effective and early intervention

- A Multi-Agency Safeguarding Hub (MASH) has been established as part of the SPA and we have put in place information sharing protocols with all partners so that intelligence about vulnerable children and young people can be shared in an open and timely manner. Benchmarking data from London Councils indicates that Achieving for Children is appropriately applying MASH thresholds and making accurate and timely referral decisions about children at risk of harm. During 2014-15, 96% of contacts to the SPA in Kingston and

95% of contacts to the SPA in Richmond resulted in appropriate decisions being made within 24 hours. The company aims to achieve 100%.

- A new and streamlined joint Child Protection Conference Service was launched in April 2014 to ensure that shorter and more effective conferences take place to protect children from harm. More young people now attend their conferences and 95% of initial Child Protection Conferences in Kingston and 83% in Richmond were held within timescale. The company aims to achieve 100%.

KNOLLMEAD PRIMARY SCHOOL

We have implemented a programme of conversations with local schools to help senior managers to understand how to better support individual children in the schools who are in need of help and protection. 24 conversations were held with schools across Kingston and Richmond during the year. These were led by members of the Senior Leadership Team supported by experienced social care practitioners.

Pip Utting, Headteacher at Knollmead Primary School in Kingston said, "I found the vulnerable children's conversation really valuable. The Associate Director for SEND and the Director for Children's Social Care in Kingston attended and listened to some concerns I had for children in my school and then, within a short period of time, let me know what they had done to resolve them."

Providing more effective support and opportunities for children looked after

- The Virtual School Head role, which oversees academic progress of looked after children, is fully integrated into the school networks in Kingston and Richmond to better support the educational needs of looked-after children. In 2014, 92% of looked-after children in Kingston and 99% of looked-after children in Richmond had an up-to-date Personal Education Plan to support their educational achievement. We are also proud that no looked-after children were permanently excluded from school during the year. The most up-to-date exam results show that in both Kingston and Richmond, looked-after children exceeded the national and London averages for attaining five or more A*-C grades at GCSE including English and Maths. In Kingston, 22% of looked-after children and, in Richmond, 60% of looked-after children achieved this milestone, compared to a London average of just 18% and a national average of 15%.

Ensuring sufficient school and childcare places

- Working in partnership with the London Early Years Foundation and Richmond Housing Partnership, Achieving for Children secured £10,000 to set up a new nursery in Jenner Hall in Barnes to serve an area of relative deprivation in which there is a high proportion of socially-rented accommodation and children in poverty. Gaps in childcare provision in the area had been identified in the Childcare Sufficiency Assessment in 2014 and so it was vital that high quality and locally accessible childcare was created. The new nursery has generated at least eight new childcare places for disadvantaged two-year-olds as well as offering 15 hours of nursery education for three and four-year-olds.

- In Kingston, Kingston Community School, proposed by Chapel Street, will open in the former NHS clinic in Acre Road in September 2015 and provide 60 reception class places per year, prior to its move to its permanent site in Coombe Road, Norbiton, in September 2017; and The Kingston Academy, proposed by Kingston Educational Trust, will open at the North Kingston Centre site in September 2015 and provide 180 year 7 places per year.
- In Richmond, Twickenham Primary Academy, proposed by GEMS Education, will open in Heathgate House near Twickenham Green in September 2015 and provide 60 reception class places per year; Deer Park, proposed by Bellevue and Place Education Trust, will open at Richmond Adult Community College in September 2015 and provide 30 reception class places in 2015 and 2016, rising to 60 places in 2017 when it moves to its permanent site in Lower Mortlake Road; and Turing House, proposed by the Russell Education Trust, will open in Livingston House, Teddington, and provide 100 year 7 places in 2015, 2016 and 2017, rising to 150 in 2018 when it moves to its permanent site.
- During 2014, 95% of resident families in Kingston and 94% of resident families in Richmond were able to send their child to one of their preferred primary schools. 96% of resident families in Kingston and 94% of resident families in Richmond were also able to send their child to one of their preferred secondary schools.

Supporting high educational achievement in schools

- High standards of attainment were achieved in both Kingston and Richmond across all Key Stages, with pupil progress above the national average. National rankings in both boroughs also continue to remain high. In 2014, Richmond was ranked 2nd in the country (87%) and Kingston 11th (84%) for pupils achieving Level 4 or above in Reading, Writing and Mathematics at Key Stage 2. Both Kingston (70%) and Richmond (64%) were above national averages (57%) for the achievement of five or more A*-C grades at GCSE including English and Maths. The percentage of pupils attaining the English Baccalaureate in Kingston (43%) and Richmond (38%) was also significantly higher than national averages (23%).
- In 2014, we narrowed the gap in attainment in a number of areas including between pupils with English as an Additional Language and their peers at Key Stage 1 in Kingston and between boys and girls at Key Stage 2 in Richmond.
- We created a Pupil Benefits Service to identify pupils eligible for Free Schools Meals and Pupil Premium Funding. For those schools that signed up to the service, we helped to identify and register 415 new pupils and bring in £536,900 in additional Pupil Premium Funding that schools are able to use to improve educational attainment.

Supporting young people in their transition to adulthood and employment

- We held the first Achieving for Children Careers Fair - The World of Work Roadshow - as part of National Careers Week 2014. More than 700 young people attended including young people who are not in education, employment or training. Over 40 exhibitors, employers and training providers talked to the attendees about graduate, training and employment opportunities. The event was supported by 15 schools, 13 local training providers and 29 employers, both large and small.

- We have extended our Way to Work apprenticeship programme to provide more opportunities for young people to engage in work-based training. 99 learners have been engaged in the programme in 2014/15: this includes 56 apprenticeship starters and 27 young adults who completed their apprenticeships and moved into work.

Implementing the national special educational needs and disabilities (SEND) reforms

- Personal budgets are now available for parents so that they can directly purchase services to support their children who have SEND. This enables families to have greater choice and control over the services they receive, allowing them to tailor provision to meet their own unique needs.
- We have established a single assessment process, in partnership with parents and our SEND Young Champions, to identify children's special educational needs and implemented Education, Health and Care Plans to ensure these needs are supported effectively and in a coordinated way.
- We have developed a fully integrated service for children and young people with disabilities in Kingston and Richmond led by the Associate Director of SEND. The new service incorporates services for disabled children, children with SEN and children with mental and emotional health needs.

SEND LOCAL OFFER
http://www.afclocaloffer.org.uk/

"Achieving for Children's Local Offer is a living, organic repository of services and support for all families of children and young people with Special Educational Needs and Disabilities (SEND) – whether or not they have a Statement of SEN or an Education, Health and Care Plan.

Whilst the Local Offer is funded and facilitated by Achieving for Children it 'belongs' to families. That's the key. That's what makes it so good. From the outset, families in Kingston and Richmond have been involved. Now we have a live website, it will be easier for families to search for the services and support they need. And the best thing about it is that we are all doing this together- a truly collaborative effort!"

Romany Wood- Robinson, a parent of a child with Autistic Spectrum Disorder and Attention Deficit Hyperactivity Disorder and Chair of Richmond SEND Family Voice

Improving workforce development and planning

- In June 2014, we distributed our first annual survey to hear the views of our workforce. The results demonstrate that staff feel motivated and supported at work and have a clear understanding of what they are expected to achieve for children and their families. Given that Achieving for Children represents a new model of service delivery, it is encouraging that staff feel that they are able to contribute ideas and suggestions to improve services, and that they are empowered to come up with innovative solutions to problems. It is particularly positive that three quarters of our staff reported that their work gives them a feeling of personal achievement. Some areas for improvement were identified, including ensuring that we are able to recruit and retain the right staff now and in the future.

STAFF COUNCIL

Achieving for Children has established a self- nominated Staff Council to represent the workforce on a range of issues, including streamlining our business processes to maximise our efficiency, empowering and practically supporting staff to develop their ideas for growing the business, and leading on a programme of team-building social activities.

One of the new Staff Council members said, “I’m really excited to be involved with the Staff Council and am looking forward to representing the views of my colleagues. It’s a good learning opportunity for me and enables me to get to know other staff, whilst ensuring that the views of employees are taken into account as the company grows and develops.”

Securing new business opportunities to sustain frontline services

- Achieving for Children successfully bid for a contract with the Department for Education to become one of their team of Improvement Advisers. We are one of six advisers assigned to provide support and challenge to local authorities whose safeguarding services have been judged inadequate by Ofsted. This work will enable us to share some of the experience we have gained from successfully improving safeguarding services in Kingston.
- We have been awarded a total of £1.1 million from the Government to develop teams of highly-skilled practitioners to work closely with young people experiencing a family breakdown. The funding will also be used to train specialist foster carers with the skills to support children and young people with the most severe emotional or behavioural problems.

Integrating business systems and develop an effective business infrastructure

- We have integrated a number of our business systems and processes and embraced new technology to help staff to work flexibly and remotely. IPads have been provided to key employees and Google technology has been rolled out across the organisation enabling information to be more easily shared.

Risks, finances and future developments

Principal risks and uncertainties

The information on pages 24, 25 and 26 (section 5.3 Risks and Risk Management) sets out the key risks of the company and how these are mitigated.

Financial performance and position at year end

The information on pages 28 and 29 (section 6. Our Finances) summarises the financial performance of the company for the year and describes its future financial plans.

Signed on behalf of the Board:

David Groves

David Groves
Chair of the Board of Directors

DIRECTORS' REPORT

5. Our company, our governance arrangements and our risk management

5.1 Achieving for Children as an entity

We deliver a full range of education and children's services to children and families in Kingston and Richmond. Our service offer falls into six areas.

The diagram sets out the specific business areas within each service. Taken together, these business areas describe the focus of our work and outline how we will deliver our vision of ensuring that all children and young people achieve safe, happy and successful lives.

Early Help

- Childcare
- Early years education
- Children's centres
- Family support
- Targeted youth support
- School attendance
- Education welfare
- Youth services
- Substance misuse services
- Youth offending services

Social Care

- Statutory assessments and care planning
- Services for looked-after children and care leavers
- Fostering
- Adoption

Education

- School place planning
- School admissions
- Student services
- School improvement
- School leadership development
- Alternative education provision
- Governor support
- Apprenticeships and access to employment

SEN and Disabilities

- Educational psychology
- Special educational needs
- Integrated services for children with disabilities
- Emotional health and wellbeing

Improvement

- ICT and business systems
- Performance analysis
- Quality assurance
- Strategy and policy development
- Service improvement
- Commissioning
- Workforce development
- Marking and communications
- Business development
- Child protection conferencing
- Independent Reviewing Officers
- Management support to the Local Safeguarding Children Boards

Finance and Resources

- Financial planning
- Accountancy management
- Schools' finance
- School building development
- Company Secretary

Our workforce
In 2014-15 we employed 647 full-time equivalent staff from a broad range of professional disciplines including social work, teaching, health services and public sector management. We have brought professionals together into locality-based teams which means they are better able to work collaboratively to build services around the needs of children, so that families receive the right support from the right professional at the right time.

We are committed to ensuring that our workforce represents the diversity of the children and young people that we work with. We are also committed to the hiring, continuing employment and training, career development and promotion of disabled persons. In 2014-15:

- 6% of our employees declared that they have a disability. This compares to 2.7% of residents in Kingston and 2.5% of residents in Richmond who are receiving Disability Living Allowance and compares to 12.0% of residents in Kingston and 11.0% of residents in Richmond who stated they have a limiting long-term illness in the 2011 Census.
- 16% of our employees are from a Black, Asian or Minority Ethnic (BAME) background. This compares to a BAME population of 36.9% in Kingston and 28.6% in Richmond.
- 75.9% of our employees (including those who are agency, casual and short-term) are female.
- 73% of staff who earn at least £50,000 per annum are female.

To ensure our employees are kept informed, consulted and involved in the development of the company we have established a number of regular communication channels. Staff News briefings are sent out to all employees weekly, as is a blog by the Chief Executive. An Extended Senior Leadership Team meeting is held every month which brings together the Achieving for Children Senior Leadership Team with all managers from the company. Managers then feedback any relevant information to employees through team meetings and supervision. The work of the Board of Directors is shared with employees through the meeting summary that is produced shortly after each Board meeting to inform them of what has been considered and discussed. The NEIDs also regularly visit service areas to meet and speak to employees and to enable them to maintain an understanding of service delivery.

A Staff Council has been established during 2014-15 to represent the workforce on various issues including streamlining our business processes to maximise our efficiency, empowering and practically supporting staff to develop their ideas for growing the business, and leading on a programme of team-building social activities. Members of staff nominated themselves to serve on the Staff Council; the first meeting was held in April 2015. We also have a number of other staff engagement mechanisms in development such as the Business Academy which will seek to harness and grow the entrepreneurial ideas of employees.

Our partners
We know that excellent children's services cannot be delivered in isolation and so we have worked with a range of organisations such as health services, the police and schools to make sure our services are relevant and responsible.
The Chief Executive and Senior Leadership Team have represented children's services on a number of statutory partnership bodies including the Health and Wellbeing Boards and Community Safety Partnerships. We have also provided professional advice and business support to the Local Safeguarding Children Boards.

Central to our commitment to partnership working is the way in which we engage with children and young people. We know that children and young people are best supported if they are able to shape and determine the services they and their families receive. Our Engagement Strategy sets out how we will 'work together so that children, young people, parents and carers have the opportunity to influence the design, commissioning, delivery and evaluation of services with the aim of better meeting their needs.'

5.2 Governance

Ownership
The Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames are the joint owners of Achieving for Children, which is limited by guarantee. Their responsibilities and the ownership decisions they must make are set out in an inter-authority agreement. The Councils fulfil their ownership role through a Joint Committee. The Committee is responsible for ensuring that the company operates and develops in accordance with the wishes of both Councils. Decisions about the services that are commissioned from Achieving for Children are delegated to a Children's Commissioning Board. An Operational Commissioning Group is responsible for monitoring how well the company performs in terms of financial management and the services we provide.

Financial Governance Arrangements
The Council owners exert a degree of financial control over the company. In particular the owners have to approve:

- The company's business plan, including its budget
- The company's financial plan (effectively its treasury plan) and any borrowing, credit facility or investment arrangements
- Any contract for revenue expenditure that has a total value of more than £10 million or any capital investment of more than £10,000

In addition, the Councils provide funding to the company through a Revolving Credit Facility. This is a short-term loan facility that provides working capital, investment finance and funds any losses for the company. The Councils closely monitor the company's operational and financial performance and also approve any additional business that the company enters into. The primary monitoring of the company's business is undertaken by officers from both Councils responsible for commissioning children's services from the company (the Operational Commissioning Group) which meets with the company monthly.

As a community interest company Achieving for Children is governed by the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005, in addition to the requirements of the Companies Act 2006 as a company limited by guarantee. The company is established as a 'not-for-profit' organisation and seeks to provide value for money services to the Councils – any surplus that is made is earmarked for investment in children's services. The company trades primarily with its parent Councils and other entities involved in providing children's services within the UK, and the company is domiciled in the UK for tax purposes. The company does not make any donations or provide any support to political parties.

Board of Directors

The Board comprises of two executive directors, two non-executive directors that are serving officers of the Councils (Council appointed directors) and four non-executive independent directors. All directors were in post for the whole of 2014/15 except for Dame Moira Gibb and Jane Spencer (from 18 September 2014) and Gill Holmes (from 3 March 2015). The Councils, as owners of the company, reserve the power to appoint all directors.

The governance arrangements for the company are set out in its Articles of Association. These explain how we operate as a company and how decisions are made. Board Directors are appointed for the skills and experience that they bring to the company. They have responsibility for overseeing the management of Achieving for Children and for providing advice to the owners on its future direction and strategy. Each of the four Non-Executive Independent Directors also leads on a particular service area or priority. They regularly visit services to meet with employees and service-users in order to ensure strong performance and progress against objectives.

Nick Whitfield	Achieving for Children Chief Executive; and Council Appointed Executive Director
Robert Henderson	Achieving for Children Deputy Chief Executive; and Council Appointed Executive Director
Cathy Kerr	Council Appointed Non-Executive Director- Richmond
Leigh Whitehouse	Council Appointed Non-Executive Director- Kingston
David Groves	Non-Executive Independent Director; and Chair of the Board of Directors
Moira Gibb	Non-Executive Independent Director; Chair of the Remuneration Committee; and Board lead on Children's Social Care
Gill Holmes	Non-Executive Independent Director; and Board lead on Business Development
Jane Spencer	Non-Executive Independent Director; and Board lead on Education Services

Board Committee Meetings and Attendance

The Board has established an Audit and Risk Committee to liaise with the company's internal and external auditors and advise the Board on audit and risk matters. The Committee has reviewed risk management and assurance and the company's risk register and has received regular updates on progress of the internal audit plan that provides assurance against any significant control weaknesses

Meetings of the Board and Committees were held during 2014/15 as follows:

Board of Directors	Audit and Risk Committee
28 April 2014	
20 May 2014	
12 June 2014	12 June 2014
21 July 2014*	
28 July 2014	
22 September 2014	22 September 2014
23 October 2014	
	11 December 2014
18 December 2014	
27 January 2015	
	5 March 2015*

* Denotes a 'virtual' meeting in which decisions were taken electronically (by email) in accordance with the Articles of Association.

The following table shows the attendance at meetings in 2014/15:

	Attendance at Board of Directors		**Attendance at Audit and Risk Committee**	
	Potential	Actual	Potential	Actual
Nick Whitfield*	9	9	N/A	N/A
Robert Henderson*	9	8	N/A	N/A
Cathy Kerr #	9	8	4	2
Leigh Whitehouse #	9	9	4	4
David Groves	9	8	4	3
Jane Spencer	4	4	3	3
Moira Gibb	4	4	3	1
Gill Holmes	0	0	1	1

*Executive Directors are not member of the Audit and Risk Committee

Nominated substitutes can attend for Council Appointed Directors

Remuneration of Directors

During 2014/15 the three categories of directors each had different arrangements for setting their remuneration:

a) Executive Directors – these were employed directly by the two Councils that own Achieving for Children and their terms of employment and remuneration are determined by the employing Council(s).

b) Non-Executive Directors appointed by the Councils – these are employed by the two Councils and are executive directors for their respective Councils. Their terms of employments are determined by the employing Council and relates to their service to the Council. Their service on the Board of Achieving for Children is not remunerated and no costs are charged to the company for their services.

c) Non-Executive Independent Directors are part time directors of Achieving for Children and their remuneration is based on a daily rate that includes attendance at Board and Committee meetings and associated work. Their appointment and terms are decisions that, under that governance arrangements put in place between the Councils (as owners) and the company, have to be taken by the owners in general meeting.

Thus, for 2014/15 and at the current time, the Board does not decide on the remuneration of any of the Directors of Achieving for Children.

Executive Directors

Nick Whitfield is employed by Richmond and Kingston Councils as their joint Director of Children's Services, which is a statutory appointment. He is seconded to Achieving for Children as Chief Executive and Executive Director. His appointment, remuneration and terms of employment are determined by both Councils and the costs are shared by the Councils.

Robert Henderson was employed by Richmond Council prior to the launch of Achieving for Children and was seconded to the organisation from 1 April 2014 as part of his duties require him to undertakes statutory child care functions which could not be delegated by the Council on 1 April. For the whole of 2014/15 Robert was employed by Richmond Council which was responsible for determining his terms of employment and salary.

The remuneration of these two Directors for 2014/15 was:

	Nick Whitfield	**Robert Henderson**
	£	**£**
Salary	148,263	90,608
National Insurance	18,200	10,148
Pension Benefits	25,798	15,766
Car allowance / travel expenses	621	0
Total Remuneration paid by the parent Councils	**192,882**	**116,522**

Both officers are members of the Local Government Pension Scheme (LGPS) which is a defined benefit scheme under which they are required to make contributions related to salary.

Council Officers appointed as Non-Executive directors of Achieving for Children

Cathy Kerr is Director of Adults and Community Services for Richmond Council and Leigh Whitehouse is Director of Finance for Kingston Council. Both serve as Non-Executive Directors for Achieving for Children as part of their duties to their Councils, for which they receive no additional remuneration. They are not remunerated by Achieving for Children nor does the company bear any charge for their services as Directors. The remuneration of both officers is published in the accounts for their respective Councils (*details will be provided via links to each Council's accounts when these are published*).

Non-Executive Independent Directors

These Directors are appointed, and their remuneration agreed, by the Councils acting as the owners of the company in general meeting. Their remuneration is based on a daily rate of £495 and covers all meetings and preparation work. The remuneration for each Director in 2014/15 was:

	Basic Allowance	National Insurance	Total
	£	£	£
David Groves	13,117	1,535	14,652
Dame Moira Gibb	1,485	113	1,598
Gill Holmes	0	0	0
Jane Spencer	3,218	353	3,571
Total	**17,820**	**2,001**	**19,821**

No other remuneration, taxable benefits of pension benefits were paid to these Directors in 2014/15. Gill Holmes did not claim any allowance as her employment contract does not allow remuneration in her NEID capacity.

Senior Leadership Team

The Board of Directors has delegated the responsibility for the day to day running of Achieving for Children to the Chief Executive and his Senior Leadership Team (SLT). These delegations are detailed in a Scheme of Delegation. The SLT are responsible for ensuring the company achieves the ambitions and strategy set by the Board of Directors, and delivers the best possible services for children and their families in line with our contract with the commissioning Councils.

Only Nick Whitfield and Rob Henderson are Board Directors, the other SLT members have the term 'director' in their job title.

Senior Leadership Team	
Nick Whitfield	Chief Executive
Robert Henderson	Deputy Chief Executive
Sylvia Chew	Kingston Director of Social Care
Alison Twynam	Richmond Director of Social Care
Graham Willett	Director of Education Services
Paul Bettles	Director of Finance and Resources
Ian Dodds	Director of Standards and Improvement
Charis Penfold	Associate Director of Early Help
Simon James	Associate Director of Special Educational Needs (SEN) and Disabilities

The remuneration of each member of the Senior Leadership Team who were not Board Directors in 2014/15 was:

	Remunerating body	Salary	National Insurance	Pension Benefits	Expenses and Allowances	Total
	£	£	£	£	£	£
Paul Bettles	AFC	86,489	9,672	13,406	40	**109,607**
Ian Dodds	AFC	90,608	10,201	14,044	0	**114,853**
Simon James	AFC	78,568	8,579	12,178	50	**99,375**
Charis Penfold	AFC	81,854	9,033	12,687	99	**103,673**
Graham Willett	AFC	99,220	11,542	15,379	2,345	**128,486**
Alison Twynam	LB Richmond	90,608	10,241	15,677	0	**116,526**
Sylvia Chew	RB Kingston	93,420	10,629	14,480	16	**118,545**
Total Remuneration		**620,767**	**69,897**	**97,851**	**2,550**	**791,065**

Review of Governance and Internal Control

In 2014-15, Achieving for Children has reviewed its governance arrangements as part of the preparations for the publication of the Annual Governance Statement by each of the owning Councils. All Senior Leadership Team members have completed an Internal Control Effectiveness Statement for their service areas which sets out the control mechanisms in place to ensure that internal control is high quality and proportionate. The Chief Executive has reviewed these statements and has used them to produce a Control Assurance Statement. This process was also informed by an independent audit of governance arrangements which provided substantial assurance that the company has effective controls in operation.

5.3 Risks and Risk Management

Our risk management framework helps to ensure we identify and manage key risks that could affect our ability to deliver our objectives. This reduces uncertainty and allows the company to be innovative and to manage change effectively. The management of risk is embedded in our day to day business activities, and well-established processes and policies are in place. All of our employees have a role in reducing risk through our internal control framework. Risks are recorded in a risk register and are regularly reviewed by the Senior Leadership Team and the Audit and Risk Committee of the Board of Directors. The Committee maintains oversight of the organisation’s risk management, internal control and value for money framework.

The risk register includes strategic and operational risks. Strategic risks are the direct responsibility of the Senior Leadership Team and concern the overall direction of the company and ensuring it remains sustainable. Operational risks concern day to day activities which need to be managed in order for services to be delivered. They are managed by individual service managers and are regularly reported to service directors. The risk register is regularly reported to the Board of Directors.

Details of the company's financial instrument risks are set out in note 21 of our accounts. These are not regarded as material to an understanding of the assets, liabilities, financial position and profit or loss of the company.

Risk Description	**Impact of Risk**	**Risk Mitigation**
Fail to identify children and young people in need of help and protection and fail to provide services to ensure they are properly protected from harm or sexual exploitation	Children and young people suffer neglect, abuse or sexual exploitation and there is a lack of trust in the company for failing to keep children and young people safe from harm	• Clear mechanisms for reporting concerns about a child and robust protocols and management supervision in place to support social workers to assess children's needs and make timely and effective decisions • Regular performance management, scrutiny and quality assurance to test the appropriateness of decision-making • Robust strategy in place to prevent child sexual exploitation and multi-agency tools established to identify children at risk of sexual exploitation alongside multi-agency arrangements to care for those at risk of sexual exploitation or who have been subject to sexual exploitation
Failure to recruit and retain staff in key service areas such as social care	Unable to effectively support children, young people and families due to increased costs from employing locum workers, poor staff morale attributable to increased workloads and a lack of consistent service delivery as a result of high staff turnover	• Recruitment and Retention Group established with a clear action plan for the recruitment and retention of key workers • Terms and conditions and revised pay scales developed to ensure we are an employer of choice • Enhanced Learning and development pathways and improved Continuing Professional Development opportunities
Unable to sustain the same level of service delivery and achieve the objectives in our Business Plan	Reduction in non-statutory services necessary and we are unable to meet existing contractual obligations	• Clear budget management to ensure services are fully costed and affordable • Change control procedures available to request additional funding if need and demand grows • Continual focus on improving services and making them more efficient
Lack of compliance with statutory and regulatory requirements	Inability to meet statutory requirements and contract obligations resulting in the failure of the company	• Clear business planning and prioritisation processes in place and project management support offered • Regular conversations with Councils about capacity to deliver and respond
Insufficient progress in securing new business and generating income	Unable to meet financial targets to offset efficiency savings and to grow the company, thereby rendering the trading body model as unsustainable	• Business Development Strategy in place • Training and support procured from experts in the field • Invested resource to develop and expand the work area
Lack of a fully integrated ICT	Negative impact on efficiency, productivity and service delivery	• The Business Systems Team lead the integration of services including system integration with allocated project management support

business systems and business processes that effectively support the delivery of services	through duplication of business processes, inaccessible information and poor information sharing and information governance risks	• Three year ICT Strategy and Action Plan developed based on a 'best of breed' approach • Governance in place through the Business Systems Improvement Board which provides regular highlight reports to the Senior Leadership Team and has a clear communications plan in place

5.4 Financial and Audit Information and Future Plans

Sections 6, 7 and 8 set out the financial review, forward view and Independent Auditor's Report. The financial statements for the period ending 31 March 2015 (Statement of Accounts) are set out from page 34 onwards.

5.5 Directors' Responsibilities

The directors are responsible for preparing the Annual Report that includes the Strategic Report and Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Accordingly, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Group and parent company Financial Statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

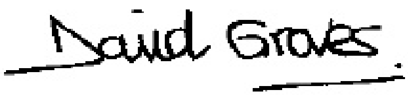
Furthermore, the Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider that the annual report and financial statements, when taken as a whole, is fair, balanced and understandable.

Each of the Directors, who are identified on page 20, are responsible for preparing the annual report and financial statements. In particular, each of the Directors confirms that to the best of their knowledge:

- The statement of accounts, which have been prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- The Strategic Report, contained in pages 5 to 15 and the Directors' Report, contained in pages 16 to 27, together set out a fair review of the development and performance of the business and position of the company and describe the principal risks that it faces;
- So far as each Director is aware, there is no relevant audit information of which Grant Thornton UK LLP are unaware; and
- They have taken all steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that Grant Thornton UK LLP are aware of that information.

Signed on behalf of the Board:



David Groves
Chair of the Board of Directors

FINANCIAL REVIEW AND FUTURE PLANS

6. Our Finances

The company was incorporated on 5 February 2014 and commenced trading on 1 April 2014. Its revenue for its first trading year was £102.1 million of which £91.1million (89%) was in respect of its contract for the provision and operation of children's services to the Councils.

Management Accounting Report

In relation to its management accounts and segmental reporting (Note 9 to the Accounts) and its financial performance reporting to its parent Councils, the company incurred costs on agency transactions of £29.3 million (as described in Note 6 to the accounts) direct expenditure of £132.9 million that resulted in an overspend against its budget of £142,000. In addition the company incurred one-off set up costs of £1.4 million which is reported to the Councils as a net overspend of £1,546,000.

Financial Statements

For the reporting period the company incurred a loss of £22.369 million which is attributable in equal proportion to its parent Councils. The loss comprises:

		£000
Trading loss from continuing operations		2,541
Other comprehensive expense (re-measurement of net defined benefit liability)		5,301
		7,752
One-off items of expense		
Company set up costs	1,404	
Transfer of Net Pension Liability	13,213	14,617
		22,369

The Statement of Financial Position, or balance sheet, includes a net pension liability of £20.480 million. The majority of the company's employees are members of the Local Government pension Scheme (LGPS) which is a defined benefit scheme. When the company started trading on 1 April 2014, the majority of its staff transferred their employment from the Councils into the company under TUPE, which included transferring their membership of the LGPS to the company. The company is an employer in the LGPS scheme, within the two pension funds administered by both Councils.

The net pension liability at 31 March 2015 is calculated under the provisions of IAS19 whereas the employer's pension contributions that the company actually makes to the pension funds are based on an actuarial valuation undertaken under the rules of the LGPS. The company's contributions are re-assessed at each triennial valuation for pension funds in the LGPS and the next valuation is due as at 31 March 2016.

The company's financial assets comprises only of the following categories:

- Cash and cash equivalents;
- Current borrowing from its owners; and
- Trade and other receivables and payables

Financial Support from the Company's Owners

The Councils are contracted with the company for a minimum period of seven years (from 1 April 2014) with an option to extend the contract period by another five years. The contract price is agreed annually to take into account changes in service requirements, inflationary and other cost pressures on the company, and the need for efficiency savings to be identified so that the company can deliver value for money and contribute to both Councils' overall financial targets.

In addition to the annual review of the contract price, the company can request additional funding under a 'change control' provision in the contract when the company is faced with additional costs, for example from increases in the number of children requiring services.

In terms of its liquidity, the company can borrow from the Councils under the Revolving Credit Facility of £30 million. This provides funding to the company to cover cash flow, losses and any investment requirements.

Future Financial Plans

The company has prepared a Medium Term Financial Plan (MTFP) which forecasts its income and expenditure and financial risks over the next 4 years (to 31 March 2019). The primary purpose of the MTFP is to demonstrate to the parent Councils that the company has adequate financial plans, including efficiency savings, to meet its budget over the medium term.

As part of its commitment to providing value for money in the provision of children's services, the company has made efficiency savings of £2.9 million in 2014/15 and has budgeted for £2.7 million savings in 2015/16. These savings have been included in the company's financial plans and budgets for each financial year and have been approved by the parent Councils. The company is already planning for savings in 2016/17 of £2.8 million and is currently undertaking a more fundamental review of its services that is aimed at providing more efficient delivery of services and will contribute to efficiency savings from 2017/18 and beyond.

Going Concern

The track record of the company and its management in delivering savings together with existing and future plans and the financial support of the parent Councils provide the company with sufficient evidence to judge that it is trading as a going concern.

7. Looking Forward

2015/16: Consolidation

In 2015/16 our focus will be on establishing Achieving for Children as a new business in the market, whilst continuing to deliver safe and high quality services for children and their families. We will have ensured the sustainability and continued improvement of services for children in Kingston and Richmond by developing a new locality-based delivery model for our early help and social care services. We will also have maintained our reputation as an excellent provider of educational support services.

Developing our business will require additional commercial skills and business development capability within the organisation. We will have a strong understanding of the services we are able to competitively offer to the market, which builds on the services that we successfully trade to local schools. Our employees will be creative and capable of developing and extending a service offer that is evidence-based and attractive to potential commissioners. We will have secured two or three new business opportunities and will be working successfully in commercial partnerships with other local authorities or public bodies. This could be consultancy for other local authorities or the delivery of individual commissioned services. The Achieving for Children brand will be recognised as a trusted provider of safe and high quality services and we will be able to talk confidently about our successes and achievements. Local children and their families will be accustomed to Achieving for Children as their service provider and their satisfaction with our services will be high. They will also be more confident in demanding the services they need and in shaping the development and delivery of those services.

2016/17: Diversification

In 2016/17 our focus will be on growing our business so that we are a recognised and trusted provider of educational support and children's services to schools, local authorities and other public sector bodies. We will have a developing track-record of delivering high quality and competitively-priced services that deliver the results and outcomes required by our clients. We will be an excellent commercial partner and will be proud of the positive outcomes and high levels of customer satisfaction that we achieve.

8. Financial Accounts and Independent Auditor's Report

Introduction

These Accounts have been compiled in line with International Financial Reporting Standards and cover the period from 5 February 2014, when the company was registered, to 31 March 2015. The Accounts have been audited by Grant Thornton UK LLP. For transparency purposes the following table details the fees payable to Grant Thornton for the 2014/15 financial year.

Description	**2014/15 £000**
Annual audit fee	28
One off first year audit fee	3
Total Fees payable to the auditor for the audit of the company's annual Accounts	**31**
Taxation compliance services (Corporation Tax)	5

Grant Thornton UK LLP is constituted as a limited liability partnership in accordance with the Limited Liability Partnership Act 2000. The aggregate liability of the firm, its partners, agents and employees, or any of them, is limited to £2 million.

The financial accounts and disclosures are set out in the company's Statement of Accounts that follow the Auditor's Report.

Auditor's Report

The report by Achieving for Children's independent auditor on the financial statements for the period ending 31 March 2015 is set out on the following page.

Grant Thornton

Independent auditor's report to the members of Achieving for Children Community Interest Company

We have audited the financial statements of Achieving for Children Community Interest Company for the period ended 31 March 2015 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cashflows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on pages 26-27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Christian Heeger

Christian Heeger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
Date: 19 August 2015

ACHIEVING FOR CHILDREN COMMUNITY INTEREST COMPANY

STATEMENT OF ACCOUNTS

5th FEBRUARY 2014 – 31 MARCH 2015

Audited
Published July 2015

http://www.achievingforchildren.org.uk/

achieving forchildren

Providing children's services for the **Royal Borough of Kingston** and the **London Borough of Richmond**

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THE CORE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

This statement measures the Company's performance for the period and shows the accounting profit or loss in accordance with International Financial Reporting Standards (IFRS).

		Trading	One-Off Company Set up Costs	One-Off Transfer in of Net Pension Liability	Total
		2014/15	2014/15	2014/15	2014/15
		£000	£000	£000	£000
Revenue	7	96,337	0	0	**96,337**
Other income	7	5,812	0	0	**5,812**
Employee benefits	5	-29,938	0	-13,213	**-43,151**
Depreciation	10	-38	0	0	**-38**
Other expenses	8	-73,916	0	0	**-73,916**
One off set up costs		0	-1,404	0	**-1,404**
Operating Profit / (Loss)		**-1,743**	**-1,404**	**-13,213**	**-16,360**
Finance costs	17	-708	0	0	**-708**
Profit / (Loss) before tax		**-2,451**	**-1,404**	**-13,213**	**-17,068**
Tax expense	18	0	0	0	**0**
Profit / (Loss) from continuing operations		**-2,451**	**-1,404**	**-13,213**	**-17,068**
Other comprehensive income:					
Items that will not be re-classified subsequently to profit or loss					
- Re-measurement of net defined benefit liability	5	-5,301	0	0	-5,301
Items that will be reclassified subsequently to profit of loss		0	0	0	0
Other comprehensive income for the period net of tax		**-5,301**	**0**	**0**	**-5,301**
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		**-7,752**	**-1,404**	**-13,213**	**-22,369**
Loss for the year attributable to parent companies:					
LB Richmond upon Thames (50%)		-3,876.0	-702.0	-6,606.5	**-11,184.5**
RB Kingston upon Thames (50%)		-3,876.0	-702.0	-6,606.5	**-11,184.5**
Total		**-7,752.0**	**-1,404.0**	**-13,213.0**	**-22,369.0**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

This statement shows the movement or change in value of net equity from the beginning of the reporting period to the 31st March 2015.

	Notes	Pensions Reserve 2014/15 £000	Retained Earnings 2014/15 £000	Total Attributable to owners 2014/15 £000
Balance at 5th February 2014		**0**	0	**0**
Profit / (Loss) for the period	SCI	0	-17,068	**-17,068**
Other Comprehensive Income				
- Re-measurement of net defined benefit liability		-5,301	0	**-5,301**
Total comprehensive income for the period		**-5,301**	**-17,068**	**-22,369**
Balance at 31st March 2015		**-5,301**	**-17,068**	**-22,369**

*There were no non-controlling entities for the 2014/15 period

** The 2014/15 loss will be carried forward within the Company's Statement of Financial Position

Pensions Reserve – This reserve represents the cumulative amount that has been recognised via Other Comprehensive income in relation to re-measurement of the net defined benefit liability due to changes in actuarial assumptions. Examples include changes in demographic assumptions, changes in financial assumptions, changes in the asset ceiling and return on assets that are not included in net interest.

Retained Earnings – This represents the net cumulative carrying amount of the Profit / (Loss) from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

The Statement of Financial Position or Balance Sheet shows the net worth of the Company as at the 31st March 2015 in accordance with IFRS. It shows what the Company owes and owns and the equity within the Company that is attributable to Achieving for Children's (AfC) parent councils.

Company Registration Number 08878185	Notes	31 March 2015 £000
ASSETS		
Property, Plant and Equipment	10	28
Intangible Assets	10	58
Non-Current Assets		**86**
Trade and Other Receivable	13	30,728
Cash and Cash Equivalents	14	951
Current Assets		**31,679**
TOTAL ASSETS		**31,765**
EQUITY AND LIABILITIES		
Equity		**-22,369**
Liabilities:		
Finance Lease Liabilities	11	20
Pension and other Employee Obligations	5	20,480
Non-Current Liabilities		**20,500**
Finance Lease Liabilities	11	29
Borrowings	16	15,314
Trade and other payables	15	18,291
Current Liabilities		**33,634**
Total Liabilities		**54,134**
TOTAL EQUITY AND LIABILITIES		**31,765**

Signed:

David Groves

David Groves,
Chair of the Board

STATEMENT OF CASHFLOWS FOR THE PERIOD ENDING 31 MARCH 2015

The Cash Flow Statement shows the changes in cash and cash equivalents of the Company during the reporting period and how cash movements relate to the profit and loss for the period.

		2014/15
		£000
Operating Activities		
Loss before tax		**-17,068**
Non cash flow adjustments	19	33,737
Contributions to defined benefit plans	5	-2,958
Net changes in working capital	19	-12,436
Net cash from operating activities		**1,275**
Investing Activities		
Net cash used in investing activities		0
Financing Activities		
Proceeds from borrowings		3,336
Repayment of borrowings		(3,660)
Net cash from / used in financing activities		**(324)**
Net cash in cash and cash equivalents	14	**951**
Cash and cash equivalents at the beginning of the period		**0**
Cash and cash equivalents at the end of the period		**951**

The Company was reliant on the 2 parent Councils for the processing of the majority of accounts payable and payroll transactions until the 30th March 2015 when the Company's treasury management function became fully operational. As a result of this arrangement the majority of transactions during the period were not cash transactions. The Councils did not settle amounts due on their respective contracts and the Company did not pay the majority of expenditure out directly until 30th March 2015. The parent councils have a revolving credit facility which means they can lend to AfC to provide cash flow for ongoing operations. The amount still owed to the Councils under this arrangement is detailed in note 16 to the accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

Achieving for Children (AfC) was registered as a Community Interest Company on 5th February 2014. The Company is jointly owned by the LB Richmond upon Thames and RB Kingston upon Thames. Each owner has a 50% ownership stake in the Company. The Company began trading on 1st April 2014 and as such this first Statement of Accounts covers a 13 month accounting period, although there were no monetary transactions before 1st April 2014.

AfC has been established to provide children's social care and education services to children, families and young people across the boroughs of Richmond and Kingston as well as other areas.

This Statement of Accounts has been prepared in accordance with International Financial Reporting Standards as required by the Companies Act 2004. The Accounts summarise the Company's financial performance (Statement of Comprehensive Income), equity (Statement of Equity), financial position (Statement of Financial Position) and cash flow (Cash Flow Statement) for the period. As this is the first set of Accounts, prior period comparative figures cannot be provided in line with reporting guidelines but will always be published in future periods. The financial statements have been prepared under the historical cost convention. Pension assets and liabilities are measured in line with the requirements of IAS19, further details are included on page 68.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The Company has followed a detailed set of IFRS compliant accounting policies in the production of these accounts. The full policies are contained in Note 27 to these Accounts. The Accounting policies will be revised annually to ensure they remain appropriate and relevant. The most significant policies to note are:

- **Recognition of Income and Expenditure**
  Activity is accounted for in the period that it takes place, not simply when cash payments are made or received. In particular:
  Income **-** Revenue from the sale of goods and services is recognised when the Company transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Company. Revenue from the provision of services is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Company.

  Expenditure - Supplies are recorded as expenditure when they are consumed. Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- **Post-Employment Benefits**
  The following pension schemes are available to employees of AfC:

  - Teachers' Pension Scheme is available to teachers
  - National Health Service Pension Scheme is available to staff carry out health functions
  - Local Government Pensions Scheme (LB Richmond and RB Kingston schemes) are available to all staff - LGPS

These are all Defined Benefit Schemes, but the first 2 are accounted for as Defined Contribution Schemes due to their nature. For Defined Contributions Schemes, the payments are accounted for on an accruals basis with no adjustment under IAS 19.

The LGPS is accounted for as required by IAS 19 to show the cost of benefits earned in the period of account against the relevant service. This uses figures provided by the Actuary in assessing the current value of benefits earned during the period, the impact of decisions or changes made during the period, interest and re-measurement costs. Further details are provided in Note 5 to the Accounts.

The following Critical Judgements and assumptions have been made in applying Accounting Policies:

- Agency relationship – It has been assessed that the passporting of Dedicated Schools Grant on behalf of the parent Councils to various education establishments is an agency relationship and has therefore been excluded from AfC's Accounts. Further details are available in note 6.

- Lease arrangements – An assessment has been made of all asset arrangements that could constitute a finance or operating lease. 1 arrangement has been recognised as a finance lease and the other arrangements have been treated as operating leases. In making these assessments the Company has applied the guidelines set out in IAS17 and considered the substance of the transactions. Where exact monetary values were not available figures have been based on estimates. Further details are included in note 11 to the Accounts.

- Going Concern – Achieving for Children CIC has been assessed as a Going Concern. Despite the significant accounting losses reported in these Accounts the Board and Senior Leadership Team have made significant progress in identifying how these financial challenges will be met and continues to develop these plans. The Board's Medium Term Financial Strategy outlines these financial plans in more detail and addresses what actions are being taken to recoup the set up costs reported in the Statement of Other Comprehensive Income and reduce the Company's cost base to accommodate proposed reductions in the 2 owners contract prices over the next 3 years. As with the parent Councils, the Company will revise pension contributions after the next actuarial assessment in line with recommended actuarial guidance. The Company is wholly owned by 2 Councils who are both determined to be Going Concerns. The Company is able to borrow from the Councils under a Revolving Credit Facility to ensure short term cash flow and the Councils are contractually committed to procuring children's services from AfC for seven years from April 2014.

- Deferred Tax Asset – The Company has assessed that the deferred tax asset should be recognised as a contingent asset rather than as an asset within the Statement of Financial Position. It is not probable that the Company will make significant taxable profits in the short to medium term. If the Company does make taxable profits in the coming years it will be able to reduce its initial tax liability by offsetting taxable losses incurred in 2014/15.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Company about the future or that are otherwise uncertain. Estimates are made taking into account historic experience, current trends and other relevant factors. The items in the accounts that have a more significant associated estimation risk are:

- Recognition of income and expenditure – The identification and calculation of accrued income and expenditure is done using the best information available. Where actual amounts have not yet been agreed adjustments for anticipated income and expenditure has been based on estimations.

- Actuarial valuation of pension liabilities and assets – Pension assets and liabilities and associated costs have been presented based upon an actuarial estimate that has been calculated in line with methodologies prescribed in IAS19. The actuary makes assumptions based on indicators of future trends. Full details and a sensitivity analysis is provided in note 5 to the accounts.

NOTE 3 MATERIAL AND EXCEPTIONAL ITEMS OF INCOME AND EXPENSE

Exceptional Items:
The Company has disclosed 2 items as exceptional on the face of the Statement of Comprehensive Income. Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view. The 2 items disclosed separately on the face of the Statement of Comprehensive Income are:

- Set up Costs – AfC's parent councils have charged £1,404k of the one off costs that were incurred in setting up AfC to the Company in period 1. They appear as an operating loss in the Statement of Comprehensive Income and will be carried forward as a loss on the Statement of Financial Position. The Company will make cost reductions over the coming years to recoup this cost.

- Pension Costs – One off pension liability costs, associated with the transfer in of staff from the 2 parent Councils, have been separately identified on the face of the Statement of Comprehensive Income by virtue of their size and materiality. The staff transferred in with a net nil liability when calculated on the actuarial basis used for the Triennial Valuation of the fund. The £13.2m net liability represents the difference in the triennial valuation methodology and the IAS19 basis of valuation that is required by IFRS. The net liability is reported under Non-Current Liabilities in the Statement of Financial Position. Further details are available in Note 5.

Material Items:
A material item is an item of expenditure or income that is unusual in scale and non-recurring. In 2014/15 the following material items were reported as part of the accounts:

- Change Controls – The contract prices with both Councils changed throughout the first period of operation as all partners finalised arrangements for the delivery and funding of services. Under the contract AfC can bid for more contract income if it is needed to ensure that service standards are maintained or if there are significant fluctuations in demand for services (e.g. more children requiring care). The Company was granted an additional 658k by the RB Kingston and £1,372k by the LB Richmond. This additional income is included in the Statement of Comprehensive Income under Revenue.

NOTE 4 ACQUISITIONS AND DISPOSALS

AfC was established on the 5th February 2014 and began trading on the 1st April 2014. Staff transferred into AfC from the LB Richmond and RB Kingston upon Thames councils on 1st April and 1st May 2014 in line with TUPE (Transfer of Undertakings) rules relating to the transfer of responsibilities for the provision of children's and education services to AfC. The councils retained all significant pre 1st April 2014 assets and liabilities with the exception of those detailed in the table below. The assets and liabilities were transferred for a peppercorn consideration.

	2014/15 Asset £000	2014/15 Liability £000	2014/15 Net £000
Pensions Costs:			
Associated with staff transferring on 1st April 2014	28,459	-40,693	**-12,234**
Associated with staff transferring on 1st May 2014	2,847	-3,826	**-979**
	31,306	**-44,519**	**-13,213**
Employee Leave:			
Associated with staff transferring during the period	35	-407	**-372**
	35	**-407**	**-372**
	31,341	**-44,926**	**-13,585**

No operations have been discontinued during the period.

NOTE 5 EMPLOYEE BENEFITS

Expenses recognised within Statement of Comprehensive Income as employee benefits are analysed below:

	Trading 2014/15 £000	LGPS Liability* 2014/15 £000	Total 2014/15 £000
Salaries	-23,255	0	**-23,255**
Employee absence liability	-378	0	**-378**
National Insurance	-1,729	0	**-1,729**
Pension Fund Contributions - LGPS	-4,332	0	**-4,332**
Pension Fund liability for staff transferred under TUPE*	0	-13,213	**-13,213**
Pension Fund Contributions - Other schemes	-155	0	**-155**
Other	-89	0	**-89**
	-29,938	**-13,213**	**-43,151**

*The Company has taken on the pension fund liability associated with the transfer in of Local Government staff under TUPE regulations. This transaction is non-recurring and has been separately identified by virtue of its size.

Salaries

During the year the Company employed an average of 662 FTE staff.

Defined Benefit Pension Plans (LGPS)

As part of the terms and conditions of employment of its officers, the Company makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, AfC has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Staff can be members of either the LB Richmond or RB Kingston upon Thames funds. Staff that transferred into the Company in the first period remain on their original plan and new employees are admitted to the plans on an alternate basis to ensure that membership numbers between the two funds remain relatively equal.

The Company participates in the following post-employment arrangements :

- The Local Government Pension Scheme, administered by the LB Richmond and the Local Government Pension Scheme, administered by the RB Kingston – this is a funded defined benefit final salary scheme, meaning that the Company and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Company is responsible for any deficit on its share of the Fund.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The principal risks to the Company are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These risks are managed by the Fund over the long term, via the independent actuarial valuation process setting appropriate contribution rates.

Transactions Relating to Post-employment Benefits

The Company recognises the cost of retirement benefits in the Statement of Comprehensive Income when they are earned by employees, rather than when the benefits are eventually paid as pensions. The Company has also written on a one off liability in its first period of trading that is associated with staff transferred from the parent Councils under TUPE arrangements. Further details are available in notes 3 and 4.

The following table shows the impact of LGPS post-employment benefits on Statement of Comprehensive Income:

	2014/15 £000
Current service costs	-4,234
Past service costs	-98
Pension Fund liability for staff transferred under TUPE during the period	-13,213
Total recognised in operating profit / (loss)	**-17,545**
Finance costs	-2,014
Finance income	1,422
Total post-employment benefit charged to the profit / (loss) from continuing operations	**-18,137**
Re-measurement of the Net defined Benefit Liability :	
Change in financial assumptions	-8,759
Other experience	2
Return on plan assets (excluding amounts already included in the net interest expense)	3,456
Total recognised in Other Income	**-5,301**
Total recognised in Total Comprehensive Income for the period	**-23,438**

Pensions Assets and Liabilities Recognised in the Statement of Financial Position

The amount included in the Statement of Financial Position arising from the Company's obligation in respect of its defined benefit plans is as follows:

	2014/15 £000
Present Value of the Defined Benefit Obligation	-60,948
Fair Value of Plan Assets	40,468
Net Liability arising from Defined Benefit Obligations	**-20,480**

There were no liabilities in relation to unfunded liabilities.

Reconciliation of Present Value of the Scheme Assets and Liabilities

	2014/15		
	Assets	Liabilities	Total
	£000	£000	£000
Opening Present Value of Scheme Liabilities	**0**	**0**	**0**
Transfer in of assets and liabilities with 1st April 2014 TUPE	28,459	-40,693	**-12,234**
Transfer in of assets and liabilities with 1st May 2014 TUPE	2,847	-3,826	**-979**
Current Service Cost	0	-4,234	**-4,234**
Past Service Cost	0	-98	**-98**
Interest (Cost) / Income	1,422	-2,014	**-592**
Contributions from the employer	2,958	0	**2,958**
Contributions from employees	1,326	-1,326	**0**
Gains / (Losses) on Curtailment	0	0	**0**
Re-measurement Gains / (Losses) :			
- Actuarial Gains / (Losses) arising from changes in financial assumptions	0	-8,759	**-8,759**
- Other experience	0	2	**2**
- Return on assets (excluding the amount included in the net interest expense)	3,456	0	**3,456**
Closing Fair Value of Scheme Assets at 31st March	**40,468**	**-60,948**	**-20,480**

The Company estimates that it will pay £3.7m in employer contributions in 2015/16.

Local Government Pension Scheme assets comprised:

	31-Mar-15				01-Apr-14			
	£000	%	£000	%	£000	%	£000	%
	LB RICHMOND		RB KINGSTON		LB RICHMOND		RB KINGSTON	
Equity Securities								
- Consumer	0	0%	963	4%	0	0%	682	4%
- Manufacturing	0	0%	646	3%	0	0%	449	3%
- Energy and Utilities	0	0%	534	2%	0	0%	474	3%
- Financial Institutions	0	0%	1,078	5%	0	0%	728	5%
- Health Care	0	0%	771	3%	0	0%	509	3%
- Information Technology	0	0%	978	5%	0	0%	677	4%
- Other	0	0%	776	4%	0	0%	517	3%
Bonds								
- Corporate Bonds	1,933	10%	0	0%	1,348	10%	0	0%

	31-Mar-15				01-Apr-14			
	£000	%	£000	%	£000	%	£000	%
	LB RICHMOND		RB KINGSTON		LB RICHMOND		RB KINGSTON	
(investment grade)								
- UK Government	1,167	6%	0	0%	806	6%	0	0%
Property (UK)	1,791	10%	795	4%	1,231	10%	570	4%
Investment Funds and Trusts								
- Equities	11,107	59%	10,006	46%	7,679	59%	7,148	46%
- Bonds	0	0%	2,855	13%	0	0%	2,002	13%
- Other	2,549	14%	2,114	10%	1,856	14%	1,400	10%
Cash and Cash Equivalents	200	1%	205	1%	129	1%	254	2%
	18,747	**100%**	**21,721**	**100%**	**13,049**	**100%**	**15,410**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.
Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries. Estimates for Statements of the Fund are being based on the latest full valuation of the schemes (31 March 2013).

The significant assumptions used by the actuary have been:

	2014/15	
	£000	£000
	LB RICHMOND	RB KINGSTON
	£000	£000
Long term expected rate of return on assets in the scheme	3.30%	4.30%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.2 years	22.5 years
Women	24.4 years	24.7 years
Longevity at 65 for future pensioners:		
Men	24.3 years	24.6 years
Women	26.9 years	27.0 years

Take up option to convert annual position into retirement lump sum	2014/15
- Pre April 2008 Service	25%
- Post April 2008 Service	63%

	31-Mar-15 % pa	01-Apr-14 % pa
Financial Assumptions		
Rate of inflation	2.50%	2.90%
Rate of increase in pensions	2.50%	2.90%
Rate of increase in salaries	4.40%	4.70%
Discount Rate	3.30%	4.30%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Change in Assumptions at 31 March 2015	Approximate monetary amount	Approximate % increase to employer
0.5% decrease in Real Discount Rate	7,861	13%
1 year increase in member life expectancy	1,828	3%
0.5% increase in the salary increase rate	3,668	6%
0.5% increase in the pension increase rate	3,913	6%

<u>Defined benefit pension schemes accounted for as defined contribution schemes</u>

The Company participates in 2 defined benefit pension schemes which are accounted for as defined contribution schemes:

- **Teacher's Pension Scheme (TPS)**

Staff employed by the Company on teachers terms and conditions are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Company contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every 4 years. The Company is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes and it is therefore accounted for on the same basis as a defined contribution scheme. AfC is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. There were no such costs in 2014/15. The Company is not liable to the scheme for any other entities obligations under the plan.

- **National Health Service (NHS) Pension Scheme**

The Company employs some staff who undertake medical procedures and therefore qualify for membership to the NHS Pension Scheme. The NHS pension scheme is an unfunded, multi-employer, defined benefit scheme that covers NHS employers. In the NHS, the scheme is accounted for as if it were a defined contribution scheme: "NHS bodies shall account for the NHS Superannuation Scheme as a defined contribution plan" (NHS Manual full reference). The Company is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of these Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. The Company is not liable to the scheme for any other entities obligations under the plan.

	Teachers' Pension Scheme 2014/15 £000	NHS Pension Scheme 2014/15 £000
Total Contributions	-123	-31
Employer's Contribution Rate	14.1%	14%
Anticipated Employer's Contributions next year	16.4%*	14.3%

*rate applicable from 1st September 2015

NOTE 6 AGENCY TRANSACTIONS

During the period, AfC acted as agent for the LB Richmond upon Thames and RB of Kingston upon Thames with regard to the payment of Dedicated School Grant to schools, nurseries and other educational organisations. AfC calculates the allocations in line with prescribed methodologies and arranges payment of the money to the relevant organisations. The Company is fully reimbursed by the Councils for all payments made. These agency transactions have been excluded from the Accounts and will instead be reported within the Council's Accounts. The net impact of the difference in cash received and amounts paid out on behalf of the Councils is recognised as a net debtor on the Statement of Financial Position. The key figures are summarised below:

	Income 2014/15 £000	Expenditure 2014/15 £000	Total 2014/15 £000
Net impact on Statement of Comprehensive Income:			
- LB Richmond upon Thames	-14,145	14,145	**0**
- RB Kingston upon Thames	-15,108	15,108	**0**
Impact on Profit and Loss Account	**-29,253**	**29,253**	**0**
Net debtor recognised in the Statement of Financial Position			
- LB Richmond upon Thames			1,045
- RB Kingston upon Thames			939
			1,984

NOTE 7 REVENUE AND OTHER INCOME

The Company holds 2 significant contracts for the provision of education and children's services that make up 95% of the turnover reported in the Statement of Comprehensive Income. Both contracts are for a 7 year period with an option to extend by a further 5 years. The contract income below is presented net of agency transactions (further details included in note 6).

A further breakdown of income is as follows:

	2014/15 £000
Contract income LB Richmond Upon Thames	50,684
Contract income RB Kingston Upon Thames	40,449
Fees & charges for services	4,173
Lettings	107
Client contributions	58
Income from local authorities	866
Turnover reported within operating loss	**96,337**
Grants*	5,539
Donations	46
Other	227
Other income reported within operating loss	**5,812**
Total income reported in operating loss	**102,149**

* grants and contributions from third parties other than Central Government

NOTE 8 OTHER EXPENSES

The following table provides a breakdown of other expenses reported in the Statement of Comprehensive Income:

	2014/15 £000
Indirect employee costs	-5,517
Premises	-3,990
Transport	-6,754
Supplies and services	-6,517
Third party (contract) payments and transfer payments	-45,496
Support services	-5,642
Other expenses	**-73,916**

NOTE 9 RECONCILIATION TO MANAGEMENT ACCOUNTS

Management reports on 7 key segments or divisions throughout the period. Each division is managed by a member of the Senior Leadership Team and there are regular finance updates to the Board and parent councils during the period. The following table shows the outturn position that was reported to management.

Management Outturn 2014/15	Kingston Social Care	Richmond Social Care	SEN and Children with Disabilities	Early Help	Education Services	Standards and Improvem-ent	Finance and Resources	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
LB Richmond Contract	0	0	0	0	0	0	64,830	**64,830**
RB Kingston Contract	0	0	0	0	0	0	55,558	**55,558**
Customer and Client Receipts	250	443	2,582	1,255	2,863	465	413	**8,270**
Other Grants and Contributions	67	0	3,497	471	0	61	0	**4,096**
Interest Received	0	0	0	0	0	0	0	**0**
	317	**443**	**6,079**	**1,726**	**2,863**	**526**	**120,801**	**132,755**
Expenditure								
Employees	2,950	3,805	7,109	10,440	4,414	3,096	1,889	**33,703**
Premises	13	0	14	195	25	42	3,686	**3,975**
Transport	95	141	180	135	6,170	23	11	**6,755**
Supplies and Services	470	311	1,236	1,746	1,652	977	850	**7,242**
Third Party Payments*	4,668	5,211	30,701	1,364	813	0	1,878	**44,635**
Transfer Payments	299	1,534	5,363	558	451	4	22,648	**30,857**
Support Services	365	746	168	83	37	6	4,237	**5,642**
Interest Paid	0	0	0	0	0	0	87	**87**
	8,860	**11,748**	**44,771**	**14,521**	**13,562**	**4,148**	**35,286**	**132,896**
Outturn (overspend) before set up costs	**-8,543**	**-11,305**	**-38,692**	**-12,795**	**-10,699**	**-3,622**	**85,515**	**-142**
One Off Set Up Costs	-	-	-	-	-	-	-	**-1,404**
Outturn (overspend) after set up costs	**-8,543**	**-11,305**	**-38,692**	**-12,795**	**-10,699**	**-3,622**	**85,515**	**-1,546**

*Contract payments to third parties e.g. payments for independent child placements, payments for SEN placements, general contract payments etc.

The basis on which the Company reports during the period is different to the IFRS compliant reporting required for this Statement of Accounts. The following table provides a reconciliation between the outturn reported to management and the 2014/15 Statement of Comprehensive Income:

	2014/15		
	Reallocated in SOCI £000	Amounts not reported to management for decision making (IFRS adjustments) £000	Cumulative Total including management accounts £000
Outturn after set up costs			**-1,546**
Interest Payable	115	0	
Recognition of annual leave owing to staff	0	-378	
Pension Adjustments:			
Recognition of TUPE liability transfer	0	-13,213	
Difference in cash employer contributions	0	-1,374	
Recognition of non-current assets	0	60	
Recognition of lease principal		14	
Depreciation	0	-38	-14,814
Operating profit / (loss)	**115**	**-14,929**	**-16,360**
Interest Payable	-115	0	
Pension Adjustments:			
Net Interest Payable	0	-593	-708
Profit / (Loss) from continuing operations	**0**	**-15,522**	**-17,068**
Pension Adjustments:			
Re-measurements	0	-5,301	**-5,301**
Total comprehensive income / (expenditure) for the period	**0**	**-20,823**	**-22,369**

The Company pays Dedicated Schools Grant to educational establishments on behalf of LB Richmond and RB Kingston. These transactions are treated as an agency relationship in the financial accounts as the decision making power remains with the councils. The net impact of removing these transactions from the Statement of Comprehensive Income is nil as both income and expenditure are removed. Further details are included in note 6.

NOTE 10 NON CURRENT ASSETS

Details of movement in non-current assets are included in the table below:

	31 March 2015		
	Intangible Software	Tangible ICT Equipment	Total
	£000	£000	£000
Gross carrying amount			
Opening balance	0	0	0
Additions	87	37	124
Disposals	0	0	0
Balance 31 March 2015	**87**	**37**	**124**
Depreciation, Amortisation and impairment			
Opening balance	0	0	0
Disposals	0	0	0
Depreciation / Amortisation	-29	-9	-38
Balance 31 March 2015	**-29**	**-9**	**-38**
Carrying amount 31 March 2015	**58**	**28**	**86**
Useful Life	3 years	4 years	

The Company has purchased software and computer tablets during the period and has also acquired software via a finance lease.

NOTE 11 LEASES

Finance leases as lessee

During the period the Company aquired an Integrated Children's System via a finance lease from the RB Kingston. This system has been valued at £64k and included in the Company's Statement of Financial Position. An equivalent liability has been recognised. The liability will be written down over a 3 year period (including 2014/15) as the Company receives benefit from the software. The difference between the future minimum lease payment and the liability is the interest cost of £28k which has been recognised under finance costs in the Statement of Comprehensive Income. No formal lease agreement exists but the accounting treatment aims to present the substance of the arrangement.

	31 March 2015 £000	£000	£000	£000
Non-Current Assets:				
Intangible Asset	64			
less depreciation	-21			
	43			
Liabilities:				
Current Finance Lease Liability	20			
Non-Current Finance Lease Liability	29			
	49			
		Interest	**Principal**	**Total**
Future Lease Payments:				
Not later than 1 year		22	20	**42**
Later than 1 year		13	29	**42**
Later than 5 years		0	0	**0**
Total		**35**	**49**	**84**

Operating leases as lessee

The Company leases offices and operational buildings from LB Richmond and RB Kingston that have minimum periods of between 18 months and 4.5 years from 1 April 2014. It also leases 3 vehicles from LB Richmond that are all over 9 years old with no carrying value in LB Richmond's accounts. These are leased at a peppercorn as they have no definite future life.

The future minimum lease payments are as follows:

	One year £000	1 to 5 years £000	After 5 years £000	Total £000
Lease Payments	2,034	4,145	0	**6,179**

Finance and operating leases as lessor

The Company has no leases as lessor.

NOTE 12 FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities are as follows:

	31 March 2015 £000
Financial assets / Loans and Receivables	
Trade and other receivables categorised as Financial Instruments	**28,950**
Trade and other receivables not categorised as Financial Instruments	**1,778**
Cash and cash equivalents	**951**
	31,679

	31 March 2015 £000
Financial liabilities at amortised cost	
Current borrowings	15,314
Finance lease liabilities	49
Trade and other payables categorised as Financial Instruments	13,719
Trade and other payables not categorised as Financial Instruments	4,572
	33,654

A description of the Company's financial instrument risk, including risk management objectives and poicies is given in Note 21.

NOTE 13 TRADE AND OTHER RECEIVABLES

Trade and other receivables are made up as follows:

	31 March 2015 £000
Trade receivables, gross	28,950
Allowance for credit losses	(32)
Trade receivables	**28,918**
Employee leave	58
Prepayments	1,752
Total current trade and other receivables	**30,728**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. All of the Company's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were written off.

The Company has made a general allowance for credit loss. The movement in allowance for credit losses is presented below:

	31 March 2015 £000
Balance 5 February 2014	**0**
Amounts written off (uncollectable)	-
Impairment loss	(32)
Balance 31 March 2015	**(32)**

NOTE 14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	31 March 2015 £000
Current Account (includes impact of transactions in transit)	-86
Instant Access Deposit Account	1,000
Imprest Accounts (cash in hand and in bank)	37
	951

NOTE 15 TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	31 March 2015 £000
Current	
Trade payables	13,719
Employee leave	436
Receipts in advance	70
Taxes (e.g. VAT, National Insurance)	4,066
	18,291

NOTE 16 OTHER LIABILITIES

The following table contains a breakdown of other current and non-current liabilities (excluding trade receivables and payables):

	31 March 2015 £000
Finance lease liabilities	29
Short term loans from parent councils	15,314
Other liabilities - current	**15,343**
Finance lease liabilities	20
Pension fund defined benefit liability (see note 6)	20,480
Other liabilities - non-current	**20,500**

NOTE 17 FINANCE COSTS AND FINANCE INCOME

Finance costs for the reporting period consist of the following:

	2014/15 £000
Interest on short term borrowings from parent councils	88
Finance lease interest	28
Net interest expense on defined benefit liability	592
	708

There was no material net finance income for the reporting period.

NOTE 18 CORPORATION TAX

The following table shows the tax reconciliation based on FRS19 for 2014/15:

	2014/15 Derived £000	Accounts £000	
Loss on ordinary activities before tax	-17,068	-17,068	
Tax on loss on ordinary activities at standard CT rate of 21.27%	-3,630	-3,630	21.27%
Effects of:			
Expenses not deductible for tax purposes	43	43	-0.25%
Amounts charged directly to STRGL or otherwise transferred	-1,127	-1,127	6.60%
Capital allowances in excess of depreciation	-6	-6	0.04%
Other short term timing differences	3	3	-0.02%
Defined benefit scheme timing differences	4,356	4,356	-25.52%
Unrelieved tax losses and other deductions arising in the period	361	361	-2.12%
Unexplained difference			
Current tax charge/credit for the period	**0**	**0**	

Deferred Tax Asset

As a Community Interest Company AfC must pay corporation tax on all taxable profits at the domestic effective tax rate. The Company has reported an operating loss for the 2014/15 financial period of £17m and so no tax expense has been recognised in the Statement of Comprehensive Income. It is not probable that the Company will make significant taxable profits in the short to medium term and therefore has not recognised a deferred tax asset in the Accounts. If the Company does make taxable profits in the coming years it will be able to reduce its initial tax liability by offsetting taxable losses incurred in 2014/15. The amount recognised as a contingent asset at 31 March 2015 is £4.43 million.

NOTE 19 NON CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

The following tables provide a breakdown of the non-cash transactions recognised in the Statement of Comprehensive Income and Statement of Financial Position.

	2014/15 £000
Net changes in working capital:	
Change in trade and other receivables (increase)	-30,727
Change in trade and other payables (increase)	18,291
Total changes in working capital	**-12,436**

	2014/15 £000
Non Cash Flow Adjustments:	
Recognition of pension liability transferred with TUPE	13,213
Current and past service costs	4,332
Net interest on defined benefit liability	592
Accounts payable and receivable transactions paid out by parent companies	15,638
Capitalisation	-76
Depreciation	38
	33,737

The Company was reliant on the 2 parent Councils for the processing of the majority of accounts payable and payroll during the period until the 30th March 2015 when the Company's treasury management function became fully operational. As a result of this arrangement the majority of transactions during the period were not cash transactions. The Councils did not settle amounts due on their respective contracts and the Company did not pay the majority of expenditure out directly until 30th March 2015. The parent councils have a revolving credit facility which means they can lend to AfC to provide cash flow for ongoing operations. The amount still owed to the Councils under this arrangement has been recognised in the Statement of Financial Position and is detailed in note 16 to the accounts.

NOTE 20 RELATED PARTY TRANSACTIONS

The Company's related parties include its owners (the LB Richmond and RB Kingston), directors of the Company, senior management, post-employment benefit plans and others as described below.

Transactions with the Company's owners

Achieving for Children is jointly owned by the London Borough of Richmond upon Thames and the Royal Borough of Kingston upon Thames. The boroughs have influence over major policy decisions and funding. The Company is contracted jointly by both councils to provide their children's services. The councils also provide support services and accomodation to the Company and a loan facility of up to £30m. The table below summarises the key transactions:

	LB Richmond 2014/15 £000	RB Kingston 2014/15 £000
Receipts*	60,794	52,570
Accrued income	14,072	11,367
Payments	5,237	4,819
Accrued expenditure	6,351	3,300
Total Value* **	**86,454**	**72,056**
Other balances:		
Borrowing**	7,657	7,657

* This figures have not been adjusted for the agency relationship to ensure full disclosure
**Borrowing represents the balance at 31st March 2015. The cashflow statement details physical cash paid and received on financing activities
***Transactions are inclusive of VAT

Transactions with schools maintained by the councils have been excluded as the contract price captures the value of these transactions. Individual schools are not deemed to have control over the Company.

Transactions with directors and senior management

Directors (including non-executive) and senior management have direct control over the Company's finance and operating policies. The table below summarises the remuneration received by these individuals during 2014/15. As a result of legislative requirements relating to the employment of statutory officers, some members of the Senior Leadership Team are employed by the parent councils and seconded to Achieving for Children. The total remuneration paid has been captured in the table below and includes total remuneration paid by AfC and the parent councils. Further details on the remuneration of individual Directors are included in the Director's Report.

	2014/15 £000
Short Term Benefits:	
Salary	877,458
National Insurance	100,246
Allowances	2,496
Expenses	675
Post-Employment Benefits:	
Defined benefit pension plans	139,415
Total Remuneration	**1,120,290**

During the period directors, senior management or members of their immediate families had relationships / influence over the organisations detailed in the table below. Organisations have been detailed reguardless of whether transactions occurred with AfC. Where transactions have occurred, the relevant officer or director was not involved in decision making.

	Transactions in the period		Amounts owed at period-end		Total value of transactions
	Payments £000	Receipts £000	Owed to £000	Owed by £000	£000
Association of Directors of Adult Social Services	0	0	0	0	**0**
BBC	0	0	0	0	**0**
City Lit Adult Education College	0	0	0	0	**0**
Civil Service	0	0	0	0	**0**
Corniche Events	0	0	0	0	**0**
Learning Schools Trust	240	27	0	2	**269**
NHS England	762	1,129	184	78	**2,153**
Open Box Consulting	0	0	0	0	**0**
Reading University	0	0	0	0	**0**
Resolutions Consultancy	0	0	0	0	**0**
Skills for Care	0	0	0	0	**0**
UK Statistics Authority	0	0	0	0	**0**

The transactions with the Learning Skills Trust related to special educational needs placements in Academy schools managed by the Trust. The Chief Executive (Nick Whitfield) is also a Director of the Learning Schools Trust.

The transactions with NHS England include transactions with all NHS bodies and principally relate to health contributions to services and the purchase of health services and equipment. One of the Company's Non Executive Independent Directors (Moira Gibb) is also a Non Executive Director of NHS England.

Transactions with post-employment benefit plans

Employees of AfC are members of a number of pension plans. The defined benefit plans (the LGPS) are separately administered by the LB Richmond and RB Kingston who are also owners of the Company. The pension funds are treated as separate financial entities and the terms of the benefit plans are prescribed by regulation. Note 5 to these accounts contains further details of the specific plans and associated figures.

NOTE 21 CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

Contingent liabilities relate to possible expenditure arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The possible liability is dependent on the outcome of something happening in the future. A review is undertaken annually to identify any potential liabilities.

- **Legal Cases / Tribunals / Insurance Claims**

As at the 31st March there were no significant claims outstanding against the Company. If claims do arise then these will be met by the Company's insurance policy (£50k excess) or via in year budgets.

- **Termination Benefits**

The Company must make significant reductions in its cost base over the next 3 years to recoup year 1 losses and to achieve contract price reduction targets set by the parent councils. Plans continue to be developed to address these cost pressures and it is probable that some termination benefits will be paid out to staff as part of these plans. The Company is not able to estimate these at present but any future liabilities will be met through in year budgets, contract change control mechanisms and the phasing of reductions in the Company's cost base.

Contingent Assets

Contingent assets relate to possible income arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The right to the potential asset is dependent on something happening in the future. A review is undertaken annually to identify potential contingent assets.

- **Deferred Tax Asset**

As a Community Interest Company AfC must pay corporation tax on all taxable profits at the domestic effective tax rate. The Company has reported an operating loss for the 2014/15 financial period of £17m and so no tax expense has been recognised in the Statement of Comprehensive Income. It is not probable that the Company will make significant taxable profits in the short to medium term and therefore has not recognised a deferred tax asset in the Accounts. If the Company does make taxable profits in the coming years it will be able to reduce its initial tax liability by offsetting taxable losses incurred in 2014/15. The amount recognised as a contingent asset at 31 March 2015 is £4.43 million.

NOTE 22 FINANCIAL INSTRUMENTS RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarised in Note 12. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management procedures are focused on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks.

Market risk analysis

The principle risk that the Company is exposed to is fluctuations in interest rates that can impact on its operating costs. The Company only has exposure to short term borrowing and deposits that are on variable interest rate terms with no currency exposure.

As an indication of the sensitivity to interest rates, a change in short term interest rates of 1% would change finance costs by +/- £87,000, and the impact on the pension liability (of the defined benefit plan – LGPS) would change the net liability by +/- £15.8 million.

Credit risk analysis

Credit risk arises if a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk in respect of short term deposits, cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk is limited to the carrying amounts of financial assets recognised at 31 March 2015, as shown in the following table:

	31 March 2015 £000
Financial assets / Loans and Receivables	
Trade and other receivables categorised as Financial Instruments	28,950
Trade and other receivables not categorised as Financial Instruments	1,778
Cash and cash equivalents	951
	31,679

A significant proportion of trade and other receivables are in respect of public sector entities, which mitigates the overall risk. Impairment of receivables in 2014/15 was only £32k.

The Company only deals with financial institutions that have high credit ratings and monitors these to avoid risk.

Liquidity risk analysis

Liquidity risk arises if the Company is unable to meet its obligations. The Company is able to borrow from its owners (the London Borough of Richmond upon Thames and Royal Borough of Kingston upon Thames) under a revolving credit facility agreement. This agreement provides a loan facility of £30m which the Company can draw down on to meet its liquidity requirements and also has up to £6m on same-day withdrawal deposits to manage day-to-day cash requirements.

The Company manages its liquidity needs through monitoring forecast cash inflows and outflows arising from its business on a daily and weekly basis and also monitors longer term impacts on its cash flow arising from changes to its business plan.

The Company is required to submit a Financial Plan at least annually to its owners for their approval that sets out the Company's treasury management plans and procedures.

The revolving credit arrangement in place with its owners is regarded as sufficient mitigation against liquidity risk.

NOTE 23 FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: unobservable inputs for the asset or liability

The Company holds only the following financial assets andliabilities:

- Cash and cash equivalents
- Current borrowings
- Trade and other receivables and payables

There are no quoted prices that can be used to measure fair value.

Cash and cash equivalents and trade and other payables are all very short term assets and liabilities and so they are assessed as being fair value.

Current borrowings are in respect of one loan facility, provided by the owners of the Company (LB Richmond and RB Kingston). This is a revolving short term loan agreement at variable rate based on Base Rate. The terms of the loan are judged to reflect current market rates and the actual value of the loan is taken as fair value.

Trade payables are discharged within 30 days and are deemed to be at fair value.

Trade receivables are due within 30 days and are deemed to be at fair value. Receivables not settled within 30 days are amortised in respect of assumed credit losses based on the age of debt.

NOTE 24 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company is jointly owned by LB Richmond and RB Kingston as a Company limited by guarantee. It has no equity and is a 'not for profit' organisation and registered as a Community Interest Company. It provides benefit to its owners by providing services to them under contract at economic cost. The Company is not required to provide a financial return to its owners and has no target for its capital-to-overall financing ratio. The owners of the Company provide funding for the Company through a short-term loan facility and the Company does not have any other borrowings.

The amounts managed as capital by the Company for the reporting period under review are summarised as follows:

	2014/15 **£000**
Cash and cash equivalents	951
Capital	**951**
Borrowings	15,314
Overall financing	**15,314**
Capital-to-overall financing ratio	**0.06**

NOTE 25 POST REPORTING DATE EVENTS

No significant events have occurred between the 31st March reporting date and the 19th August 2015 when these are accounts were authorised by the Chair of the Board.

NOTE 26 AUTHORISATION OF FINANCIAL STATEMENTS

These Financial Statements were approved for issue by the Board of Directors on 15th July 2015 and signed on its behalf, on 19th August 2015, by:

David Groves

David Groves
Chair of the Board

L. Kourpas

Lucy Kourpas (CPFA)
Head of Financial Control

NOTE 27 ACCOUNTING POLICIES

General principles

Basis of preparation - accounting practices

This Statement of Accounts has been prepared in accordance with International Financial Reporting Standards as required by the Companies Act 2006. The Accounts summarise the Company's financial performance (Statement of Comprehensive Income), equity (Statement of Equity), financial position (Statement of Financial Position) and cash flow (Cash Flow Statement) for the period. As this is the first set of Accounts, prior period comparative figures cannot be provided in line with reporting guidelines but will be published in future periods. The Accounts have been prepared on the historical cost basis.

Changes in accounting policies and prior period adjustments

Prior period adjustments arise either as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current financial period and future periods affected by the change, and do not result in a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and economic conditions on the Company's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There are no such adjustments in the 2014/15 Accounts.

Exceptional Items

Exceptional items are those which are separately identified by virtue of their size or incidence to enable a full understanding of the Company's financial performance. The nature and amount of these items is disclosed separately, either on the face of the Statement of Comprehensive Income or in the notes to the accounts, depending on how significant the items are. The company has separately identified two exceptional items on the face of the Statement of Comprehensive Income in 2014/15 relating to Company set up costs and pension liabilities.

Items Re-classifiable to the Operating Profit or Loss

Where there are items in the Statement of Comprehensive Income that are re-classifiable to the Operating Profit / Loss from Other Comprehensive Income and Expenditure, when certain conditions are met, these will be disclosed separately on the face of the Statement of Comprehensive Income (within Other Comprehensive Income). At present the Company has no such transactions.

Accruals of Income and Expenditure

Activity is accounted for in the period that it takes place, not simply when cash payments are made or received. In particular:

Income

- Revenue from the sale of goods and services is recognised when the Company transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the organisation.
- Revenue from the provision of services is recognised when the Company can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Company.

Contract income, fees and charges, lettings, grants, donations and other income arise from the provision of services or the sale of goods or services.

Expenditure

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption (and the values are material) they are carried as inventories on the Statement of Financial Position.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Revenue income and expenditure for the year is reported in the Statement of Comprehensive Income.

Interest

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Debtor and creditor balances (accruals policy) Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Statement of Financial Position. Where debts may not be settled (i.e. collection is doubtful), the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this accruals policy are made where it would be impractical in terms of time and cost required and where the effect of not accruing has no material effect on the Company's accounts. The Company has set a general de minimis level for accruals of creditors that are calculated manually at period-end. This level is reviewed annually and is currently set at £10,000. Two exceptions to this de-minimis rule apply:

- Qualifying expenditure upon which income from third parties is dependent and associated income.
- Invoices for substantially the same supply or service that are chargeable to the same service area are aggregated where their total is over £10,000.

Agency Relationship

Where the company acts as an agent of the Parent Councils, in paying grant monies to schools, these transactions are excluded from the Accounts on the basis that the company is not making decisions about how the money is spent . The company is just passporting money based on pre-set criteria, on behalf of a third party. These transactions are reported in the Accounts of the party who ultimately controls the money (i.e. the Councils).

Inventories

The Company recognises all inventories (stock) that have a value over £10,000 as at 31 March. The Company initially recognises inventory when it has control of it and when it expects to have a right to the future economic benefits / service potential. All inventories are measured at the lower of cost or net realisable value. Where there are large numbers of items of inventory that are ordinarily interchangeable, the Company uses the weighted average cost method of stock measurement. The Company held no material inventories at 31st March 2015.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value (this will exclude fixed term deposits as they are not highly liquid and not readily convertible to cash).

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the period-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the period in which employees render service to the Company. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the period-end which employees can carry forward into the next financial period. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Statement of Comprehensive Income so that holiday benefits are charged to revenue in the financial period to which they relate.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Company to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Statement of Comprehensive Income when the Company is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, the amount is recognised on an IAS19 basis in the Statement of Comprehensive Income.

Post Employment Benefits (IAS19)

Employees of the Company can be members of four separate pension funds:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The National Health Service Pension Scheme, administered by the Department of Health (DoH)
- The Local Government Pensions Scheme, administered by the London Borough of Richmond upon Thames
- The Local Government Pensions Scheme, administered by the Royal Borough of Kingston upon Thames

All schemes provide defined benefits to members, earned as employees who have worked for the Company.

However, the arrangements for the teachers' and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Company. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Statement of Financial Position. The employer's contributions are charged to the Statement of Comprehensive Income for the period.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the LB Richmond and RB Kingston Pension Fund attributable to the Company are included in the Statement of Financial Position on an actuarial IAS19 basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on 20 year gilts adjusted for credit spread).

- The assets of each Pension Fund attributable to the Company are included in the Statement of Financial Position at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising:

- current service cost – the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period. – allocated to the Statement of Comprehensive Income
- past service cost – the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the authority in the number of employees covered by a plan). – debited to the Statement of Comprehensive Income
- Any gain or loss on settlement – arising when the Company enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan – debited to the Statement of Comprehensive Income

  - Net interest on the net defined benefit liability (asset) - the change during the period in the net defined benefit liability (asset) that arises from the passage of time - charged to the Statement of Comprehensive Income
  - Re-measurements of the net defined benefit liability (asset) comprising:

- actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions charged to Other Comprehensive Income for the period
- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to Other Comprehensive Income for the period

Discretionary Benefits

The Company has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers, are accrued in the period of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Statement of Comprehensive Income for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. AfC had no available for sale financial instruments in 2014/15.

Loans and Receivables

Loans and receivables are recognised when the Company becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Statement of Comprehensive Income for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Company has made, this means that the amount presented in the Statement of Financial Position is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the period in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Statement of Comprehensive Income. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Statement of Comprehensive Income.

Foreign Currency Translation

Where the Company enters into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the period-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Statement of Comprehensive Income.

Third Party Contributions

Whether paid on account, by instalments or in arrears, third party contributions and donations are recognised as due to the Company when there is reasonable assurance that:

- the Company will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Company are not credited to the Statement of Comprehensive Income until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Statement of Financial Position as creditors / receipts in advance. When conditions are satisfied, the grant or contribution is credited to the Statement of Comprehensive Income.

Relationships and Interests in Companies and Other Entities

Achieving for Children is jointly owned by the LB Richmond upon Thames and RB Kingston upon Thames. The Company will disclose the proportion of profit / loss and net assets that is attributable to each council. The parent councils will in turn consolidate their interest in the Company as part of their group accounts.

Where the Company assesses that its relationship with another entity is classified as a subsidiary, associate, or joint venture it will present its accounts to reflect these interests as follows:

• **Subsidiary**	• **Associates**	• **Joint Ventures**
• Company controls the financial and operating activities of that entity and benefits from this control.	• Company has significant influence over the operations of another entity. •	• Company has joint control over another entity
• Line by Line consolidation - Where material, the Company will consolidate 100% of all transactions and balances into the Company's Accounts and the Company will present both single entity and group entity accounts.	• Equity Method – • The interest is presented as an investment and adjusted each period for the current share of the net assets and the relevant share of profit or loss will be recognised in the Statement of Comprehensive Income	

Non Current Assets

The Company recognises two categories of non-current asset:

- Tangible - Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial period
- Intangible - Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow to the Company

The Company has set the following de-minimis limits for the recognition of non-current assets.

- Land and buildings - £50,000
- Vehicles, plant and equipment - £10,000
- Intangible assets - £10,000

•	• **Tangible**	• **Intangible**
• Recognition	Expenditure on the acquisition, creation or enhancement is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Where an asset consists of various components with different useful lives these are recognised separately. •	
• Measurement	Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Statement of Financial	Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

	Position at fair value, determined as the amount that would be paid for the asset in its existing condition. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. • Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the period-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Reductions in fair value are written off against relevant balances in the revaluation reserve and then to the Statement of Comprehensive Income. •	Reductions in value are written off against relevant balances in the revaluation reserve and then to the Statement of Comprehensive Income. •
• Depreciation	• Depreciation is provided for on all tangible assets by the systematic allocation of their depreciable amounts over their useful lives. The Company applies the straight line method of depreciation and the useful life is determined by a relevant expert. Depreciation is charged to the Statement of Comprehensive Income each period and writes down the value of the asset on the Statement of Financial Position. A full years depreciation is charged in the period of acquisition.	• The depreciable amount of an intangible asset is amortised over its useful life to the Statement of Comprehensive Income. A full years depreciation is charged in the period of acquisition

Leases (IAS17)

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. Achieving for Children does not have legal title to any non-current assets and as such would not partake in the leasing out of non-current assets.

Finance Leases

Non-Current Assets held under finance leases is recognised on the Statement of Financial Position at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Company are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge debited to the Statement of Comprehensive Income

Non-current assets that are assessed as a finance lease are recognised on the Company's Statement of Financial Position as a Non-Current Asset and depreciated over the shorter of the lease term or estimated useful life via an annual charge to the Statement of Comprehensive Income.

In recognising finance leases, the Company applies the following de-minimis levels:

- Land and buildings - £50,000
- Vehicles, plant and equipment - £10,000
- Intangible assets - £10,000

Operating Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as an expense in the period.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Company may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position. Estimated settlements are reviewed at the end of each financial period – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Redundancy Costs

The Company provides for redundancy costs at the point that it is demonstrably committed (cannot retract the offer). If a notification of redundancy has been issued before 31 March but the amount has not yet been paid, a liability is recognised in the accounts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Company a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Company. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Statement of Financial Position but disclosed in a note to the Accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Company a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Company. Contingent assets are not recognised in the Statement of Financial Position but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Taxation

Corporation Taxation

The Company is liable to pay Corporation Tax on all taxable profits. Where this applies, the tax will be separately identified on the face of the Statement of Comprehensive Income and profits / losses will be shown gross and net of taxation. Any amounts owed to the HMRC at the period-end will be recognised as a creditor / debtor on the Statement of Financial Position.

Where the Company makes taxable losses / has temporary differences, it will recognise a deferred tax asset on the Statement of Financial Position only where it is probable that the Company will make taxable profits and pay Corporation Tax in the foreseeable future. If taxable profits are not probable the potential deferred tax asset will be recognised as a contingent asset and disclosed within the notes to the Accounts.

Value Added Taxation

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. The net amount owed or owing to the HMRC at the Statement of Financial Position Date will be recognised as a net creditor / debtor on the Statement of Financial Position.

Post Reporting Date Events

Events after the Statement of Financial Position date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events (an adjusting event).
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect (a non-adjusting event).

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

GLOSSARY OF TERMS

ACCRUALS
Amounts charged to the accounts for goods or services received during the period for which payments have not yet been made, and for income due, which has not yet been received.

BALANCE SHEET / STATEMENT OF FINANCIAL POSITION
A statement of the Council's assets and liabilities at the 31 March (Statement of Financial Position date).

CAPITAL EXPENDITURE
Expenditure on the acquisition or enhancement of assets that have a significant value and a useful life beyond one year.

CASH & CASH EQUIVALENTS
Cash is represented by notes and coins held by the Company and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value e.g. instant access accounts.

COMMUNITY INTEREST COMPANY
A Community Interest Company is a special type of Ltd Company which exists to benefit the community rather than the private shareholders. Its primary objectives are social objectives and any surpluses are re-invested into the organisation.

CREDITORS OR TRADE PAYABLES
Organisations and individuals to whom the Council owes money.

CURRENT ASSETS
These are assets that will be consumed within the next accounting period (i.e. less than one year). Examples are stock, cash and receivables.

CURRENT LIABILITIES
Those amounts which will become payable or could be called upon in the next accounting period (i.e. less than one year).

DEBTORS or TRADE RECEIVABLES
Organisations and individuals who owe money to the Council.

DEDICATED SCHOOLS GRANT
A ringfenced, Central Government Grant paid to councils by the Department for Education to fund education services within the borough. A significant proportion is devolved to schools on a formulaic basis.

DEPRECIATION
The writing down of the value of a fixed asset in the Statement of Financial Position in line with its expected useful life.

EMPLOYEE BENEFITS
Salaries, wages, paid annual leave, paid sick leave, pension benefits and termination benefits.

FINANCIAL INSTRUMENTS
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

FINANCE LEASE
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

NON CURRENT ASSETS
These are assets that are likely to be in use by the Council for more than one year, such as land and buildings.

IAS19
Accounting standard requiring the recognition by an authority of the attributable share of the assets and liabilities of pension funds with which it is associated showing the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme, even though the fund retains title to the assets and the responsibility to pay pensions.

STATEMENT OF COMPREHENSIVE INCOME
A Core Financial Statement that provides a summary of the resources generated and consumed by the Company in the period.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
The regulations under which the accounts are published. A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.

INTANGIBLE FIXED ASSETS
Intangible fixed assets that are likely to be in use by the Council for more than one year are recognised where there is no 'physical' asset but the Council controls future economic benefits from the asset. For example computer software.

NET BOOK VALUE
An asset or liabilities original book value net of any accounting adjustments such as depreciation.

NET REALISABLE VALUE
The value of an asset that can be realised upon the sale of the asset, less any costs associated with either the eventual sale or the disposal of the asset in question.

OPERATING LEASE
This is a type of lease under which lease rentals are paid for the use of the asset over the period of the lease. The asset remains the property of the lessor and has to be returned at the end of the lease.

OUTTURN
This is the final expenditure and income in any financial period. Outturn reports usually compare the final net expenditure (expenditure less income) against the relevant budget.

PROVISIONS
Amounts set aside for liabilities and losses which are likely to occur but where the exact amount or timing is uncertain but can be reasonable estimated.

TANGIBLE NON-CURRENT ASSETS
Tangible fixed assets are 'physical' assets that provide future economic benefit and are likely to be in use by the Council for more than one year.

TERMINATION BENEFITS

Amounts payable to employees as a result of a decision by the Company to terminate an officer's employment prior to normal retirement age or an officers decision to accept voluntary redundancy.

THIRD PARTY PAYMENTS

Items reported under Third Party Payments for management accounts include contract payments made throughout the year. Examples include payments to third parties for independent child placements, Special Education Needs placements and other contract payments.

TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYEMENT) REGULATIONS 2006 (TUPE)

A part of UK labour law, protecting employees whose business is being transferred to another business. The regulations aim to protect employees employment and most significant terms and conditions.