

Registered No: CE014179
Charity No: 1179016



Martin James
FOUNDATION

THE MARTIN JAMES FOUNDATION
(a charitable incorporated organisation)

REPORT AND
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

THE MARTIN JAMES FOUNDATION

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THE MARTIN JAMES FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

PERIOD ENDED 31 DECEMBER 2019

Legal Status

The Martin James Foundation is a registered charity No. 1179016 and a company registered in England and Wales No CE014179, limited by guarantee and having no share capital. There were 5 members as at 31 December 2019.

Directors:

Martin James Stuart Cockburn (Chair)
Ayyab Brice
Graham Pick (resigned 30 September 2020)
Carolyn Mckelvie (appointed 29 April 2019)
Paul Riley (appointed 29 April 2019)
Alphonsine Kabagabo (appointed 17 December 2020)
Bernard Harvey (appointed 17 December 2020)

Senior Management:

Peter McDermott - The Martin James Foundation - Chief Executive Officer (resigned 31 December 2020)
Justin Rogers - The Martin James Foundation - Chief Executive Officer (appointed 1 January 2021)
Steven Stockley - FosterTalk Limited – Managing Director (resigned 31 October 2020)
Daniel Croft - FosterTalk Limited – Chief Executive Officer (appointed 2 November 2020)
Robert Ryan - Key Assets The Children's Services Provider (Australia) - Executive Officer (resigned 27 March 2020)
Jamie Hodgson - Key Assets The Children's Services Provider (Australia) – acting Executive Officer (appointed 1 March 2020)
Diane Jackson - Key Assets The Children's Services Provider (Australia) – Executive Officer (appointed 31 August 2020)
Kathryn Rock - Key Assets Newfoundland and Labrador Inc, Key Assets Ontario Inc. and Key Assets Nova Scotia Inc. - Chief Executive Officer
Wayne Ferguson - Key Assets Foundation Limited - Chief Executive Officer

Registered Office:

The Martin James Foundation
Vicarage Court
4 Vicarage Road
Edgbaston
Birmingham
B15 3ES

THE MARTIN JAMES FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

PERIOD ENDED 31 DECEMBER 2019

Auditors: MHA MacIntyre Hudson
Rutland House
148 Edmund Street
Birmingham
B3 2FD

Bankers: HSBC UK Bank Plc
P O Box 68
130 New Street
Birmingham
B2 4JU

Solicitors: Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

Mills and Reeve LLP
74-84 Colmore Row
Birmingham
B3 2AB

THE MARTIN JAMES FOUNDATION

TRUSTEES REPORT

PERIOD ENDED 31 DECEMBER 2019

About The Martin James Foundation

Our vision

Our vision is of a world where children do not live in institutions or orphanages, and where every child grows up and thrives in a safe and secure loving family.

Our mission

We are an international Foundation committed to protecting and improving the lives of vulnerable children, with specific focus on children and young people separated from their families, placed in institutions and those traumatised by conflict or forced migration. We believe separated, vulnerable and displaced children's needs are best met in a loving, nurturing family environment and not in institutions.

The Martin James Foundation ("the Foundation" or "MJF") comprises six entities: The MJF central team based in Birmingham UK, FosterTalk - the UK foster care services provider, and the four Key Assets not-for-profit affiliates providing high quality foster care and family strengthening services in Australia, Canada, Japan and New Zealand.

MJF is unique. We are one of the first Foundations with a global network of over 300 foster care and other child care practitioners, with over 30 years of collective experience of successful delivery of innovative, quality foster care and family strengthening services.

Our history

The Foundation's roots are in the delivery of high-quality foster care and the charismatic vision and leadership of Martin James Cockburn, a social worker and entrepreneur. Over 30 years ago, he began providing innovative, quality foster care services, initially in the UK then in Ireland, Australia, Finland, Canada, New Zealand, Japan, and the USA. To date these services have provided quality care foster placements, family strengthening and other services to around 40,000 children, young people and the families that look after them.

Our roots and legacy enable us to empower change worldwide through global and local partnerships, leveraging our extensive knowledge, practitioner skills, experience, and proven best practice models.

Our approach

We passionately believe in quality foster care services and social work practice, underpinned by robust frameworks and solid relationships with governments, carers, young people and communities. We deliver high quality family strengthening, foster care and support services to foster families in Australia, Canada, Japan, New Zealand and UK. In the UK, through our EPIC Youth initiative (established December 2019) we support care leavers and disadvantaged and vulnerable young people.

We also empower governments and partners around the world to strengthen their child protection systems, build their capacity to design, pilot, deliver and manage high quality foster care, family strengthening services and expand their advocacy on family-based care in Argentina, Chile, India, Indonesia, Jordan, Madagascar, Mexico and Thailand.

We seek to influence, local, national and global commitment to, and action on, preventing children from being separated from their families, ending the placement of children in institutions and reuniting children with families. We do this through a mix of strategies: advocacy, policy reform, research, practice development, capacity building, generation of evidence and practice models, pilot programmes and the continued enhancement of our global delivery of direct foster care services. We do this in close collaboration with partners: governments, social workers, care professionals, non-government organisations, local communities, families, and with children and young people themselves.

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Activities, Achievement and Performance

Martin James Foundation activities

FosterTalk

FosterTalk is a membership organisation that provides advice, support and guidance on all aspects of foster care. FosterTalk delivers Fosterline which is a government funded free helpline for all foster carers in England. FosterTalk is committed to improving and influencing where they can in order to improve the outcomes for every child and young person in the care system. The organisation works hard to implement innovative solutions to improve their service such as interactive websites, live chat and online surveys etc and is passionate about improving communication across children services.

During the year Foster Talk has invested in the development of Journey 2 Foster, a pre-approval training programme aimed at foster carers. The programme aims to support prospective foster carers by giving information and knowledge to help inform their decision to foster and to prepare them for the fostering task. The product was launched to the market late 2019.

July 2019 saw the launch of FISS PLUS to expand the range of services offered to include independent social work support or supervision of foster carers on behalf of commissioning services. FISS PLUS can be tailored to meet broader organisational needs than the FISS remit of allegations and complaints and utilises the skills sets and professional expertise of the existing pool of FISS Advisors who are able to bring a wealth of fostering experience to FISS PLUS.

In November 2019 FosterTalk launched Special Guardianship Memberships. As well as providing round-the-clock legal advice over the phone, the new Special Guardianship Order (SGO) membership package covers the legal costs of defending both civil and criminal proceedings; legal representation for an interview under caution and appealing against a decision by a court to discharge a SGO relating to a child.

Key Assets Group

Key Assets was founded in Australia in 2007 and has grown to provide foster care and related services in New South Wales, Queensland, South Australia, Tasmania, Western Australia and Victoria. Key Assets Australia strives to develop an innovative range of services for children and young people in out-of-home care, while partnering with statutory bodies and foster carers to understand and meet their unique needs, helping them to succeed.

Key Assets Canada is a Children's Services provider with a commitment to improving outcomes for children and young people in Canada since 2007. Key Assets Canada utilises experience from the group to offer the best form of support to aid the recruitment and retention of foster carers across Ontario, Newfoundland and Labrador.

Key Assets New Zealand is a not-for-profit NGO providing specialised foster care services for children and young people throughout New Zealand. Key Assets New Zealand believes in a team approach to foster care, working with carers and the Ministry of Children Oranga Tamariki to achieve a service that best fits the needs of the child or young person in placement.

Key Assets The Children's Services Provider was established in Japan in 2007 as a social enterprise underpinned by strong values and a commitment to improving outcomes for children and young people across the country. The organisation in Japan is linked to our network, however it falls outside of the Foundation's control therefore their financial returns are not included in this report.

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To date, Key Assets Australia, New Zealand, Canada and Japan have supported in total over 6,000 foster children residing in family homes and provided family support services to a further 2,500 children. During 2019, the Key-Assets affiliates were looking after a total of 878 children through a total of 810 fostering households they recruited, assessed and supported. In 2019 there was significant growth across the services with a total of 210 new carers recruited.

Funded organisations

Asia Care Network, South-East Asia

In 2018 we partnered with the Nippon Foundation to launch the Asia Care Network, as a platform to engage practitioners, policy actors, academics and advocates. The network aims to connect these key stakeholders across South-East Asia to promote best practice and champion reform for alternative care.

During the initial developments of the network the Foundation undertook an analysis of alternative care provision in Asia and produced ten country profiles covering: Hong Kong, Cambodia, Thailand, Japan, Malaysia, Myanmar, Philippines, Singapore, Vietnam and Indonesia. These profiles highlight that alternative care provision in the region is predominately institutional. The majority of children without parental care in Asia are growing up in orphanages or residential schools. The United Nations Guidelines on Alternative Care calls on states to shift away from using institutional forms of care and develop family-based forms of care such as fostering. The Asia Care Network aims to provide a forum for academics, policy actors and practitioners who are championing alternative care reform.

In March 2019 MJF held an Asia Care Network event in Bangkok, Thailand. It was a two-day conference that included 80 participants from eleven countries including Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Hong Kong, South Korea and Japan. The participants included government representatives, academics and colleagues from NGOs working in the field.

Asia Care Network also held four events in Jakarta during 2019 encompassing discussions on children's services, support and planning workshops and minister's engagement and advocacy for family-based care progression. At the end of the year Stephen Woodhouse gave the keynote address and facilitated the Indonesian national consultation event which was funded by MJF.

Asuh Siaga Association, Indonesia

In Indonesia it is estimated that there are over 500,000 children growing up in alternative care, the vast majority are living in institutional forms of care like orphanages and residential schools. There are also concerns about the quality of care in these institutions with an estimate of 8000 orphanages being unregulated. However, in recent years, there has been a push for reform and MJF has been collaborating with colleagues to support the growing deinstitutionalisation and family strengthening agenda there. Asuh Siaga has at least 23 key NGOs as members and they work with the Ministry of Social Affairs to advocate for the development of foster care across the country.

In 2019 MJF supported three events held in Jakarta that brought together members of the Association to develop their networks and build their capacity. MJF colleagues also met with the Director General of Social Rehabilitation in Jakarta.

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Centre of Excellence in Alternative Care (CEAC), India

The Centre of Excellence in Alternative Care (CEAC) in India was established in 2016 and aims to support the development of good quality alternative care for children in India. MJF has provided CEAC a mix of technical, material and financial support. CEAC is now recognized as a leading advocate for alternative care for children in India. The initial phase of CEAC's work supported by the Foundation was to raise the level of government and general-public awareness on the harm institutions do to children's development and the need in India for family-based care – including kinship and foster care.

During 2019, CEAC supported by the Foundation promoted foster care and strengthened foster care practice through training and workshops. To facilitate this the Foundation provided technical supported to CEAC to develop an Indian User Guide on Foster Care for the National Commission for Protection of Child Rights. The comprehensive handbook on setting up and managing a national foster care system, adapted for India from international best practice guidance, has become an influential guidance and reference manual in India on the design and delivery of foster care services.

HOPE Centre with Arabian Medical Relief (AMR), Jordan

Founded in 2012, the Arabian Medical Relief (AMR) is a Jordanian charity which specializes in providing health services to vulnerable citizens and refugees. MJF has worked with AMR since 2016 on the establishment of the HOPE Centre, which is a rehabilitation service for children based within the Zaatari refugee camp in northern Jordan, close to the border with Syria. The centre delivers both physical and psychological services for children who have suffered trauma from forced migration fleeing the conflict in Syria. The services include physical therapy, occupational therapy, psycho-social support and speech rehabilitation. During 2019 in partnership with AMR we were able to provide over 8,000 therapeutic sessions to children and their families, and 107 of the young people benefitting from the project were discharged with successful outcomes.

In June 2019 alongside the funding of the staff team at the centre we also supported a Participatory Photography project. The purpose of the project was to use photography as a therapeutic tool for the children at the Hope Centre. Furthermore, the project allowed us to understand their experiences growing up in Zaatari and the exhibition of the photographs allowed us to promote the children's voices.

RELAF, South America

In July 2019, MJF developed a partnership with RELAF (*'Red Latinoamericana de Acogimiento Familiar'* or Latin American Foster Care Network). RELAF was founded in 2003 and promotes the right to community and family-based care for children. MJF provided a grant to RELAF to strengthen their advocacy and communications capacity to better prevent and stop the incarceration of children and adolescents and promote the right of every child to live in a family and community.

In 2019, MJF supported the RELAF seminar on "Ending the confinement of children and adolescents", held in Brazil. The seminar supported RELAF to disseminate information on alternative care reform, develop/share tools to promote deinstitutionalization and to raise awareness on a child's rights to family.

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University of Bath, United Kingdom and Thammasat University, Thailand

MJF is funding a two-year research project in Thailand that is exploring children's experiences of alternative care. The project led by Dr Justin Rogers is a collaboration between the University of Bath in the UK and Thammasat University in Thailand. Much of the existing research on alternative care has had a focus on measuring children's outcomes and there is a lack of approaches that seek to understand the children and families experience. These narratives are important as they have the potential to shift public perceptions, and influence future policy and practice.

This research will aim to collect and share the experiences of children growing up without the care of parents, in settings such as orphanages, residential schools and temples. A child rights perspective underpins this research, with the premise that research about children's lives needs to include children's voices. The project will use arts-based methods to gain understandings of what it is like to grow up in care in Thailand.

During the past year, the research team held a launch event at Thammasat University in Bangkok, that included key stakeholders in Alternative Care. From the launch event an advisory group was group formed that will meet regularly during the project to consult on the research design, implementation and dissemination. In 2019 the project team has been preparing for fieldwork and working to gain ethical clearance from Thammasat University Research Ethics Committee. Work is underway to negotiate access with government and NGO providers.

Future developments

MJF has developed a 2020-23 strategy to guide our work over the coming three years across our own organisations, funded projects and partnerships with the overall aim to deliver, empower and influence family-based care and child protection systems both in the UK and globally. The strategy outlines six key objectives: 1. Deliver high-quality alternative care; 2. Strengthen child protection systems; 3. Expand and enhance family strengthening practice; 4. Increase fostering services and strengthen fostering practice; 5. Advocate to stop the placement of children in institutions and promote family-based care; 6. Inspire and build the resilience of young people impacted by trauma.

MJF will endeavour to achieve these objectives through delivering a combination of technical support and funding. In the UK, MJF will continue to innovate in the delivery of high-quality alternative care for vulnerable and displaced children and families through our Key Assets and FosterTalk affiliates. In 2020 the Key Assets affiliates will be looking to grow their services through the recruitment of more foster carers alongside retaining their existing carers through quality support and training. FosterTalk are aiming to recruit more members to the services and look to develop new support services for their members.

We will share innovations in practice and delivery across the Foundation with governments and partners with whom we work, and in doing so, strengthen their capacity to advocate for and deliver quality alternative care services.

MJF will also continue to develop work with partners around the world where we can have a strategic impact.

In Indonesia, to help strengthen the capacity of Asuh Siaga, we are providing funding and technical support for the development a training programme for 2020. There are 13 training sessions planned that will focus on developing family-based care. Through this training MJF is making a contribution to the government's pilot foster care projects, which are vital to support the reform of alternative care in Indonesia.

In Madagascar, MJF recently held meetings with FAMadagascar, the Malagasy Government and UNICEF to support the development of a foster care handbook. A new foster care law is close to being passed by the government and at that point MJF will support FAMadagascar to implement one of the first foster care pilot projects in the country.

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In Jordan, we are working with Arabian Medical Relief to explore ways to secure the HOPE Center's future through the development of more community-based services. We are also accessing our global platform to explore future funding streams for HOPE to ensure those that are in the most need continue to receive the crucial services they require.

In Colombia we are exploring a potential partnership with the Lumos Foundation to support them with training to the Michin organisation who are looking to transition their services from institutional to family-based care.

Finally in Thailand, we are looking to develop a partnership with OneSky, an organisation that provides support to children and families in a remote area along the Thai/Myanmar border. There are currently 17 unregistered orphanages in this small district and most of the children living in them have families nearby. However, extreme poverty is a driver that results in many families making the difficult decision to place their children in an orphanage, so they get their basic needs met and have the opportunity to access education. MJF plans to provide a combination of funding and technical support to One Sky to enable them to develop a kinship and foster care service. The aim is to ensure children who need alternative care remain in their extended families and kinship networks and stay out of institutions that remove them from their loved ones, their communities and culture.

Financial Review

The financial review and consolidated financial statements incorporate the results of MJF and its overseas not-for-profit affiliates.

The Martin James Foundation

Since 2018 when MJF was established the charity has been working to the strategic plan set out earlier in this report. During 2019 the Key Assets Children's Service Provider group was reorganisation with MJF became a controlling member the overseas not-for-profit affiliates that made up the group. The Intellectual Property (IP) held in Key Assets Children's Services Provider is currently in the process of being legally transferred to MJF but the right for the charity to use the IP was formally documented within the reported period. The income derived from overseas licence fees is the main source of income for the Charity.

As the first period of charitable activity MJF have made a deficit of £753k with net liabilities and reserves of the same amount. As the legal transaction has not yet taken place, the full valuation of IP has not been recognised. Once the sale of IP transaction has taken place between Key Asset The Children's Services Provider and MJF, the charity's balance sheet and reserves will be significantly strengthened. The full valuation of IP upon transfer will be £5m of which only £1m has been provided for in these financial statements, being the value of the licence granted for an initial period.

Total income in 2019 was £1,709k of which £1,089k was the recognition of donated IP included in donations and legacies. Other donations of £213k was also received in the year and income of £396k was generated from licence fee charges to the not-for-profit affiliates.

During 2019 restricted donations of £135k were received in respect of the Hope Centre and £10k in respect of One Sky Foundation. All restricted income was expensed within the period.

Total expenditure of £2,462k includes £503k of UK and international direct project spend (see strategic plan for details) and £1,942k of support and governance cost to assist the set up and establishment of the charity. At 31 December 2019 restricted reserves totalled £2k for the charity and a deficit of £755k for unrestricted reserves.

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The Martin James Foundation and associated not-for-profit affiliates

Before becoming affiliated with MJF, the not-for-profit affiliates were well-established charities providing foster care and family services across the globe.

2019 continues to have seen the entities perform well both operationally and financially.

Total consolidated income for the period is £25,436k of which £22,740k is generated by the group's charitable activities and £2,204k is donations and legacies (predominantly £1,991k for the net assets inherited on acquisition).

Total consolidated expenditure for the period totals £23,489k of which £23,411k is spent on charitable activities both direct and support.

As at 31 December 2019 the balance sheet shows consolidated reserves of £1,858k and consolidated cash reserves of £8,405k.

Reserves policy

The reserves policy for MJF is currently being developed with the intention to finalise mid 2021.

Although calculations and timeframes are due to be agreed, the concept the charity wishes to adopt has been agreed in principal.

Unrestricted Reserves: Core

In deciding a suitable level of unrestricted reserves required MJF has chosen to designate an element of reserves to core expenditure. This reserve will ensure the charity can sustain operations for an agreed term, covering costs such as staff and office. Initially the level will be calculated for a minimum term with the intention to build the reserves up to a target that will reviewed annually.

Unrestricted Reserves: Other

Other Unrestricted Funds may be used to deal with emergency situations or financial shocks. MJF may choose to access reserves to meet the organisational needs for one-time, non-recurring expenses that will build long-term capacity, such as staff development, research and development, special projects or investment in infrastructure. Such funds may also be transferred to fund specific projects, either supplementing or providing start-up funding for projects which are not fully funded by Restricted Funds. A target reserve is yet to be agreed but will be maintained over and above the amount reserved for core expenditure.

Restricted Reserves

Restricted Reserves consist of:

- a. Unspent funds received from donors for specific programmes; in the event that funds received are not due to be recognised as income, such funds will instead be recorded as Deferred Income and recognised as income in future periods;
- b. Funds allocated from MJF's Unrestricted Funds to specifically support an individual programme but for which no grant has yet been booked; when a grant is made the Restricted Reserve is reduced and replaced by a Grant Creditor, pending spending of funds. In the event that a programme does not require the full funding allocation the unspent balance may be de-restricted and returned to Unrestricted Funds.

MJF will not hold a target for Restricted Funds and these funds are not included within reserves targets. Each programme that is accounted for through Restricted Funds aims to remain within the income budget and to manage cash flow without the need for additional injection of funds. Expenditure should therefore always be limited to funds available.

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Group Reserves

Upon consolidation the subsidiaries reserves have been allocated fully to Restricted Funds. Although the Group have aligned goals and purpose the Charity is not entitled to use the Subsidiaries reserves freely to benefit its own operations.

Where deficit reserves have been inherited on acquisition, plans are in place to monitor and assist in bringing the Funds into a surplus position in the future.

Cash Reserves

The Board have agreed to maintain cash reserves at a level where if the Charity was to cease all future commitments could be fulfilled. This level will be reviewed annually with the intention to build up on existing reserves without impacting charitable activities.

Investment policy

MJF invests in order to further the charity's charitable aims, taking into consideration the environmental, social and governance aspects of the investments in line with our values.

The purpose of this policy is to ensure that MJF will:

- Make and divest investments in line with agreed parameters set by trustees;
- Ensure that funds are invested in a diversified set of funds in order to ensure a balance of returns and mitigation of risks, and protect the charity's invested funds;
- Achieve alignment of the investment policy and statements published in the annual report and accounts.

The objective for MJF's investments is to outperform cash without significantly increasing risk.

Cash holdings above the day to day needs of the organisation should be invested to generate a return to boost Unrestricted Funds.

All funds will be invested, monitored and recorded in accordance with the Charities SORP FRS102.

Grant making policy

MJF works in partnership with a number of organisations. Grants payable are made in line with strategic and business plans. We monitor grants operationally and financially throughout the term and particularly at the end of the grant. The annual planning process includes earmarking funding to be made available for grants in the following year.

Statement of public benefit

Trustees have paid due regard to the Charity Commission's public benefit guidance and are satisfied that the charity complies with the Charities Act 2011. The information given at the beginning of this Trustees' Report outlines in detail the Foundation's activities and achievements in working for the public benefit to improve the life opportunities of young people.

Overall during the past year, 1,053 looked after children were supported in foster care placements, and 386 families were supported through direct provision of family support services. Through our partnerships, MJF provided funding and support to seven organisations. Within this support MJF also funded two academic partnerships to undertake research and support wider, systems-level change.

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Approach to fundraising

Our fundraising work is undertaken by our employees we do not use professional fundraisers or commercial participants. The majority of MJF's funds are raised through Key Asset Group fees and private donations.

We closely monitor the quality of our fundraising work and review any related complaints from donors or members of the public. The quality of our fundraising work is discussed and monitored on regular basis during team meetings and it is reviewed quarterly at board. During 2019, we did not receive any complaints about our fundraising work.

Trustees' assessment of going concern status

The Trustees have considered the risks facing the charity, the forecast of cash flows and the level of reserves and are satisfied that MJF will be able to meet all financial obligations as they fall due over the next 12 months following the audit and therefore conclude that the charity is a going concern.

The Board has reasonable expectation that there are adequate resources and control mechanisms to continue in operational existence for the foreseeable future. As a result the Board deems it suitable to continue reporting on the going concern basis.

Principal risks and uncertainties

Risk management

The trustees and executive team believe that sound risk management is integral to good management and governance, and that risk management forms an integral part of MJF's decision-making, and its strategic and operational planning.

In line with Charity Commission risk management guidance, the organisation maintains a Risk Management Policy and a risk register covering key strategic risks, which is updated at least twice a year and more frequently where the need arises, or the risks are more volatile. The register considers risks within the following categories:

- Operational
- Financial
- External
- Governance

Risks are assessed in terms of likelihood and potential impact. The risk register includes any relevant risk mitigation and actions required, and records the resulting retained risk. At each review, trustees consider the level of retained risk and decide whether this is acceptable. All new projects will include a consideration of the key risks involved.

MJF reviews and monitors the effectiveness of the risk management framework regularly and updates it as required.

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Operational risks

The Key Assets not for profit affiliates have over 10 years' experience of managing social care risks which has enabled the development of robust policies, procedures and systems. These are continually reviewed to ensure that they are appropriate and provide mitigation against any new risks identified.

The main areas of focus are: safeguarding and child protection, regulatory compliance and inspection results, service provision, data protection, customer service, financial management and employee related matters. The Foundation operates a Quality Assurance and Safeguarding Board that each company and region attend to scrutinise practice and development.

Financial risks

MJF's operations expose it to a variety of financial risks that include pressure on credit risk, liquidity risk, cash flow and interest rate risk and foreign exchange risk. MJF has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of income, expenditure and liquidity.

Credit risk

Almost all of the affiliates partners are government agencies or government funded non-government agencies and as such this risk is relatively low.

Foreign exchange risk

The group of affiliates do not trade between international subsidiaries but has a treasury management function to mitigate this risk. The currency risk of holding assets and liabilities in foreign currencies across the group is managed by partially matching foreign currency assets with foreign currency liabilities.

Governance

Governing document

MJF is a Charitable Incorporated Organisation incorporated on 2 July 2018. It is governed by its Constitution as last amended and dated 2 September 2019, and is a registered charity with the Charity Commission of England and Wales. The charity's registered address is Vicarage Court, 4 Vicarage Road, Edgbaston, Birmingham, B15 3ES. Our Charity Commission registration number is 1179016.

The governing document defines the objects of the charity as being 'the relief of those in need by reason of their poverty, financial hardship, youth, age, infirmity, physical or mental distress or suffering, social or economic circumstances (including as a result of war, natural disaster, trouble or catastrophe) either generally or individually amongst children, young people and families in the UK and worldwide'.

Organisation

New trustees are appointed at duly convened meetings for a period of three years after which they are eligible for re-election for a further three years. The Board has adopted formal procedures for the recruitment, selection, and induction of new trustees.

Following the appointment of new members, an induction programme is arranged which aims to give the individuals the information and tools they need to fulfil their legal obligations as well as to play an effective role on the Board. The induction involves reading material, visits to the offices as well as access to staff. During the term of office of trustees, opportunities for on-going training are offered either through specifically arranged sessions or less formally through recommended reading lists.

The CEO and senior team are appointed by the Trustees to oversee the day-to-day operations of the charity and hold delegated authority for operational matters including finance and employment. The CEO and trustees meet on a monthly basis to discuss such matters.

The Finance and Governance committee meets quarterly and have trustee representation, both internal and independent.

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Remuneration statement

Pay and benefits for the Chief Executive Officer (CEO) are determined by the Board. When deciding pay and benefits for the rest of the organisation, including the Executive team (except the CEO), salary survey information and other relevant data is used as a benchmark to compare against similar organisations in the voluntary sector. Key management salaries are decided upon appointment and reviewed on an annual basis in line with the organisation's Pay Policy.

Related Parties

MJF and its overseas not-for-profit affiliates form part of two larger networks, The Key Assets Group and the Martin James Network.

The Key Assets Group is a for profit European fostering group made up of businesses operating in the UK, Ireland, Finland, Sweden and Norway. The group's immediate and ultimate parent company is the Martin James Group. Mr M J S Cockburn, the Chair of MJF, is a director of each entity of the group and is the ultimate controlling party in view of his controlling interest in the share capital of Martin James Group. MJF receives donations from The Key Assets Group for use of the Key Assets Intellectual Property.

The Martin James Network is a diverse network of companies based in the United Kingdom. The below companies provide services to MJF and the wider not for profit affiliates:

Agility UK Limited – Car lease
Antser Tech Solutions Limited – IT support and services
Martin James Group – management services
Number One Park Limited – property rent
Pengower Limited – IT services
Tribera Limited – Marketing

Mr M J S Cockburn is a director of all the above companies.

Dr J Rogers was a previous employee of Bath University when MJF started funding the joint Bath/Thammasat academic research project in October 2019. Dr Rogers is the lead researcher on this project and supervises the research team in Thailand. Dr Rogers left the employment of Bath in April 2020 and joined MJF as the Director of Programmes and Knowledge. He was subsequently promoted to CEO in January 2021. On leaving Bath Dr Rogers maintained an unpaid affiliation to Bath as a visiting fellow and he continues to lead the research project, which he receives no financial remuneration for.

Detailed related party transactions are disclosed in note 19 to the financial statements.

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Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and applicable resources, including the income and expenditure of the group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The Board of Trustees approved this report on 26 April 2021

M J S Cockburn
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARTIN JAMES FOUNDATION

Opinion

We have audited the financial statements of The Martin James Foundation (the 'parent charity') and its subsidiaries (the 'group') for the period ended 31 December 2019 which comprise the consolidated statement of financial activities, consolidated balance sheet, charity balance sheet, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cause significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for use.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE MARTIN JAMES FOUNDATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have not realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 151 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson (Statutory Auditor)

Chartered Accountants
Rutland House
148 Edmund Street
Birmingham
B3 2FD
29 April 2021

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE MARTIN JAMES FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)

PERIOD ENDED 31 DECEMBER 2019

	Notes	18 months ended 31 December 2019		
		Restricted £'000	Unrestricted £'000	Total Funds £'000
Income and endowments from:				
Donations and legacies	4	2,136	68	2,204
Charitable activities	5	22,740	-	22,740
Other trading income	6	414	40	454
Investments		27	-	27
Other		<u>9</u>	<u>2</u>	<u>11</u>
Total income		25,326	110	25,436
Expenditure:	7			
Raising funds		76	-	76
Charitable activities		21,852	1,559	23,411
Other		<u>-</u>	<u>2</u>	<u>2</u>
Total expenditure		21,928	1,561	23,489
Net Income/(expenditure) pre investment gains and losses		3,398	(1,451)	1,947
Net gains on investments		<u>-</u>	<u>3</u>	<u>3</u>
Net Income/(Expenditure)		3,398	(1,448)	1,950
Other recognised gains/(losses)		<u>(92)</u>	<u>-</u>	<u>(92)</u>
Net Movement in Funds		3,306	(1,448)	1,858
Fund balances brought forward		<u>-</u>	<u>-</u>	<u>-</u>
Fund balances carried forward		<u>3,306</u>	<u>(1,448)</u>	<u>1,858</u>

All of the above results are derived from continuing activities.

All gains and losses in the year are included above.

The notes on pages 22 to 36 form part of these financial statements.

THE MARTIN JAMES FOUNDATION
CONSOLIDATED BALANCE SHEET
PERIOD ENDED 31 DECEMBER 2019

	Notes	£'000	2019	£'000
Fixed assets				
Intangible assets	11	496		
Tangible assets	12	3,115		
Investments		<u>-</u>		
				3,611
Current assets				
Debtors due within one year	13	2,660		
Cash at bank and in hand		<u>8,405</u>		
			11,065	
Creditors: Amounts falling due within one year	14	<u>(12,208)</u>		
Net Current Liabilities				<u>(1,143)</u>
Total Assets less Current Liabilities				2,468
Creditors: Amounts falling due after more than one year	15			<u>(610)</u>
Net Assets				<u>1,858</u>
Funds:	16			
Unrestricted funds				(1,448)
Restricted funds				<u>3,306</u>
Total Funds				<u>1,858</u>

The financial statements were approved by the trustees on 26 April 2021 and signed on their behalf by:

M J S Cockburn
Chairman

The notes on pages 22 to 36 form part of these financial statements.

THE MARTIN JAMES FOUNDATION
CHARITY BALANCE SHEET
PERIOD ENDED 31 DECEMBER 2019

	Notes	£'000	2019	£'000
Fixed assets				
Intangible assets	11	693		
Tangible assets		-		
Investments		<u>-</u>		
				693
Current assets				
Debtors due within one year		203		
Cash at bank and in hand		<u>205</u>		
		408		
Creditors: Amounts falling due within one year	14	<u>(1,854)</u>		
Net Current Liabilities				<u>(1,446)</u>
Total Assets less Current Liabilities				(753)
Creditors: Amounts falling due after more than one year				<u>-</u>
Net Liabilities				<u>(753)</u>
Funds:	16			
Unrestricted funds				(755)
Restricted funds				<u>2</u>
Total Funds				<u>(753)</u>

The financial statements were approved by the trustees on 26 April 2021 and signed on their behalf by:

M J S Cockburn
Chairman

The notes on pages 22 to 36 form part of these financial statements.

THE MARTIN JAMES FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 31 DECEMBER 2019

	Notes	2019 £'000
Net cash provided by/(used in) operating activities	23	2,664
Cash flows from investing activities		
Interest paid		(32)
Interest received		27
Payments to acquire tangible and fixed assets		(1,501)
Cashflow from acquisitions		<u>7,263</u>
Net cash provided by/(used in) investing activities		<u>5,757</u>
Cash flows from taxation		
Corporation tax paid		<u>(16)</u>
Net cash used in taxation		<u>(16)</u>
Change in cash and cash equivalents in the reporting period		8,405
Cash and cash equivalents at beginning of the reporting period		—
Cash and cash equivalents at end of the reporting period	24	<u>8,405</u>

The Martin James Foundation uses the exemption conferred by section 1.12 of FRS102 in not preparing a separate cash flow statement for the charity as a separate entity.

The notes on pages 22 to 36 form part of these financial statements.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

1. General Information

The Martin James Foundation is a charitable incorporated organisation, registration number CE014179 and registered with the Charity Commission with charity registration number 1179016. The registered office is shown on the Reference and Administrative details page.

The charity was incorporated and commenced activities on 2 July 2018 and has prepared its first year of financial statements for the 18 month period ended 31 December 2019. During the period, the charity acquired various not-for-profit organisations as detailed in note 25.

2. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)). The charity has taken early adoption of the SORP.

The functional currency of the group is pounds sterling.

At 31 December 2019 the charity has net liabilities of £753k, and although returned to a positive net asset position at 30 June 2020, had net current liabilities of £335k at that date. The trustees have taken into account the uncertainties caused by the COVID-19 pandemic and have concluded that, although operational difficulties have arisen in some jurisdictions, the group has not been significantly impacted financially. The charity has received confirmation of continuing financial support from one of its trustees and with this level of support in mind, forecasts have been produced which show that the group has sufficient liquid resources to be able to continue to operate for a period of at least 12 months from the date of approval of these financial statements. Therefore these financial statements have been prepared on a going concern basis.

b) Basis of consolidation

The consolidated financial statements present the results of the charity and its own subsidiaries (“the Group”) as if they form a single entity. Inter-company transactions and balances between group entities are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The difference between the fair value of the consideration and the fair value of the net assets acquired are shown as a donation in the consolidated statement of financial activities. The results of acquired operations are included in the consolidated statement of financial activities from the date on which control is obtained. They are deconsolidated from the date control ceases.

All of the entities included in the consolidated financial statements, are not for profit entities (overseas entities are registered as charities in their own jurisdiction). The entities across the Group are referred to as Affiliates. The Affiliates are deemed to be subsidiaries for UK accounting purposes due to the control exercised by the charity. Control arises where the charity is the sole member of the Affiliate in addition to the way in which it works closely with the Affiliate. The Affiliate has common goals and purpose, operationally reports its monthly finances to the charity and engages in regular CEO calls to encourage collaboration. Key decisions as to strategic direction are taken only with the agreement of the charity’s trustees.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

2. Accounting Policies (continued)

b) Basis of consolidation - continued

None of the subsidiary entities are permitted to transfer funds to the charity by way of dividend or other distribution of reserves by virtue of their respective constitutions and/or their charitable status in their particular jurisdiction and therefore treated as restricted funds within the Group.

c) Fund accounting

Unrestricted funds are fund which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designed for other purposes. This includes funds received under supply contracts which may be restricted as their purpose but cannot be classed as such due to their legal status.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The cost of administering such funds is charged against each specific fund. The aim and use of each restricted fund are set out in note 2 to the financial statements.

Restricted funds in the consolidated balance sheet include funds held within the subsidiary organisations which can only be used to further the objectives of those subsidiaries and are restricted for use in the jurisdiction in which those organisations operate.

d) Incoming resources

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

Donation are included at the sooner of receipt of cash or when the group has received unconditional confirmation of entitlement and receipt is probable.

Franchise fees are included on an accruals basis in the period to which the fees relate.

Fees receivable in furtherance of the group's activities are included in the period the related service has been provided. Fees received in advance of entitlement from the provision of the service are deferred.

Grant income is accounted for on a receivable basis.

Income received in advance is deferred to future periods and released to the statement of financial activities in the period to which the income relates.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

2. Accounting Policies (continued)

e) Resources expended

All expenditure is accounted for on an accruals basis under activity headings that aggregate all costs relating to that activity. Expenditure that has been incurred or is expected to result in the transfer of economic benefits relating to a service that has been provided is included as a liability.

Grant expenditure is recognised when an irrevocable commitment is given to the recipient and there are no remaining performance conditions that need to be met by the recipient where the likelihood of meeting those conditions is not considered probable.

Where possible costs have been allocated directly to the activity to which they relate and include direct staff and other costs in furthering the group's charitable objectives.

Support costs are those costs that are incurred by finance, human resources and administrative functions that enable the group's charitable income generating and governance activities to be undertaken. Those support costs which can be directly attributed to an activity have been allocated in full. Remaining support costs have been allocated to the charity's activities in proportion to the amount of staff time incurred in those activities.

Governance costs, which form part of support costs, are those costs which are incurred to enable the group to meet its governance and other legal obligations.

f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets except freehold land at rates calculated to write off the cost of a straight-line basis over their expected useful economic lives as follows:

Freeholding buildings	- over 20 to 50 years
Leasehold improvements	- over the shorter of the lease term or 10 years
Fixtures, fittings and office equipment	- over 4 years
Computer equipment	- over 4 years
Computer equipment	- over 4 years

Expenditure is recognised as a fixed asset only if the economic life of the purchase can reasonably be expected to be at least as long as the depreciation period and purchase costs exceed £500.

g) Intangible assets and amortisation

Intangible assets are stated at historical cost less accumulated amortisation. Amortisation is provided on all intangible assets calculated to write off the cost on a straight line basis over the expected useful economic lives as follows:

Intellectual property	- over 10 years
Goodwill	- over 10 years

h) Goodwill

Goodwill represents the excess of the fair value of consideration paid on the acquisition of the assets and liabilities of a charitable organisation less the fair value of the net assets acquired.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

2. Accounting Policies (continued)

i) Financial instruments

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Cash and cash equivalents are basic financial assets and include cash in hand, and deposits held at call with banks.

Basic financial liabilities, including trade and other payables, bank loans, other taxation and social security, and amounts due to fellow group and related undertakings are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

j) Pension costs

The pension costs for defined contribution benefit scheme are the contributions payable in the period.

k) Finance and operating leases

Rentals applicable to operating leases are charged in the SOFA over the period in which the cost is incurred. There are currently no assets purchased under finance leases.

l) Foreign currency transactions

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the statement of financial activities.

Subsidiaries denominated in a foreign currency are translated into sterling using the average rate for items in the statement of financial activities, and the closing rate for items included in the balance sheet. Differences on retranslation of opening net assets and the statement of financial activities of the subsidiaries to the year end closing rate are included in the consolidated statement of financial activities.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

3. Sources of estimation uncertainty

In the application of the group's accounting policies, the trustees are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in that period of the revision and future periods.

Critical judgments

The following judgments (apart from those involving estimations) have had the most significant effect on amounts recognised in the financial statements.

- i To determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases depends on assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- ii To determine whether there are indicators of impairment of the company's tangible assets the factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Tangible fixed assets (see note 12) are depreciated over their useful lives. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Key Sources of Estimation Uncertainty

The key sources of estimation and uncertainty which have the highest risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

- i *Useful lives of tangible and intangible fixed assets*
Management reviews the useful lives of property, plant and equipment on a regular basis. Any changes in estimates may affect the carrying amounts of the respective property, plant and equipment or intangible asset with a corresponding effect on the related depreciation charge.
- ii *Provision for bad debts*
An allowance for bad debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The trade receivables balance is assessed at the end of each reporting period whether there is objective evidence of impairment and recognises a bad debt allowance if such evidence arises.
- iii *Fair values of net assets of acquired subsidiaries*
The determination of the fair values of net assets of acquired subsidiaries involves estimations of the fair value of tangible and intangible fixed assets, which include assumptions on market factors and the value in use of such assets. In determining value in use, assumptions are made on future cash flows, taking into account asset lives and residual values.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

4. Donations and legacies	Restricted funds £'000	Unrestricted funds £'000	Total £'000
Donations received	145	68	213
Fair value of net assets acquired with subsidiaries (note 25)	<u>1,991</u>	<u>-</u>	<u>1,991</u>
Total	<u>2,136</u>	<u>68</u>	<u>2,204</u>
5. Income from charitable activities		Restricted funds £'000	Total £'000
MJF projects		30	30
Fostering		19,112	19,112
Fostering professional services		291	291
Family support income		924	924
Disability income		1,705	1,705
Child protection		594	594
Clinical services/training		11	11
Start-up costs (fostering placements)		<u>73</u>	<u>73</u>
Total		<u>22,740</u>	<u>22,740</u>
<p>Included within income from charitable activities is income of £16,008k received from government bodies (both UK and overseas) under service level agreements for the provision of fostering related services. There are no unfulfilled conditions related to income recognised in this respect.</p>			
6. Income from other trading activities	Restricted funds £'000	Unrestricted funds £'000	Total £'000
Licence fees	-	33	33
Other income	<u>414</u>	<u>7</u>	<u>421</u>
Total	<u>414</u>	<u>40</u>	<u>454</u>

THE MARTIN JAMES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2019

7. Total Resources Expended	Grant funding £'000	Other direct costs £'000	Allocated support costs £'000	2019 Total £'000
Costs of raising funds		76		76
Costs of activities in furtherance of the charity's objects				
MJF projects	163	306	1,498	1,967
Fostering	-	13,125	5,293	18,418
Other	<u>-</u>	<u>2,242</u>	<u>784</u>	<u>3,026</u>
	<u>163</u>	<u>15,673</u>	<u>7,575</u>	<u>23,411</u>
Other	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
8. Support Costs				2019 £'000
Support salaries				3,235
Premises costs				1,016
Depreciation and amortisation				155
Other support costs				2,996
Governance costs				<u>173</u>
				<u>7,575</u>
Other support costs include:				
Foreign exchange losses				22
Group auditor remuneration – non-audit				3
Governance costs include:				
Group auditor remuneration - audit				35
Auditor's remuneration – subsidiary auditors				90
Trustees expenses				2
Legal and professional				<u>48</u>

THE MARTIN JAMES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2019

9. Staff Costs	2019
	Total
	£'000
Wages and salaries	9,830
Social security costs	353
Pension costs	<u>594</u>
	<u>10,777</u>

Included in the above are payments of £53,000 in relation to ex-gratia payments.

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:-

	2019
	Number
£60,000 - £70,000	12
£70,001 - £80,000	4
£80,001 - £90,000	6
£90,001 - £100,000	1
£100,001 - £110,000	5
£140,001 - £150,000	1
£150,001 - £160,000	1
£240,001 - £250,000	1

27 employees earning more than £60,000 in the year participated in recognised pension schemes to which contributions of £88,000 were paid during the year on their behalf.

The total employee benefits of the key management personnel were £1,424,000. The Key Management Personnel of the group are deemed to be the Senior management team detailed on the reference and administrative details page and the operational executives / managers at a regional level.

The average number of employees, calculated on a full-time equivalent basis and apportioned for the period of time since acquisition of the subsidiaries, analysed by function was:-

	2019
	Number
Direct charitable activities	209
Support and administration, including management	<u>77</u>
	<u>286</u>

10. Trustee remuneration

None of the trustees received any remuneration or benefits in kind from the charity during the period. Expenses of £1,877 were reimbursed to 2 trustees in respect of travel expenses.

THE MARTIN JAMES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2019

11. **Intangible Fixed Assets**

Group	Intellectual property £'000	Goodwill £'000	Total £'000
Cost			
Inherited on acquisition	<u>495</u>	<u>33</u>	<u>528</u>
At 31 December 2019	<u>495</u>	<u>33</u>	<u>528</u>
Amortisation			
Charged for the year	<u>32</u>	<u>-</u>	<u>32</u>
At 31 December 2019	<u>32</u>	<u>-</u>	<u>32</u>
Net Book Value			
At 31 December 2019	<u>463</u>	<u>33</u>	<u>496</u>
Charity	Intellectual property £'000	Goodwill £'000	Total £'000
Cost			
Additions	<u>1,089</u>	<u>-</u>	<u>1,089</u>
At 31 December 2019	<u>1,089</u>	<u>-</u>	<u>1,089</u>
Amortisation			
Charged for the year	<u>396</u>	<u>-</u>	<u>396</u>
At 31 December 2019	<u>396</u>	<u>-</u>	<u>396</u>
Net Book Value			
At 31 December 2019	<u>693</u>	<u>-</u>	<u>693</u>

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2019

12	Tangible fixed assets	Freehold property £'000	Leasehold property £'000	Fixtures, fittings and equipment £'000	Other £'000	Total £'000
	Group					
	Cost					
	On acquisition	1,064	73	596	5	1,738
	Additions	<u>1,181</u>	<u>189</u>	<u>128</u>	<u>2</u>	<u>1,500</u>
	At 31 December 2019	<u>2,245</u>	<u>262</u>	<u>724</u>	<u>7</u>	<u>3,238</u>
	Depreciation					
	Charged in the year	<u>7</u>	<u>47</u>	<u>68</u>	<u>1</u>	<u>123</u>
	At 31 December 2019	<u>7</u>	<u>47</u>	<u>68</u>	<u>1</u>	<u>123</u>
	Net book value					
	At 31 December 2019	<u>2,238</u>	<u>215</u>	<u>656</u>	<u>6</u>	<u>3,115</u>
	Charity					
	The charity does not hold any tangible fixed assets.					
13	Debtors				2019 Group £'000	2019 Charity £'000
	Trade debtors				1,703	-
	Other debtors				65	39
	Amounts due from associated undertakings				154	154
	Prepayments and accrued income				<u>738</u>	<u>10</u>
					<u>2,660</u>	<u>203</u>
14.	Creditors: Amounts falling due within one year				2019 Group £'000	2019 Charity £'000
	Bank loans and overdrafts				43	-
	Trade creditors				551	54
	Amounts owed to subsidiary undertakings				-	59
	Amounts owed to associated entities				2,747	1,552
	Other taxation and social security				1,145	9
	Other creditors				132	-
	Accruals and deferred income				<u>7,590</u>	<u>180</u>
					<u>12,208</u>	<u>1,854</u>
	Deferred income				2019 Group £'000	2019 Charity £'000
	Deferred in the year				<u>5,302</u>	<u>-</u>

Deferred income for the group is in relation to grant funding received in advance of £5,013k and fostering professional membership income invoiced on an annual basis of £289k.

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15. Creditors: Amounts falling due after more than one year		2019 Group £'000	2019 Charity £'000
Bank loans and overdrafts		<u>610</u>	<u>-</u>

Included within the figure above is £10,000 which is repayable after more than five years.

The loans are secured on freehold property with a net book value of £1,094,000.

16. **Statement of Funds**

Group	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Total £'000
Unrestricted funds	<u>110</u>	<u>(1,558)</u>	<u>-</u>	<u>(1,448)</u>
Restricted funds				
Hope Centre	135	(133)	-	2
One Sky Foundation	10	(10)	-	-
Subsidiaries	23,190	(21,785)	(92)	1,313
Pre-acquisition reserves	<u>1,991</u>	<u>-</u>	<u>-</u>	<u>1,991</u>
Total Restricted funds	<u>25,326</u>	<u>(21,928)</u>	<u>(92)</u>	<u>3,306</u>
Total funds	<u>25,436</u>	<u>(23,486)</u>	<u>(92)</u>	<u>1,858</u>

Charity	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Total £'000
Unrestricted funds	<u>1,563</u>	<u>(2,318)</u>	<u>-</u>	<u>(755)</u>
Restricted funds				
Hope Centre	135	(133)	-	2
One Sky Foundation	<u>10</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Total Restricted funds	<u>145</u>	<u>(143)</u>	<u>-</u>	<u>2</u>
Total funds	<u>1,708</u>	<u>(2,461)</u>	<u>-</u>	<u>(753)</u>

Restricted funds

Hope Centre/One Sky Foundation – funds received have a donor restriction placed on them. Donations received can only be used for the activities specified by the donor .

Subsidiaries – funds within the subsidiary entities, the majority of which have charitable status, are held for similar but not identical purposes and must be applied within their relevant jurisdiction in accordance with their specific purposes.

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17. Financial Instruments

The group's and company's financial instruments may be analysed as follows: **2019**
£'000

Financial assets
 Measured at cost less impairment **10,462**

Financial liabilities
 Measured at amortised cost **6,371**

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to associated undertakings, accruals, other creditors and bank loans.

18. Analysis of Net Assets between Funds

Group	Fixed assets £'000	Net current assets/ (liabilities) £'000	Creditors	Total £'000
			falling due after more than one year £'000	
Unrestricted	-	(1,448)	-	(1,448)
Restricted	<u>3,611</u>	<u>305</u>	<u>(610)</u>	<u>3,306</u>
	<u>3,611</u>	<u>(1,143)</u>	<u>(610)</u>	<u>1,858</u>
Charity				
	Fixed assets £'000	Net current assets/ (liabilities) £'000	Creditors	Total £'000
			falling due after more than one year £'000	
Unrestricted	693	(1,448)	-	(755)
Restricted	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>693</u>	<u>(1,446)</u>	<u>-</u>	<u>(753)</u>

19. Related Party Transactions

During the period the group received the following income from related companies under common control.

	Donations received £'000	Fees received £'000
Key Assets Group Limited	-	414
Outcomes Japan	-	34
Martin James Group	-	41
Fostering First Asia Limited	-	44
Others less than £20k	<u>-</u>	<u>18</u>
	<u>-</u>	<u>551</u>

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19. Related Party Transactions - continued

In addition, the group and charity recognised restricted donations from M J Cockburn of £135,000 for the Hope Centre activities and £10,000 for the One Sky Foundation activities.

During the period the group incurred the following expenditure from related companies under common control.

	Charitable expenditure £'000
Antser Tech Solutions	139
Key Assets The Childrens Services Provider Limited	702
Martin James Group Limited	58
Key Assets (New Zealand) Limited	45
Number One Park Limited	25
Pengower Limited	72
Tribera Limited	61
Others less than £20k	<u>18</u>
	<u>1,120</u>

Balances due to related companies are shown in note 14.

20. Commitments under operating activities	Land and buildings £'000	Other £'000	Total £'000
Lease commitments falling due:			
Within one year	1,379	639	2,018
Between two and five years	2,114	600	2,714
After more than five years	<u>90</u>	<u>-</u>	<u>90</u>
	<u>3,583</u>	<u>1,239</u>	<u>4,822</u>

21. Post balance sheet events

Post year end, the covid-19 pandemic has had far reaching consequences on ordinary life across the globe, and the group and charity are not immune to the effects of the pandemic on the day to day activities of the group and charity. However, the pandemic is considered a non-adjusting post balance sheet event and the Trustees do not consider there to be a material impact on the amounts and disclosures in the financial statements.

22. Legal and statutory information

The charity is a charitable incorporated organisation having no share capital.

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23. Reconciliation of net income for the period to net cash provided by operating activities	2019
	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,950
Taxation	16
Net interest expense	5
Depreciation charges	123
Amortisation	32
Non-cash acquired net assets	(1,991)
Decrease in debtors	498
Increase in creditors	<u>2,031</u>
	<u>2,664</u>

24. Analysis of movement in net funds			Carried forward
	Cash flows	Acquisitions	£'000
	£'000	£'000	
Cash at bank and in hand	8,405	-	8,405
Debt due within one year	-	(43)	(43)
Debt due after more than one year	<u>-</u>	<u>(610)</u>	<u>(610)</u>
Total Net Funds	<u>8,405</u>	<u>(653)</u>	<u>7,752</u>

25. Acquisitions

During the year, the charity acquired subsidiary undertakings as follows:-

	Date acquired	County of registration
Foster Talk Limited	1 October 2019	England & Wales – company number 06318354
Key Assets Foundation Limited	5 June 2019	New Zealand
Key Assets Ontario Inc (newly incorporated)	10 January 2019	Canada
Key Assets Newfoundland & Labrador Inc	3 December 2019	Canada
Key Assets Nova Scotia Inc (newly incorporated)	3 September 2019	Canada
Key Assets Childrens Services Provider (Australia)	6 May 2019	Australia

The Martin James Foundation became sole member of the above entities on the dates shown and therefore the results of each subsidiary from the date of acquisition are included in the statement of financial activities of the group.

THE MARTIN JAMES FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

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25. Acquisitions (continued)

The fair value of net assets acquired, which equates to book value, were as follows:-

	Foster Talk £'000	Key Assets Foundation Ltd £'000	Key Assets Ontario £'000	Key Assets Newfoundland £'000	Key Assets Nova Scotia £'000	Key Assets Australia £'000	Total £'000
Intangible fixed assets	109	-	419	-	-	-	528
Fixed assets	25	-	48	1,378	-	298	1,749
Debtors	416	-	772	771	-	1,200	3,159
Cash	92	237	125	863	-	5,945	7,262
Creditors	<u>(777)</u>	<u>(216)</u>	<u>(1,118)</u>	<u>(3,500)</u>	<u>-</u>	<u>(4,850)</u>	<u>(10,461)</u>
Net assets acquired	<u>(135)</u>	<u>21</u>	<u>246</u>	<u>(488)</u>	<u>-</u>	<u>2,593</u>	<u>2,237</u>
Consideration	<u>-</u>	<u>-</u>	<u>246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>
Donation	<u>(135)</u>	<u>21</u>	<u>=</u>	<u>(488)</u>	<u>-</u>	<u>2,593</u>	<u>1,991</u>

The consideration of £246,000 for Key Assets Ontario was in the form of a promissory note, payable within one year. The excess of the net assets acquired over the consideration is shown as a donation in kind in the statement of financial activities.

Subsidiary entities

The Martin James Foundation had six subsidiary undertakings at 31 December 2019.

The principal activity of all subsidiaries is the provision of foster care and children's services.

The entities' net assets and liabilities at 31 December 2019 and income and expenditure for the period from acquisition to 31 December 2019 were as follows:

	Foster Talk £'000	Key Assets Foundation £'000	Key Assets Ontario £'000	Key Assets Newfoundland £'000	Key Assets Nova Scotia £'000	Key Assets Australia £'000
Assets	570	158	1,151	2,684	38	9,915
Liabilities	<u>(749)</u>	<u>(103)</u>	<u>(1,036)</u>	<u>(3,190)</u>	<u>(39)</u>	<u>(6,094)</u>
Total net assets	<u>(179)</u>	<u>55</u>	<u>115</u>	<u>(506)</u>	<u>(1)</u>	<u>3,821</u>
Income	290	926	2,588	1,588	72	17,856
Expenditure	<u>(334)</u>	<u>(891)</u>	<u>(2,471)</u>	<u>(1,609)</u>	<u>(73)</u>	<u>(16,537)</u>
Exchange differences on retranslation	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>2</u>	<u>-</u>	<u>(92)</u>
Net incoming resources	<u>(44)</u>	<u>34</u>	<u>116</u>	<u>(19)</u>	<u>(1)</u>	<u>1,227</u>