

CHANGING FACES

**A Registered Charity
A Company Limited by Guarantee**

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st MARCH 2018

haysmacintyre
Chartered Accountants
Registered Auditors
London

Registered Charity number: 1011222
Company Registration Number: 02710440
Charity registered in Scotland: SC039725

CHANGING FACES

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE for the year ended 31st March 2018

This has been an important and pivotal year of transition for Changing Faces – during which we have celebrated our 25th birthday, handed over the leadership reins from our Founder James Partridge to a new CEO and taken vital steps to consolidate our financial position. Significant change of this nature is inevitably challenging for any organisation, but we are enormously proud of the commitment and focus our staff and volunteers have shown to delivering impact for people with visible differences throughout the year.

Our first Face Equality Day – held exactly 25 years after our foundation – was a wonderful moment to reflect on everything Changing Faces has achieved for people with visible differences. Everyone involved with Changing Faces extends huge thanks to James for his wonderful contribution. It was also a moment to look to the future under our new CEO, Becky Hewitt, who joined us in September. Becky's first task has been to lead through a Strategic Review, consulting closely with people with visible differences, to ensure that we are responding to changing needs and can have the greatest possible impact and reach for the future. Our new Strategic Plan, which begins in 2018/19, will see us redouble our efforts to build a fair society for people with disfigurements through a strong focus on service innovation in our psychosocial and wellbeing programmes and being a brave and outspoken voice for people with visible differences.

During the year, we faced a considerable financial shortfall, due both to the transition period and the highly challenging fundraising environment. We mitigated against this by arranging for the sale of the lease on our Squire Centre Building and this has allowed us to strengthen our position and invest in a sustainable future. In response to our new Strategic Plan and financial position we have also restructured our staffing team to ensure we have the right skills and resources for the future.

None of this has prevented us being bold and determined champions for people with visible differences. We have been inspired by our wonderful young champions who spoke out about their experiences across the national media during the launch of the film Wonder. We have provided life-changing psychosocial support to thousands of people affected by visible differences. And we have secured significant new income streams to work with children and young people and tackle hate crime and discrimination.

The findings of our new research – Disfigurement in the UK – are a stark reminder of the persistent inequalities faced by people with disfigurements. Changing Faces will not stop until there is Face Equality for everyone. We are looking forward to another important year of transition and progress as we take forward our vital work.

We could not achieve our aims without the continued support of the communities, funders, companies and individuals who have demonstrated their commitment to helping us to achieve our vision, on behalf of all people living with visible difference. We would also like to thank our champions who have given their time to help us and spoken out for Face Equality. And finally, we would like to thank our staff and volunteers for their continued commitment during a year of transition.

David Clayton and Becky Hewitt

September 2018

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REPORT OF THE TRUSTEES for the year ended 31st March 2018

Objectives and Activities

Changing Faces is the UK's leading charity for the 1.3 million people in the UK with a visible difference: a mark, scar or condition that makes them look different.

We provide advice, support and psychosocial services to children, young people and adults. We challenge discrimination and we campaign for Face Equality: a world that truly values and respects people who look different

We want a future where everyone with a visible difference on their face or body has the confidence, support and opportunity to lead the lives they want.

Why our work is needed

People with visible differences or disfigurements face multiple challenges. They are vulnerable to isolation, loneliness and low self-esteem. They face staring, harassment, bullying and hate crime. They experience lowered expectations in school, problems getting work and stereotyping in the media. They are severely under-represented in public life and decision-making.

Among children and young people:

- Less than a third of children say they would be friends with a child with a visible difference
- Almost half of young people who have a visible difference are bullied at school
- Half of young people say they have witnessed negative behaviour towards a person with a visible difference – like staring, pointing or saying something nasty to them, or taking a photo of them.

“It’s important to understand that looking different doesn’t mean we’re strange – if there was more awareness maybe there would be less bullying. If there were less bullying – we’d feel more confident.” – Sam, 13

Among adults:

- Two thirds have experienced unpleasantness from a stranger
- A third have experienced hate crime
- Four-fifths have avoided applying for a job because they thought their appearance would hinder them at interview

At Changing Faces we believe this is wrong. We want everyone with a visible difference to have the confidence and support to lead the lives they want and realise their potential.

How does Changing Faces help?

People with visible differences have told us about the transformational impact our work can have. Our psychosocial and wellbeing services build confidence and resilience – giving people with visible differences tools to manage their feelings, cope in different social settings, handle other people's reactions or deal with transitions such as starting school. Our campaigns challenge the negative attitudes and perceptions and behaviours they face every day and empower them to speak out, tell their stories and call for change.

“The act of talking about it with someone who also had a visible difference was great - freeing- I’d kept it to myself for so long”
Wellbeing Service User

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Our work is focused on three key areas:

Psychosocial Support and Wellbeing - We help to build people's confidence and self-esteem by:

- Offering sensitive, confidential and empowering support through our unique package of help, either through sessions face-to-face or by phone, email information and online self-help guides
- Running small group workshops, themed appropriately for children, young people and their families so that people can meet others in similar situations
- Running a bi-monthly 'get together' for adults to enable people to meet and socialise in a safe space and build confidence in social situations

Education and Advocacy - We work to change social attitudes by:

- Influencing government, opinion formers, the media and society – to drive policy, cultural and social changes that benefit those who look different
- Running hard-hitting campaigns to raise awareness of the issues faced by people who look different and call for positive change
- Developing powerful resources for schools and teachers to create school environments that value visible difference, ensuring that the barriers that hold children back are broken down
- Educating, training and informing businesses to develop new beliefs, expectations and practices

Skin Camouflage - We help people with a visible difference to manage their appearance-related concerns more easily by:

- Advising people with disfigurements on skin camouflage cover creams which they can use to reduce the impact of skin conditions, birthmarks or other marks or scars that may be causing concern

Our aim is to improve peoples' wellbeing, build resilience and change social attitudes.

In 2017/18 Changing Faces delivered its charitable purpose through three key work programmes: Changing Lives; Changing Minds; Changing for the Future.

Changing Lives

We are here to build the confidence, well-being and psychosocial of people of all ages affected by visible difference and disfigurements through psychological support, information and advice delivered by Changing Faces Practitioners and our Skin Camouflage Practitioners.

Support, Information and Advice

During 2017/18 we were proud to support 887 people of all ages, and their families, affected by visible differences with support, information and advice via our Changing Faces Practitioners. Our evaluations show that 85% of those who accessed our Changing Faces Practitioners improved against self-defined outcomes.

17,647 accessed our support, information and advice online: benefitting from our toolkits and self-help guides whenever they needed our help.

"If I had been given this support as a child I would be in a different situation today."

Well-being Service User

"I've been given the skills to explain things to my daughter and the strategies to work with her school"

Mother of a child with a visible difference

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Skin Camouflage

Over 2600 people with birthmarks, scars and conditions were given advice on skin camouflage cover-creams which can be used to alter the appearance of whatever condition, mark or scar is causing them concern. 94% of respondents felt that the Skin Camouflage Service helped them to manage their appearance-related concerns more easily¹

"I feel 100% more confident - like myself again"

Research participant

Glasgow

Our partnership with NHS Greater Glasgow & Clyde, thanks to funding from the Big Lottery, continues to grow in strength. Our Glasgow-based practitioner has provided 208 interventions, support sessions and consultations to young people with a visible difference."

Children and Young People

In March 2017, we were delighted to be awarded a three-year grant from BBC Children in Need, to provide one-to-one and group support, information and signposting to 600 children and young people across Yorkshire and the Humber. The project enabled us to continue to develop and grow the ways in which we help children and young people to support themselves and each other including piloting new facilitated group sessions and online interactive support.

In November, we took a strategic decision to focus our work in Yorkshire and the Humber solely on delivering direct services to children and young people – made possible by BBC Children in Need's generous support – with the intention of developing and strengthening this valuable service. By ensuring that we have staff dedicated solely to delivering this unique project we are ambitious for the difference this service will make to the lives of children and young people.

Our Targets and Results

Our 2017/18 Target	Our 2017/18 Result
To provide direct first class support, information and advice to 600 people with visible differences via our Changing Faces Practitioners	Support, information and advice provided to 887 people with visible differences
To see 500 patients over the three year term of the Glasgow CFP Project	208 interventions in Year 1
To deliver 2,500 Skin Cam appointments	2056 appointments in England (KPI 2100) and 310 for Scotland (KPI 400) – total 2366
That 85% of Changing Faces Practitioners' clients improved against self-defined outcomes	85% of clients improved against self-defined outcomes ²

Changing Minds

Our programme of advocacy campaigns for Face Equality so that people can be treated fairly and without prejudice. We work in schools, the health service and businesses to help them create equal, respectful and inclusive environments for people with visible differences. We challenge policy-makers, the media and the public to think differently and we stand up to prejudice whenever and wherever it appears.

Face Equality Day 2017

On **May 23rd 2017**, exactly 25 years after the charity was founded, we celebrated our first Face Equality Day: our annual call to action to end discrimination against people with visible differences

¹ Based on 162 respondents to the post-appointment survey

² Based on 241 respondents who gave pre and post appointment ratings in relation to their support sessions

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and celebrate our community. A total of 84,300 Changing Faces butterflies were ordered by supporters and on Twitter, the #FaceEquality hashtag had 23.8 million impressions. Our new face equality film, 'Tulsi's Story', was viewed by more than 227,000 people on Facebook alone and 15 buildings were illuminated in our charity colours. We were proud to release our ground-breaking research report – Disfigurement in the UK – an in-depth study in the experiences of people with visible differences which continues to provide a vital platform and evidence base from which to raise awareness and call for change.

Wonder

During the autumn, Changing Faces partnered with Lionsgate, the UK distributors of the film Wonder. The film is based on the best-selling book by RJ Palacio about the school experiences of a boy with Treacher Collins Syndrome. Our media and campaigning work around the film launch secured over 25 pieces of national coverage including BBC Breakfast, Radio 5 Live, Woman's Hour, The Daily Telegraph, Newsround and First News – with our young champions telling their stories and being at the forefront of this media work. We worked with Lionsgate to launch a brand new free resource pack for schools and youth groups – which has been accessed over 200 times – to encourage positive conversations among young people about valuing difference and preventing appearance-related bullying. In Scotland, we delivered Wonder workshops to 10 schools and our Wonder related tweets had 105,409 impressions.

Marcus who experienced bullying at primary school said:

"They would call me names like 'scar face, two-face and Joker.' I was really upset and although I would try and ignore them it was really hard."

Work in Schools

In November 2017, Changing Faces launched a new project in partnership with UCL, funded by the VTCT Foundation, to develop new tools and resources for schools, co-created with young people, to build more inclusive environments for children with visible differences. The new tools will directly benefit young people who look different – but will also inspire and empower all children to take action to create a society that values everyone regardless of their appearance.

"If a child with a facial disfigurement could see the assembly we saw, I'm sure it would help them feel brave and strong and help them understand they are not alone. The assembly really changed the way I think."

10 year old pupil – after a Changing Faces' Wonder Assembly

Home Office Hate Crimes Project

In late 2017, we were awarded a Home Office grant to tackle hate crime that targets appearance. The aim of this ground-breaking project, launching in Spring 2018, is to empower people with visible differences to identify and report a disfigurement hate crime in order to reduce incidents and encourage accurate reporting.

Customer Service Training

We were delighted to partner with Specsavers to develop a series of training modules for staff to provide excellent customer service for people with visible differences. The new training has been launched to over 700 Specsavers stores and used by 10,000 staff members with nearly three-quarters (73%) saying they now feel very comfortable about how to react when helping a customer with an unusual appearance. The new training was launched during National Customer Service week in October securing good media hits, including ITV and Radio 5 Live. We are continuing to work with other employers to share and disseminate good practice.

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Policy and Advocacy

We concluded our successful campaign to raise awareness of health professionals supporting patients with skin conditions and calling for improved joined up care. We reached over 25,000 professionals including through the British Association for Dermatologists annual conference and articles in *Dermatology in Practice*, *Primary Care Today* and *Primary Care Nursing Review*. We disseminated an e-learning resource for health care professionals developed in collaboration with the BMJ, delivered training to the radiology department at Castle Hill Hospital in Hull and the dermatology department at Addenbrookes Hospital, Cambridge and spoke at the British Burns Association annual conference. We delivered several implicit bias sessions during the year including to the House of Commons Action Learning Group, Prospectus, National Portrait Gallery and Blackrock.

Scotland

This year we supported over 60 educational establishments through our free training, support and advice. On top of this we have delivered workshops in 15 youth clubs. 91% of teachers said that following the workshops they felt they had the skills to tackle appearance related bullying. 34% of pupils said that they were unsure or wouldn't know where to look or how to behave if they met someone with a disfigurement before a Changing Faces workshop. After the workshop only 7% of pupils reported that they would not know or be unsure about how to behave.

Over the past year we have had held discussions with Scottish Government Ministers and Shadow Ministers on the Mental Health Strategy, Appearance related Bullying in Schools and the impact of hate crimes on those with a visible difference. This will help to raise awareness of the issues those with a visible difference face and will help to influence positive change.

In Glasgow, our partnership with NHS Greater Glasgow & Clyde, thanks to funding from the Big Lottery, continues to grow in strength.

International Project

After stepping aside from being Chief Executive in September 2017, James Partridge secured funding to undertake an important research project to assess the feasibility of extending Changing Faces' work internationally, something which previous Annual Reports have referred to as being on the charity's long-term agenda. He made contact with over 50 NGOs/charities, professionals, academics and champions and found a real appetite for learning and adapting Changing Faces' unique empowerment programme for individuals and families, for working with the charity to advocate for improved psycho-social health care and for campaigning for face equality across the world.

Although Changing Faces decided it could not itself take the international opportunities forward at the current time, the project provided James with the evidence and motivation to create an international alliance to transform the campaign for face equality into a global movement.

Face Equality International is now being established under James' leadership thanks to the support of six founding NGOs of which Changing Faces is proud to be one. The alliance will mobilise the many charities, groups and organisations, big and small, national and international, which support and represent people with disfigurements from any condition or cause.

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Our Targets and Results

Our 2017/18 Target	Our 2017/18 Result
At least 25 media hits over the year	65 media hits
To see a 5% increase in social media channels	Social media channel follower growth is 5.5%
That 200 Wonder Resources were downloaded in Schools	246 reads of resources
To provide 35 presentations to schools by staff and by Face Equality Champions	53 workshops delivered in Scotland 5 Wonder talks in schools

Changing for the Future

Our programme of strategic transformation ensures that we are meeting the future needs of people with visible differences.

In September 2017, our founder stepped down after 25 years as CEO and Becky Hewitt took over the leadership of the charity. Her first task has been to commission a full strategic review to ensure we can be responsive to the changing needs of our community and deliver the services they need for the future. Consulting closely with people with visible differences, and partners and experts from charities, business, the media and public services, our new Strategic Plan sets out our ambition to transform the impact, reach and responsiveness of our charity.

Looking to the Future

2018/19 will be the first year of our ambitious new Strategic Plan, which will see us focus on four key themes:

1. Organisational Effectiveness
2. Service Innovation
3. Being a voice for people with visible differences
4. Financial Stability

Our ambition is to transform our charity so that we can have the greatest possible impact – always keeping the voices of people with visible differences at the heart of our approach. We know there are thousands more people who need our help – whom we cannot currently support or reach. We are looking forward to progressing the following areas:

- Review and update our one-to-one support session package for adults, children, young people and families – to ensure we are at the forefront of best practice and are responding to changing need
- Improve the accessibility and responsiveness of our one-to-one wellbeing and support services through digital solutions, including the provision of a helpline – so that is available across our communities, when and where people need it
- Design, test and pilot a new facilitated peer support intervention for children and adults – in direct response to user need – many of our service users have never met another person with a visible difference
- Transform the effectiveness, efficiency, accessibility and reach of our Skin Camouflage service through better processes, infrastructure and technology
- Grow our network of young media and advocacy champions, empowering them to speak out in the media, lead our campaigns and tell their stories

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- Develop learning resources and products for schools, healthcare and workplace settings to inform and educate professionals about working with someone with a visible difference, and develop and maintain systems to measure their usage, quality and impact
- Launch our Home Office funded campaign to tackle Hate Crime against people with visible differences.
- Continue to run our programme of high profile campaigns to raise awareness, tackle discrimination and call for Face Equality including launching new research with children and young people to mark our second Face Equality Day.
- Strengthen our operational and compliance infrastructure and practice.

Fundraising Statement

Changing Faces is committed to the pursuit of its charitable aims to the benefit of all people living with visible difference. We fundraise so that we can provide the services that deliver our charitable objectives and to work for Face Equality for all people across the UK.

We seek to diversify our income streams and also balance the risk inherent to each income stream, and as such we undertake fundraising activities via individual fundraising and challenge events, trusts and major gifts and corporate partnerships.

We have regard to the guidance provided by the Fundraising Regulator, and we actively support the Code of Fundraising Practice. We promise to be open, honest, clear, respectful, fair, reasonable and accountable. All Changing Faces staff and volunteers (including the Board of Trustees) have a responsibility to be aware and have a thorough understanding of fundraising best practice.

Changing Faces respects the rights of its supporters to clear, truthful information about our work, how donations and other income are spent, and how we manage donors' information responsibly. All donor recruitment is conducted via private sites and Changing Faces is not involved in door-to-door, telemarketing or direct-mail donor recruitment or fundraising, nor does it run reactivation or upgrade campaigns. We do not share personal information provided to Changing Faces for fundraising purposes with any other organisation.

Our policies and procedures are compliant with best practice as set out by the Institute of Fundraising, with the best interests of the charity's donors and the vulnerable paramount. We never pressure anyone to make a donation and take particular care to avoid asking vulnerable people for donations.

We will not solicit or accept donations from companies or individuals who participate in activities which could cause detriment to the charity's reputation or work.

The charity received no complaints regarding its fundraising activities in the last twelve months. Complaints are taken very seriously and will be investigated, with disciplinary action being taken where appropriate. If a complaint is deemed serious enough it may result in the removal of a fundraiser from a campaign and/ or the termination of a campaign.

Our heartfelt thanks go to everyone who has helped Changing Faces raise funds. We are ever grateful to the individuals who have run, cycled, baked, skydived, climbed, and so much more in support of our work. We are also grateful to those who have supported us in other ways: by nominating Changing Faces, sharing our campaigns and voting for us.

We would like to thank NHS England for their ongoing support and advice during the year.

Trusts and Foundations have continued to support our work generously. In particular we would like to highlight the support of:

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The Allan & Nesta Ferguson Charitable Settlement, BBC Children in Need, Big Lottery Fund, Boots Charitable Trust Ellem Foundation, Garfield Weston Foundation, John Ellerman Foundation, John Swire (1989) Charitable Trust, Meringoff Family Foundation, The 29th May 1961 Charitable Trust, The Biss Davies Charitable Trust, The John Coates Charitable Trust, The Leathersellers' Company Charitable Fund, The Northwick Trust, The Peter Cundill Foundation and the VTCT Foundation

Our corporate partners have gone above and beyond as always, and we thank: Advanced Engineering, British Medical Journal, Charles Russell Speechlys LLP, Fieldfisher, Lloyds Banking Group, London Catalyst, and Vector Capital LTD

We would also like to thank each and every person who has helped us fundraise this year.

Financial Review

2017/18 was a challenging year financially for Changing Faces. The year encompassed transition for the charity as it developed and started to move towards the new strategic plan which will underpin Changing Faces' work from 2018/19. During 2017/18, we succeeded in reinforcing the charity's financial position by selling the long term lease on the charity's London headquarters, the Squire Centre. The long lease, ending in 2108, was replaced by a short lease ending in 2020. The sale of the leasehold produced cash resources to allow the charity to rebuild a sufficient level of reserves and provided funds for investment to implement the Strategic Plan.

Total income rose in 2017/18, while operating income fell, in a challenging fundraising environment:

Income

	2017/18	2016/17
	£	£
Gross income		
Legacies	20,000	127,526
Voluntary income	938,204	1,247,734
Charitable activities	200,422	275,983
Other trading activities	1,390	135,151
Investments	<u>2,261</u>	<u>2,582</u>
Gross operating income	1,162,277	1,788,976
Other	<u>1,487,910</u>	<u>3,808</u>
	2,650,187	1,792,784

Gross income from operations fell by 35% in 2017/18 compared to 2016/17. Excluding legacies the fall was 31%.

Legacy income was 84% lower in 2017/18 than in 2016/17. By its nature, this income normally fluctuates.

Donations were 25% lower in 2017/18 than in 2016/17. Most of the difference comprised lower corporate and individual donations.

Charitable activities comprise largely the skin camouflage services provided by Changing Faces to clients in England and Scotland. These services are largely paid for by NHS bodies under a mix of SLAs, contracts and as Non Contracted Activity (NCA). In 2017/18 it came to light that an element of bad debts needed to be recognised, due to differences in the ways in which CCGs interpret the NCA arrangements. As a result, work was undertaken to ensure that all recorded debts were receivable, some amounts were written off, and a bad debt provision was created at the end of the year. During

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the year, Changing Faces has revised its invoicing process and invested in the quality of the data collection which supports the invoicing process, and expects to see this income line stabilising in 2018/19.

Other trading activities in 2016/17 largely comprised the income arising from an annual gala. This event was not undertaken in 2017/18.

In 2017/18, other income comprises the profit arising on the sale of the leasehold of the charity's head office and is stated after deducting legal, professional and financial costs associated with the transaction.

Expenditure

	2017/18	2016/17
	£	£
Changing Lives	1,340,748	1,330,285
Changing Minds	197,814	186,605
Costs of income generation	<u>366,032</u>	<u>341,969</u>
	1,904,594	1,858,859

Changing Lives comprises the charity's work directly with people living with visible difference and includes psychosocial and skin camouflage services. Changing Minds comprises advocacy, including campaigns to address public attitudes and education activities. 75% of all costs are represented by salaries. In 2017/18, Changing Faces' costs include some costs related to the restructuring process.

2017/18 has been a challenging year for fundraising. Changing Faces believes that investment in income generation is necessary to support higher levels of income in the future and will be justified by future results.

Result

Changing Faces reported a deficit of £742,317 at the operating level in 2017/18 compared to a deficit of £66,075 in 2016/17. The property sale resulted in a profit of £1,487,910, taking the full year surplus to £745,593.

	2017/18	2016/17
	£	£
Deficit from operations	(742,317)	(66,075)
Profit on sale of leasehold	<u>1,487,910</u>	-
Total reported surplus / (deficit)	745,593	(66,075)

Reserves

All charities are required to ensure that the amount they hold in reserves is appropriate for the charity's size and the nature of its activities. Changing Faces provides important support to people living with visible difference: the skin camouflage clinics book appointments months in advance, while one-to-one psychosocial sessions are normally provided over a period of weeks or months. Public awareness campaigns may also take several months to complete. It is important for Changing Faces to ensure that its reserves are sufficient to ensure the sustainability of these services, given the fluctuating nature of voluntary income receipts.

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The sale of the leasehold on 33-37 University Street gave rise to significant profit, and the Trustees of Changing Faces decided to use a proportion of these proceeds to create a designated fund for the charity's future property needs. This value of this fund is the equivalent of the book value of the leasehold property before the sale, less the value of the borrowing secured against the property. The current lease runs until November 2020. The Trustees intend to hold the designated fund until the expiry of the current lease, when they will review how the fund is to be utilised.

The Trustees have calculated the level of free reserves which are needed to allow the charity to meet its commitments to its clients, staff and other stakeholders, to manage the implications of a period of a shortfall in income or unexpectedly high costs. The Trustees have estimated that a ratio of six months cover of normal operating costs is the minimum reserve level which is appropriate to Changing Faces.

Reserves

	2017/18	2016/17	2015/16
	£	£	£
Restricted reserves	172,842	207,635	151,894
Designated reserves	1,049,854	1,264,109	1,305,468
Free reserves	<u>994,641</u>	<u>-</u>	<u>80,457</u>
Unrestricted reserves	<u>2,044,495</u>	<u>1,264,109</u>	<u>1,385,925</u>
Total reserves	2,217,337	1,471,744	1,537,819

Changing Faces' Trustees' reserves calculation of 6 months of recurring operating costs defines the required level of reserves as £681,000. At the end of March 2018, free reserves were £994,641, approximately the equivalent of 9 months of operating costs. The Trustees have approved the investment of part of the "surplus" element of these free reserves to cover transition costs budgeted in 2018/19 to support the implementation of Changing Faces' Strategic Plan. Transition costs include:

- The cost of implementing the strategic review
- Investment in digital transformation and capabilities
- Investment in more effective financial reporting and planning
- HR costs relating to changing the staffing structure

The Trustees will continue to carefully monitor the charity's results in light of the budget and the reserves position and will take any action needed if they identify any significant risk to the charity's financial position or its ability to support its core activities.

Investments

Changing Faces has a policy of investing its surplus funds to obtain a financial return. The Trustees consider that a low risk approach is appropriate for the investment of Changing Faces' reserves, and investments are limited to fixed term cash deposits.

Principal risks and uncertainties

The Board of Trustees has overall responsibility for risk management at Changing Faces. It is responsible for ensuring that major risks are identified and that appropriate procedures are established to detect, prevent and manage major risks, including fraud. Changing Faces' risk management programmes are designed to mitigate risks appropriately, rather than to eliminate all risk.

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The principal tools used by Changing Faces to mitigate risks are:

1. **Planning and budgeting.** The charity produces budgets annually, monitors the variances monthly, and reforecasts expected results quarterly. Performance is managed through variance analysis and through activity and financial targets. The Finance Committee reviews monthly management accounts and compares actual results with budgeted results. All differences are investigated, and the reforecast is reviewed. The Finance Committee reports on the financial results to the Board of Trustees.
2. **Risk register.** The Senior Management Team manages a risk register which is regularly reviewed by the Board Audit and Risk Committee. Risks are assessed as to the likelihood of their occurring and the impact if they were to occur, giving a "raw" risk rating. Mitigations and future actions are defined, and the risk rating is then recalculated, to ensure that it remains within the Board of Trustees' stated risk appetite. The mitigating actions are regularly reviewed by the Senior Management Team and reviewed by the Audit and Risk committee.

The major risks identified by Changing Faces are:

Risk	Management
Finance: The charity is reliant on voluntary income to support service delivery. This income is subject to increased competition.	<ul style="list-style-type: none"> • High quality public awareness campaigns • Diversification of income streams • Robust process for setting budgets • Scrutiny of and challenge to budgets by Trustees • Monthly monitoring of budgets and budget variances • Quarterly reforecast of expectations • Sufficient reserves to ensure services can be maintained in a downturn • Investment in the fundraising team
Strategy: Lack of strategic clarity and failure to ensure impact could harm the charity's ability to help its beneficiaries	<ul style="list-style-type: none"> • Feedback sought from stakeholders to design strategic plan • Strategic plan approved by Board • Transition plan designed to implement strategic plan • New KPIs designed and embedded in line with strategic plan
Safeguarding: Clients could suffer harm if clinical governance procedures are not robust	<ul style="list-style-type: none"> • Robust clinical governance processes • Staff and volunteer training • Staff and volunteer oversight and supervision • Review and actions based on client feedback, incidents and complaints
Data and Information Security: Loss of personal data could have an impact on clients or staff and could result in fines	<ul style="list-style-type: none"> • Cyber Essentials review • GDPR project managed by experienced external data protection professional • Robust clinical governance processes • Mandatory training of staff • Completion of IG Toolkit annually
People: Failure to recruit and retain staff with the necessary skills to support Changing Faces' future development could restrict its potential to support beneficiaries	<ul style="list-style-type: none"> • Restructure of operations • Benchmarking of pay and rewards • High quality professional development and training for staff and volunteers • Quality recruitment • Regular staff and volunteer surveys

CHANGING FACES

REPORT OF THE TRUSTEES for the year ended 31st March 2018

Reputation: incidents or events may damage the charity's reputation	<ul style="list-style-type: none">• Monitoring of feedback, complaints and incidents• Close management of messages and media by CEO and Board• Experienced media communications manager
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Governance

Legal structure

Changing Faces is a company registered in England and Wales, limited by guarantee, with registered number 02710440. It is a registered charity in England and Wales (Charity number 1011222), and in Scotland (Charity number SC039725).

Public benefit

The Trustees believe the charity has fully met the requirement to provide benefit to the public and have paid due regard to Charity Commission guidance on this matter. Changing Faces' services are widely publicised and available to all who would benefit, free of any cost.

Board of Trustees

The Board of Trustees is responsible for managing the activity of the charity. It was composed of 11 Trustees at 31 March 2018, with a wide range of skills and experience including professional and clinical expertise.

Appointments to the Board of Trustees are managed by the Board. Trustees are recruited through a process of advertisement, application and interview. Selection is based on set criteria to ensure a broad range of skills and experience. New Trustees are provided with a formal induction programme incorporating the opportunity to meet key staff, and an induction pack of documentation including the charity's constitution, recent Annual Reports and Accounts, recent Board minutes and the current Strategic Plan. Opportunities for training are offered to Trustees, and budget is provided for this purpose.

The Board maintains control over all strategic and policy decisions, including the approval of budgets, risk management and governance arrangements. It delegates some of its responsibilities to three Board committees, which make recommendations to the Board within their terms of reference:

- The Audit and Risk Committee is responsible for examining and reviewing the adequacy of Changing Faces' accounting, financing and operating controls and ensuring all statutory and regulatory requirements are met.
- The Finance Committee is responsible for ensuring that the charity's finances are being appropriately and effectively managed. It does this by monitoring the charity's financial position, overseeing the production of budgets and management accounts, developing and implementing financial, reserves and investment policies and ensuring that proper financial records are kept.
- The Nominations Committee is responsible for overseeing the recruitment of Trustees and of the charity's CEO.

Day to day management is delegated to the Chief Executive and the Senior Management Team.

Management remuneration

Changing Faces seeks to set its salary levels for all paid staff, including management, by reference to market rates, within the context of voluntary sector organisations of a similar size. During the year ended 31 March 2018, key management were defined as the CEO, the Head of Client Services, the Head of Advocacy, the Head of Operations until December 2017 and the Director of Finance from January 2018.

CHANGING FACES

REPORT OF THE TRUSTEES for the year ended 31st March 2018

Charity Restructuring

In 2017, Changing Faces contacted the Charity Commission to notify the Commission of its restructuring plans. The report was made for information only, and referred to the change of CEO, the financial pressure under which the charity was operating and the planned restructure of operations.

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Changing Faces for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Auditors

A resolution will be proposed at the next General Meeting of Members that haysmacintyre be re-appointed as auditors to the company for the ensuing year.

By Order of the Board



David Clayton
Chair of Trustees

20 September 2018

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

Independent auditor's report to the members of Changing Faces

Opinion

We have audited the financial statements of Changing Faces for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 Standard 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 charitable company's affairs as at 31 March 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for 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 charity in accordance with the 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.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement as set out on page 11, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's report. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charity Accounts (Scotland) Regulations (as amended) require us to report to you if, in our opinion:

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charity Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

20 September 2018

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st March 2018

(Incorporating an Income and Expenditure account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£
Income from:					
Donations and legacies		616,479	341,725	958,204	1,375,260
Charitable activities		200,422	-	200,422	275,983
Other trading activities		1,390	-	1,390	135,151
Investments		2,261	-	2,261	2,582
Other		<u>1,487,910</u>	<u>-</u>	<u>1,487,910</u>	<u>3,808</u>
Total	3	2,308,462	341,725	2,650,187	1,792,784
Expenditure on					
Raising funds		366,032		366,032	341,969
Charitable activities		<u>1,162,044</u>	<u>376,518</u>	<u>1,538,562</u>	<u>1,516,890</u>
Total	4	1,528,076	376,518	1,904,594	1,858,859
Net income/(expenditure)		<u>780,386</u>	<u>(34,793)</u>	<u>745,593</u>	<u>(66,075)</u>
Net movement in funds		<u>780,386</u>	<u>(34,793)</u>	<u>745,593</u>	<u>(66,075)</u>
Reconciliation of funds	13				
Total funds brought forward		<u>1,264,109</u>	<u>207,635</u>	<u>1,471,744</u>	<u>1,537,819</u>
Total funds carried forward		<u>2,044,495</u>	<u>172,842</u>	<u>2,217,337</u>	<u>1,471,744</u>

All recognised gains and losses are included in the income and expenditure account and are from continuing activities. The accompanying notes form part of these financial statements.

CHANGING FACES

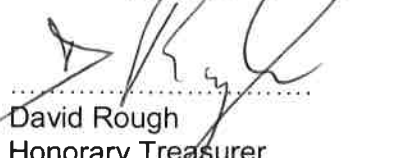
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

BALANCE SHEET as at 31st March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	6,040	1,422,619
Total fixed assets		6,040	1,422,616
Current assets			
Stock	8	5,640	288
Debtors and prepayments	9	108,314	269,409
Cash at bank and in hand	10	2,303,077	429,304
Total current assets		2,417,031	699,001
Liabilities			
Creditors: amounts falling due within one year	11	(205,735)	(221,424)
Net current assets		2,211,296	477,577
Total assets less current liabilities		2,217,337	1,900,193
Creditors: amounts falling due after more than one year	11	-	(428,449)
Total net assets		2,217,337	1,471,744
Restricted income funds		172,842	207,635
Unrestricted funds:			
Designated funds		1,049,854	1,264,109
Free reserves		994,641	-
		2,044,495	1,264,109
Total funds	13	2,217,337	1,471,744

The financial statements were approved by the Board of Trustees and authorised for issue on 20 September 2018 and signed on their behalf by:


 David Clayton
 Chair of Trustees


 David Rough
 Honorary Treasurer

The accompanying notes form part of these financial statements.

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

STATEMENT OF CASH FLOWS

	2018 £	2017 £
Cash Flows from operating activities:		
Net cash provided by/(used in) operating activities (see below)	(663,182)	(223,105)
Cash flows from investing activities:		
Proceeds from sale of lease of 33-37 University Street	3,012,500	-
Legal and professional fees relating to the sale	(45,222)	-
Bank interest received	2,261	2,582
Payments to acquire tangible fixed assets	(1,849)	(4,304)
Net cash provided by/(used in) investing activities	2,967,608	(1,722)
Cash flows from financing activities:		
Repayments of borrowing	(366,904)	(12,883)
Payments of bank fees for early repayment of a loan	(63,831)	-
Net cash provided by/(used in) financing activities	(430,735)	(12,883)
Change in cash and cash equivalents in the reporting period	1,873,773	(237,710)
Cash and cash equivalents at the beginning of the reporting period	<u>429,304</u>	<u>667,014</u>
Cash and cash equivalents at the end of the reporting period	<u>2,303,077</u>	<u>429,304</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities	2018 £	2017 £
Net income / (expenditure) for the year	745,593	(66,075)
Adjustments for:		
Gain on disposal of property	(1,486,689)	
Depreciation charges	1,666	19,546
Bank interest received	(2,261)	(2,582)
(Increase)/decrease in stock	(5,352)	169
Increase)/decrease in debtors and prepayments	161,095	(110,924)
Decrease in creditors	(2,234)	(63,239)
Decrease in long term deferred income	(75,000)	-
Net cash used in operating activities	<u>(663,182)</u>	<u>(223,105)</u>

Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>2,303,077</u>	<u>429,304</u>

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Changing Faces meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going Concern

No material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern have been identified by the Trustees and therefore these accounts have been prepared on a going concern basis.

Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the Trustees' best knowledge of the amount, events or actions, actual results ultimately differ from these estimates. The Trustees consider that all estimates and judgements have been appropriately applied.

Income

All income is recognised once the Charity has entitlement, it is probable that income will be received and the amount of income receivable can be measured reliably.

Legacy income is recognised when it is probable it will be received. Pecuniary legacies are recognised when probate is granted. Residuary legacies are recognised when either probate has been granted, or the estate has been finalised or notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate.

Grants

Grants are accounted for as income when they are receivable. Where the grant making body specifies that amounts given should be utilised in a future accounting period, the income is deferred to that period. If certain conditions have to be fulfilled before the charity becomes entitled to the use of the grant, then the income is deferred until such conditions have been met.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.

Raising funds are those costs incurred to raise donations and legacies and costs of trading activities. Charitable activities relates to costs incurred in delivering the charity's activities and services to its beneficiaries. Governance costs are those associated with incurred in meeting

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

the constitutional and statutory requirements and is now apportioned on the same basis as support costs.

Donated Assets

Donated assets are capitalised at a value equivalent to market value as at the date of donation.

Cost Apportionment

A proportion of staff and indirect costs are attributed to activities on the following bases:

Staff	-	actual costs or level of activity engaged by staff
Indirect costs	-	level of activity engaged by staff

Leases

Rentals under operating leases are charged to the income and expenditure account as incurred.

Depreciation of Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Leasehold property	-	Over duration of lease
Office equipment	-	25%
Office furniture	-	20%
Computer equipment	-	25%

The leasehold property was held on a 105 year lease commencing from November 2004. In November 2017, the leasehold was sold.

Additions to fixed assets costing less than £500, and those acquired from restricted income funds are written off in the year.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

Fund Accounting

Restricted Funds: The purpose and use of restricted funds are imposed by the donor or by the specific terms of the charity appeal.

Unrestricted Funds: These are funds available for use at the discretion of the Trustees in furtherance of the objectives of the charity. These include funds which have been designated by the Trustees for anticipated use on specific projects.

Pensions

The company operates a defined contribution pension scheme on behalf of its staff. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short term benefits: Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits: Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Taxation

No provision has been made for taxation as the company's charitable status renders it exempt from UK direct taxation.

2. STATUS

The company is limited by guarantee and has no share capital. The liability of members in the event of a winding up is limited to £1. The members are the Trustees of the charity.

3A INCOME ANALYSIS 2018

	2018	2018	2018	2017
	Unrestricted	Restricted	Total	
	£	£	£	£
Legacies	20,000	-	20,000	127,526
Income from trusts and grants	296,754	341,725	638,479	698,608
Other donations	259,848	-	259,848	487,209
Income from fundraising activity	39,877	-	39,877	61,917
Trading activities	1,390	-	1,390	135,151
Charitable activities	200,422	-	200,422	275,983
Investment income	2,261	-	2,261	2,582
Other	1,487,910	-	1,487,910	3,808
Total	<u>2,308,462</u>	<u>341,725</u>	<u>2,650,187</u>	<u>1,792,784</u>

Trading activities include the proceeds of fundraising events. In 2016/17, Changing Faces held a gala evening and the proceeds from this event were £133,000. No such gala evening was held in 2017/18.

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

INCOME ANALYSIS 2017

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 £
Legacies	127,526	-	127,526	37,983
Income from trusts and grants	353,459	345,149	698,608	798,806
Other donations	317,747	169,462	487,209	394,127
Income from fundraising activity	61,772	145	61,917	15,460
Trading activities	135,151	-	135,151	142,607
Charitable activities	275,983	-	275,983	348,451
Investment income	2,582	-	2,582	594
Other	<u>3,808</u>	<u>-</u>	<u>3,808</u>	<u>110,000</u>
Total	<u>1,278,028</u>	<u>514,756</u>	<u>1,792,784</u>	<u>1,848,028</u>

3B INCOME FROM CHARITABLE ACTIVITIES 2018

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 £
Skin camouflage services	194,577	-	194,577	262,480
Consultancy and training	<u>5,845</u>	<u>-</u>	<u>5,845</u>	<u>13,503</u>
Total	<u>200,422</u>	<u>-</u>	<u>200,422</u>	<u>275,983</u>

INCOME FROM CHARITABLE ACTIVITIES 2017

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 £
Skin camouflage services	262,480	-	262,480	309,673
Consultancy and training	<u>17,311</u>	<u>-</u>	<u>17,311</u>	<u>38,778</u>
Total	<u>279,791</u>	<u>-</u>	<u>279,791</u>	<u>348,451</u>

3C OTHER INCOME

Other income represents the profit arising in November 2017, on the sale of the leasehold over 33-37 University Street, London WC1E 6JN. The profit is calculated as the gross proceeds of the sale, less the book value of the property and the financial, legal and professional fees related to the transaction.

Until November 2017, Changing Faces had a lease which ran until 2108. In November 2017, this lease was sold and replaced by a shorter lease running until 2020. Under the terms of the new lease, Changing Faces pays only a peppercorn rent until March 2020.

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

4A ANALYSIS OF TOTAL EXPENDITURE 2018

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 £
Charitable Activities				
Changing Lives				
Support and advice	228,805	55,725	284,530	250,018
Advocacy	192,872	99,844	292,716	152,237
Skin Camouflage	357,686	30,000	387,686	421,736
Scotland Office	117,695	126,331	244,026	230,479
Yorkshire Office	<u>125,849</u>	<u>5,940</u>	<u>131,789</u>	<u>275,815</u>
	1,022,907	317,840	1,340,747	1,330,285
Changing Minds				
Education and public attitudes	139,136	19,811	158,947	186,605
International research project	-	<u>38,867</u>	<u>38,847</u>	-
	139,136	58,678	197,814	186,605
Cost of raising funds	<u>366,032</u>	-	<u>366,032</u>	<u>341,969</u>
Total	<u>1,528,076</u>	<u>376,518</u>	<u>1,904,594</u>	<u>1,858,859</u>

During the year ended 31 March 2018, Changing Faces terminated all activities managed from its Yorkshire Office, except for the support and advice service funded by BBC Children in Need. The costs of this service are included within "support and advice" above.

ANALYSIS OF TOTAL EXPENDITURE 2017

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 £
Charitable Activities				
Changing Lives				
Support and advice	150,499	99,519	250,018	236,972
Advocacy	130,255	21,982	152,237	161,086
Skin Camouflage	336,844	84,891	421,735	541,258
Scotland Office	148,650	81,829	230,479	286,827
Yorkshire Office	<u>177,806</u>	<u>98,009</u>	<u>275,815</u>	<u>259,853</u>
	944,054	386,230	1,330,284	1,485,996
Changing Minds				
Education and public attitudes	137,955	48,651	186,606	163,325
Cost of raising funds	<u>317,836</u>	<u>24,133</u>	<u>341,969</u>	<u>231,020</u>
Total	<u>1,399,845</u>	<u>459,014</u>	<u>1,858,859</u>	<u>1,880,341</u>

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

4B DIRECT AND SUPPORT COSTS 2018

	2018	2018	2018	2017
	Direct costs	Support costs	Total	Total
	£	£	£	£
Charitable activities				
Changing lives				
Support and advice	220,236	64,294	284,530	330,637
Advocacy	246,507	46,209	292,716	152,237
Skin camouflage services	294,856	92,831	387,686	417,449
Scotland office	209,644	34,382	244,026	230,479
Yorkshire office	<u>115,973</u>	<u>15,816</u>	<u>131,789</u>	<u>199,483</u>
	1,087,216	253,532	1,340,748	1,330,285
Changing Minds				
Education and public attitudes	136,599	22,348	158,947	186,605
International research	<u>37,847</u>	<u>1,020</u>	<u>38,847</u>	-
	174,446	23,368	197,814	186,605
Cost of raising funds	<u>333,026</u>	<u>33,006</u>	<u>366,032</u>	<u>341,969</u>
	1,594,688	309,906	1,904,594	1,858,859

Included in the above are Governance costs of £27,786 (2017: £23,247).

DIRECT AND SUPPORT COSTS 2017

	2017	2017	2017	2016
	Direct costs	Support costs	Total	Total
	£	£	£	£
Charitable activities				
Changing lives				
Support and advice	204,217	45,801	250,018	236,972
Advocacy	121,784	30,453	152,237	161,086
Skin camouflage services	344,664	77,072	421,736	541,258
Scotland office	191,675	38,804	230,479	286,827
Yorkshire office	<u>224,252</u>	<u>51,563</u>	<u>275,815</u>	<u>259,853</u>
	1,086,592	243,693	1,330,285	1,485,996
Changing Minds				
Education and public attitudes	146,779	39,826	186,605	163,325
Cost of raising funds	<u>281,820</u>	<u>60,149</u>	<u>341,969</u>	<u>231,020</u>
	1,515,191	343,668	1,858,859	1,880,341

Included in the above are Governance costs of £23,247 (2016: £23,760).

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

4B SUPPORT COSTS ALLOCATION 2018

	Premises costs	Office costs	Staff and volunteer costs	Finance costs	Depreciation	2018 Total	2017 Total
	£	£	£	£	£	£	£
Charitable Activities							
Changing Lives							
Support and advice	8,322	40,608	9,945	5,013	347	64,294	45,801
Advocacy	5,981	29,229	7,147	3,603	249	46,209	30,453
Skin Camouflage	12,015	58,718	14,359	7,238	501	92,831	77,072
Scotland Office	4,450	21,747	5,318	2,681	186	34,382	38,804
Yorkshire Office	2,047	10,004	2,446	1,233	85	15,816	51,563
Changing Minds							
Education and public attitudes	2,893	14,136	3,457	1,742	121	22,348	39,826
International research project	-	1,020	-	-	-	1,020	-
Cost of raising funds	<u>4,272</u>	<u>20,878</u>	<u>5,105</u>	<u>2,573</u>	<u>178</u>	<u>33,006</u>	<u>60,149</u>
Total	<u>39,980</u>	<u>196,399</u>	<u>47,777</u>	<u>24,083</u>	<u>1,667</u>	<u>309,906</u>	<u>343,668</u>

Support costs are allocated on a per capita basis, related to the average WTE staff employed in each activity. The costs of the strategic review are included within office costs.

SUPPORT COSTS ALLOCATION 2017

	Premises costs	Office costs	Staff and volunteer costs	Finance costs	Depreciation	2017 Total	2016 Total
	£	£	£	£	£	£	£
Charitable Activities							
Changing Lives							
Support and advice	4,399	16,742	16,445	5,610	2,605	45,801	37,336
Advocacy	2,925	11,132	10,934	3,730	1,732	30,453	25,689
Skin Camouflage	7,403	28,173	27,672	9,440	4,383	77,072	89,122
Scotland Office	3,727	14,185	13,932	4,753	2,207	38,804	42,599
Yorkshire Office	4,952	18,849	18,514	6,316	2,933	51,563	40,653
Changing Minds							
Education and public attitudes	3,825	14,558	14,299	4,878	2,265	39,826	30,911
Cost of raising funds	<u>5,777</u>	<u>21,987</u>	<u>21,596</u>	<u>7,367</u>	<u>3,421</u>	<u>60,149</u>	<u>32,865</u>
Total	<u>33,008</u>	<u>125,627</u>	<u>123,393</u>	<u>42,094</u>	<u>19,546</u>	<u>343,668</u>	<u>299,175</u>

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

5. RESULT FOR THE YEAR

	2018 £	2017 £
The result for the year is stated after charging:		
Auditor's remuneration	10,000	9,240
Depreciation of fixed assets	1,666	19,546
Operating leases – other	2,489	2,538

6. EMPLOYEES

i. Remuneration

	2018 £	2017 £
Wages and salaries	1,020,202	1,073,643
Social security costs	101,137	98,615
Pension costs	50,226	52,643
Redundancy costs	12,348	6,892
	1,183,913	1,231,793

ii. Average number of employees

The average number of people (full time equivalent) employed by the company during the year was as follows:

	2018 FTE	2017 FTE
Support and advice *	4.7	6.3
Advocacy	3.4	3.4
Skin camouflage	6.8	6.7
Scotland Office	2.5	3.5
Yorkshire Office	1.2	2.3
Education and public attitudes	2.1	1.8
Administration	4.9	5.1
Fundraising	2.4	2.0
	28.0	31.0

*Support and advice includes staff based in London and Sheffield.

The average number of staff employed during the year was as follows:

2018 Year end Number	2018 Average Number	2017 Average Number
25	34	39

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

iii. Remuneration of higher paid staff

The number of employees whose emoluments exceeded £60,000 per annum was:

	2018	2017
£80,000 - £90,000	1	1

Remuneration of key management personnel

Total remuneration of key management personnel for the year, including employer pension contributions and employer National Insurance contributions was £264,964 (2017: £268,287). Key management personnel are considered to be the CEO, the Head of Client Services, the Head of Advocacy, the Head of Operations until December 2017 and the Director of Finance from January 2018.

Employer pension contributions of £11,675 (2017:£11,480) were made to a defined contribution scheme on behalf of the key management personnel above.

iv. Board of Trustees members expenses

None of the Trustees received any remuneration in the year (2017: none). One Trustee received reimbursement of expenses during the year totalling £450 (2017:£427). The charity maintains liability insurance covering members of the Board of Trustees in their capacity as directors.

7. TANGIBLE ASSETS

	Leasehold Premises £	Office Furniture £	Office Equipment £	Computer Equipment £	Total £
COST					
At 1 st April 2017	1,599,566	7,972	24,550	40,474	1,672,562
Additions	-	-	-	1,848	1,848
Disposals	(1,599,566)	-	(17,638)	(12,883)	(1,630,087)
At 31 st March 2018	-	7,972	6,912	29,439	44,323
DEPRECIATION					
At 1 st April 2017	182,808	7,699	21,322	38,117	249,946
Charge for the year	-	135	1076	455	1,666
Disposals	(182,808)	-	(17,638)	(12,883)	(213,329)
At 31 st March 2018	-	7,834	4,760	25,689	38,283
NET BOOK VALUE					
At 31 st March 2018	-	138	2,152	3,750	6,040
At 31 st March 2017	1,416,758	273	3,228	2,357	1,422,616

The leasehold property was sold in November 2017, as described in note 3C.

8. STOCKS

	2018 £	2017 £
Stocks of booklets and publications	5,640	288

Stocks comprise the costs of publishing a book, Faces of Equality, which is available for sale.

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

9. DEBTORS

	2018	2017
	£	£
Trade debtors	98,633	156,129
Less: provision for bad debts	(30,000)	-
Other debtors	-	4,230
Prepayments and accrued income	39,680	109,050
	<u>108,313</u>	<u>269,409</u>

At 31 March 2018, a provision was created to account for potential bad debts relating to invoicing of skin camouflage activity to NHS bodies. Bad debts arise due to the uncertainty inherent in the NCA (Non Commissioned Activity) system and due to the different commissioning criteria applied by different CCGs.

10. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets at fair value	2,303,077	429,304
Financial assets at amortised cost	108,313	269,409
Financial liabilities at fair value	-	(366,904)
Financial liabilities at amortised cost	<u>(205,735)</u>	<u>(221,424)</u>

Financial assets measured at fair value comprise current and fixed term bank accounts. Financial liabilities measured at fair value comprised a bank loan secured on the Charity's head office, and repaid in November 2017.

The Board of Trustees have had regard to credit risk in approving financial investments.

11A. CREDITORS: Amounts due within one year

	2018	2017
	£	£
Bank loan (Note 12)	-	13,455
Trade creditors	33,339	77,572
Accruals and deferred income	125,262	83,611
Employer pension contributions	12,164	6,403
Other taxes and social security	24,578	25,928
Other creditors	10,392	14,455
	<u>205,735</u>	<u>221,424</u>

11B. CREDITORS: Amounts due after more than one year

	2018	2017
	£	£
Bank loan (Note 12)	-	353,449
Deferred income	-	75,000
	<u>-</u>	<u>428,449</u>

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

12. BANK LOAN

	2018	2017
	£	£
Due within one to two years	-	14,312
Due within two to five years	-	47,395
Due after more than five years	-	291,742
Due after more than one year	-	353,449
Due within one year (Note 10)	-	13,455
	-	366,904

The long term bank loan was repaid in November 2017.

13. FUNDS

	Unrestricted funds	Restricted funds	Total
	£	£	£
Balance at 1 April 2016	1,385,925	151,894	1,537,819
Net income / (expenditure) before transfers	(121,816)	55,741	(66,075)
Transfer between funds	-	-	-
Balance at 31 March 2017	1,264,109	207,635	1,471,744
Analysis of net assets between funds at 31 March 2017			
Tangible fixed assets	1,422,616	-	1,422,616
Net current assets	269,942	207,635	447,577
Long term liabilities	(428,449)	-	(428,499)
	1,264,109	207,635	1,471,744
Balance at 1 April 2017	1,264,109	207,635	1,471,744
Net income/ (expenditure) before transfers	780,386	(34,793)	775,593
Transfer between funds	-	-	-
Balance at 31 March 2018	2,044,495	172,842	2,217,337
Analysis of net assets between funds at 31 March 2018			
Tangible fixed assets	6,040	-	6,040
Net current assets	2,038,454	172,842	2,211,296
	2,044,495	172,842	2,217,337

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

The restricted funds of the charity comprise:

	At 1 April 2017	Income	Expenditure	Transfers between funds	At 31 March 2018
	£	£	£	£	£
NHS Pilot projects for Changing Faces practitioners	20,178	-	20,178	-	-
Health professionals training	10,000	-	872	-	9,108
Yorkshire and Humber Centre	5,940	-	5,940	-	-
Scotland	298	-	298	-	-
Scotland – Big Lottery fund	78,147	75,428	114,235	-	39,340
Scotland - Changing Lives	6,452	-	6,452	-	-
Scotland – skin camouflage	4,388	-	4,388	-	-
Public attitudes advocacy programme	82,232	-	82,232	-	-
Yorkshire – work with children	-	35,547	35,547	-	-
Scotland – skin camouflage training	-	7,000	958	-	6,042
UK – skin camouflage training	-	30,000	30,000	-	-
International project	-	43,588	38,867	-	4,721
Face Equality in social media	-	11,443	2,500	-	8,943
Hate Crimes awareness	-	14,943	15,112	-	(169)
Face Equality in schools	-	123,776	18,919	-	104,857
	<u>207,635</u>	<u>341,725</u>	<u>376,519</u>	<u>-</u>	<u>172,842</u>

The deficit on the Hate Crimes awareness project is due to timing differences. This balance was recovered in 2018/19.

The unrestricted funds of the charity comprise:

	At 1 April 2017	Income	Expenditure	Transfers between funds	At 31 March 2018
	£	£	£	£	£
Designated funds	1,264,109	-	-	(214,255)	1,049,854
Free reserves	-	2,307,240	(1,526,854)	214,255	994,641
Unrestricted reserves	<u>1,264,109</u>	<u>2,307,240</u>	<u>(1,526,854)</u>	<u>-</u>	<u>2,044,495</u>

The prior year fund analysis is available in the 2017 published financial statements which are available at companieshouse.gov.uk

CHANGING FACES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

14. COMMITMENTS UNDER OPERATING LEASES

As at 31st March 2018, the company had annual commitments under non-cancellable operating leases as set out below:

	2018 £	2017 £
Operating lease payments due:		
Within one year	2,398	2,430
In one to two years	2,398	2,399
In two to five years	728	3,127
	<u>5,524</u>	<u>7,956</u>

15. PENSIONS

The company operates a defined contribution scheme in respect of salaried employees. Contributions are charged in the accounts as incurred and there were no outstanding or proposed contributions as at the balance sheet date. Pension costs charged in the year were £50,226 (2017: £52,643).

16. RELATED PARTY TRANSACTIONS

No payments were made to related parties.

17. 2017 COMPARATIVES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Income from			
Donations and legacies	860,649	514,611	1,375,260
Charitable activities	275,983	-	275,983
Other trading activities	135,006	145	135,151
Investments	2,582	-	2,582
Other	3,808	-	3,808
Total	<u>1,278,028</u>	<u>514,756</u>	<u>1,792,784</u>
Expenditure on			
Raising funds	317,836	24,133	341,969
Charitable activities	1,082,008	434,882	1,516,890
Total	<u>1,399,844</u>	<u>459,015</u>	<u>1,858,859</u>
Net income/(expenditure)	<u>(121,816)</u>	<u>55,741</u>	<u>(66,075)</u>
Net movement in funds	<u>(121,816)</u>	<u>55,741</u>	<u>(66,075)</u>
Reconciliation of funds:			
Total funds brought forward	1,385,925	151,894	1,537,819
Total funds carried forward	<u>1,264,109</u>	<u>207,635</u>	<u>1,471,744</u>

CHANGING FACES

ADMINISTRATIVE DETAILS

Registered Office and principal address

Changing Faces, The Squire Centre, 33-37 University Street, London WC1E 6JN
Website: www.changingfaces.org.uk

Trustees

The following Trustees served between 1st April 2017 and 31 March 2018.

David Clayton (Chairman) ** ***
Mark Landon (Company Secretary and Deputy Chairman) ***
David Rough (Hon Treasurer) * **
Nicola Sawford (Chair, Audit Committee) * **
Dr Richard Castle ***
Prof Tony Cline
Pieter Folmer *
Susan Harrison
Victoria Hunt
His Honour Judge Paul Thomas QC
Chris Walker FRCS

Members of Board Committees:

* Audit Committee
** Finance Committee
*** Nominations Committee

Patrons

Sir Christopher Benson
Rory Bremner
Michelle Dockery
Lord Fellowes of West Stafford
Jan Ravens
William Simons
Fiona Squire
Simon Weston OBE
Benjamin Zephaniah

Solicitors

Stone King LLP, Boundary House, 91 Charterhouse Street, London EC1M 6HR

Auditor

haysmacintyre, 10, Queen Street Place, London EC4R 1AG

Bankers

Lloyds Bank plc, Law Courts, PO Box 1000, BX1 1LT

