

Farepak Response Fund

Report and financial statements

For the period from 10 November 2006
to 31 July 2007

Grant Thornton 

Company No. 5995324

Company information

Trustees	Shirley Young Shobha Sivaramakrishnan Judith Warren
Company secretary	Derek Walpole
Registered office	Unit 4 Alpha Court Monks Cross Drive Huntington York Y032 9WN
Bankers	HSBC Bank plc 13 Parliament Street York Y01 8XS
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors No 1 Whitehall Riverside LEEDS LS1 4BN
Company registration number	5995324
Registered Charity number	1116756

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Report of the Trustees

The Trustees, who are also Directors for the purposes of the Companies Act 1985, present their report and the financial statements of the charity for the period from 10 November 2006 to 31 July 2007.

Structure, Governance and Management

Constitution

The Farepak Response Fund ("The Fund") which was incorporated on 10 November 2006 is registered as a charity and is a company limited by guarantee, and does not have a share capital. Every member undertakes to contribute towards the assets of the company in the event of winding up. Their individual liability cannot exceed £10.

Governing document

The Fund's governing instrument is the Memorandum and Articles of Association adopted on 10 November 2006.

Governance and management

The Fund's Trustees hold responsibility for the sound stewardship of the resources received from corporate and general public donations. The day to day management of the Fund is delegated to the management team of The Family Fund Trust ("The Family Fund").

Details of the current Trustees who were all appointed on 10 November 2006 are shown on page 1.

Duport Director Limited, which was appointed on incorporation, resigned as a director on 10 November 2006.

Trustees' report on the Fund's objectives, activities, achievements and performance

The Fund was incorporated with the sole objective of collecting donations and distributing those donations as a goodwill gesture, before Christmas 2006, to those families affected by the collapse of Farepak.

The Family Fund helps lower income families with severely disabled children, providing grants to around 50,000 families a year, the Family Fund received many telephone calls asking for help, from families who realised their Christmas savings had been lost following the Farepak collapse. It later transpired that over 5,000 Farepak customers were also families helped by the Family Fund.

Realising that there might be a role for the Family Fund in responding to the wider needs of Farepak victims, given the organisation's expertise in high-volume grant-making and working with retailers, the Chief Executive, Marion Lowe asked her Board and management team for their support in establishing a charity to receive and distribute help to Farepak savers in time for Christmas. With their backing - which meant working, on a voluntary basis, on Farepak business, whilst continuing to maintain the work of the Family Fund at its usual level - discussion was had with Ian McCartney, Minister at the Dti, and

Review of the Fund's objectives, activities, achievements and performance (continued)

Darryl Howe about how a dedicated fund might be established and run. The Minister accepted the Family Fund's offer to liaise with the Charity Commission (England and Wales) to set up a time-limited, free-standing charity - the Farepak Response Fund. The intention was to maximise benefits from the expertise, skills, network, systems and offices of the Family Fund, whilst ensuring that the two charities were entirely separate in their activities. The Fund was able to get up and running, and deliver in its objects, because of the willingness and the capacity that was made available. We are grateful to the funders of the Family Fund - the governments of the UK - for their support in this.

At this point we would like to record our appreciation of the major effort given by Ian McCartney, Darryl Howe and the team at the Dti. Without their help and guidance, the Fund's total success would have been doubtful. We must also record our thanks to the Charity Commission and Companies House for their excellent co-operation in forming the Fund in such a short timescale.

Activities

The role of the Fund was to seek and receive donations, identify eligible persons affected as customers of Farepak, identify a mechanism for getting help to them, respond to their queries about the nature and timing of help that they might receive from the Fund, pro-actively inform potential recipients of the help and how and when it would be delivered, manage the distribution of vouchers and hampers via a third party and respond to queries from MPs, media and others about the progress of the appeal for funds and the distribution of help.

None of this could have been done without the goodwill of people across government, the commercial sector, charitable trusts, media, national and local community and voluntary agencies and individual members of the public. The support of government, championed by the Minister and his private office, came from Westminster MPs as well as Ministers and MPs of the devolved governments. Unusually, the Minister invited MPs to offer a day's salary to the Fund and many responded to this. Additionally, we were able to respond to some local fund-raising initiatives co-ordinated by the constituency MP, providing them with discounted shopping vouchers so that they could maximise the value of monies raised to help local people whose Christmas was blighted by the loss of savings in Farepak.

The Farepak company administrator, BDO Stoy Hayward, was helpful in working with the Fund to find a means to access the customer data-base. This involved co-operation between the Family Fund's Deputy Chief Executive, Derek Walpole, BDO Stoy Hayward and the entity who had bought the customer list from the administrator. Shaun Baines, the ICT manager for the Family Fund, worked tirelessly on the practicalities, ensuring the quality and validity of the information so that it could be used as a basis for identification of Farepak agents.

The Farepak agents were key to the success of the Fund. They accepted the onerous responsibility of receiving the vouchers and hampers on behalf of their "customers" and distributing them onwards. We gave them as much support as we could by confirming and publicising the basis on which they were to allocate the help. But, as was well covered in the media over this period, it was extremely distressing for many agents - many felt an overwhelming sense of responsibility for the losses suffered by those they had collected money from. It is a tribute to them, and to the level-headedness and sense of fairness of the affected individuals and families, that virtually no complaints were received about the allocations.

One of the main logistical problems in dealing with the many agents and customers affected, was reaching them with accurate information. We were fortunate to have available a ready-made posting point for information in the form of the website "Unfarepak". The site was initiated by Suzy Hall and became a trusted source of accurate information on all topics covered by the Fund.

Activities (continued)

In terms of subscribers to the Fund, the list covers all aspects of society:

- Trade unions and charitable and private trusts came forward with help, and many, many individuals gave money - including pensioners who had very little themselves but recognised the particular injustice of losing savings that had been carefully set aside for Christmas.
- Businesses were quick to respond to the appeal launched in the House of Commons by the Minister. The retail sector was significantly represented amongst those offering money.
- Banks made some significant donations and, indirectly, it was helpful that they expedited the repayment of those agents who had paid monies to Farepak via credit card arrangements. This was to the net benefit of those helped by the Fund because agents who informed us that they and their customers had received a full refund did not need to be helped, leaving a little more in the pot for the majority not covered by such arrangements.
- There was invaluable co-operation from businesses, in particular those who distributed the vouchers and hampers.
- The media, particularly the Sun newspaper, gave prominence to the Farepak collapse and the establishment of the Fund. The Sun was responsible for the only specific fund-raising appeal, but hundreds of local papers, as well as national, regional and local TV and radio items, meant that there was blanket coverage of the Fund and its appeal.

Once the final amount of the Fund had been ascertained, the decision was taken to purchase shopping vouchers for onward distribution to agents. As well as making a significant contribution to the Fund, Park Group plc undertook the complete voucher fulfilment process at their cost, only leaving the Fund to settle the postage account.

Once the closing date for the Fund had passed, donations continued to arrive. A further decision was taken to purchase sundry lots of boxed ambient grocery and liquor from BDO Stoy Hayward, administrators of Farepak. However, the logistics of getting these boxes to agents almost prevented the plan being actioned. Again, under the auspices of the Dti, Home Delivery Network Limited stepped into the breach. They collected, labelled and delivered more than 19,000 boxes to addresses across the UK. The fact that this was accomplished in less than a week so that families got some Christmas cheer with which to celebrate, was a tremendous effort.

The co-ordination of all these various efforts was undertaken voluntarily by all members of the Family fund management team. Shirley Young, as Chair, Marion Lowe as Chief Executive, Derek Walpole, Deputy Chief Executive and Paul Keenan, Communications Manager acted as spokespersons for the Fund. The demand for information, interviews etc. was at a level and intensity that could only have been maintained for the 10 weeks or so between launch of the Fund and delivery of help. But that was fortunately all that was needed. It was only the sustained effort of all senior management at the Family Fund which enabled that fund to operate normally throughout the whole Fund project.

In July 2007 the final balance of funds amounting to £84,808, representing the undistributed funds, was paid to BDO Stoy Hayward, the administrators to Farepak and, since the purposes for which the Fund had been established had been fulfilled, an application was made to the Registrar of Companies for striking off of the Fund. On 25 September 2007 the Registrar of Companies gave notice that the application had been successfully lodged and that unless cause was shown to the contrary, the Fund would be struck off the register and the company dissolved on the expiration of 3 months from the above date.

Financial review

Net incoming resources for the period amounted to £7,120,000 as set out in the financial statements. All the incoming resources of the Fund were distributed by 31 July 2007.

Reserves policy

The Fund has no free reserves as defined by the Charity Commission Statement of Recommended Practice.

Statement of the Trustees' responsibilities

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

Company law requires the Council of Management 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business. In view of the fact that the Fund was formed for a specific purpose, and is being dissolved now that the purpose has been achieved, the financial statements have been prepared on a realisation basis that reflects the fact that the assets have been realised other than in the ordinary course of operations

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the 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.

By order of the Board of Trustees

Shirley Young
Chair
29 October 2007

Report of the independent auditor to the members of Farepak Response Fund

We have audited the financial statements of Farepak Response Fund for the period ended 31 July 2007 which comprise the principal accounting policies, statement of financial activities, the balance sheet and notes 1 to 4. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

The Trustees' responsibilities for preparing the Report of the Trustees and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Trustees is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of Farepak Response Fund (continued)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 July 2007 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements for the period ended 31 July 2007.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEEDS

31 October 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Companies Act 1985, and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005).

The Company has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the Company's activities.

Company and charitable status

Farepak Response Fund is a company limited by guarantee. The guarantors are the Trustees named on page 1. The liability in respect of this guarantee, as set out in the memorandum, is limited to £10 per member. The Company is also a charity, registration number 1116756.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Fund accounting

Restricted funds are funds subject to specific restrictive conditions imposed by the purpose of the appeal. These funds are not available for the Trustees to apply at their discretion.

Incoming resources

Incoming resources include the total receivable during the period from donations and other income. Income from public and private sources is accounted for in accordance with the terms of the grant.

Support costs

Support costs have been allocated to activity cost categories on a basis consistent with the use of the resources

Taxation

The Company, as a registered charity, enjoys the tax advantages commensurate with that status.

Statement of financial activities (incorporating an income and expenditure account)

	Restricted funds 2007
	£'000
Incoming resources	
Incoming resources from generated funds	
Voluntary income:	
- Corporate donations	4,802
- Public donations	2,255
- Gift Aid receivable on donations	56
Investment income:	
- Interest receivable	7
Total incoming resources	7,120
Resources expended	
Costs of generating funds:	
- Charities Aid Foundation cash collection costs	(14)
- Call centre and telephone costs	(6)
Charitable expenditure:	
- Charitable activities	2 (7,015)
Total resources expended	(7,035)
Net incoming resource before transfers	85
Transfer of final balance to BDO Stoy Hayward, administrators to Farepak	(85)
Fund balances carried forward	-

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet as at 31 July 2007

	Note	2007 £'000
Current assets		
Cash at bank and in hand		-
Total assets less current liabilities and net assets		- -----
Total funds		
Restricted	4	- -----

These financial statements were approved by the Trustees on 29 October 2007 and are signed on their behalf by:

Shirley Young - Chair

Notes to the financial statements

1 Accounting period

These financial statements have been prepared for the period from incorporation to 31 July 2007. In July 2007 the final balance of funds amounting to £84,808, representing the undistributed funds, was paid to BDO Stoy Hayward, the administrators to Farepak and, since the purposes for which the Fund had been established had been fulfilled, an application was made to the Registrar of Companies for striking off of the Fund. On 25 September 2007 the Registrar of Companies gave notice that the application had been successfully lodged and that unless cause was shown to the contrary, the Fund would be struck off the register and the company dissolved on the expiration of 3 months from the above date

2 Charitable activities

	2007 £ '000
Charitable expenditure:	
- Purchase of vouchers	6,795
- Vouchers returned from agents	(75)
- Purchase of hampers	200
	<u>6,920</u>
Support costs:	
- Postage	88
- Family Fund costs	7
	<u><u>7,015</u></u>

3 Trustees

No Trustees received any remuneration from the Company for the performance of their duties as a member.

4 Movement of reserves

	Restricted Funds £'000
Incoming resources for the period	7,120
Outgoing resources for the period	(7,035)
Transfer of final balance to BDO Stoy Hayward, administrators to Farepak	(85)
Restricted funds as at 31 July 2007	<u><u>-</u></u>