



Children 1st Annual Report 19/20

Children 1st  
Annual Report and Financial Statements  
Year ended  
31<sup>st</sup> March 2020

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## Reference and Administrative Details

Children 1st is the working name of the Royal Scottish Society for Prevention of Cruelty to Children (RSSPCC)

Registered Scottish Charity No: SC016092 | [www.children1st.org.uk](http://www.children1st.org.uk)

<b>Registered office</b>	83 Whitehouse Loan, Edinburgh, EH9 1AT
<b>Patron and President</b>	Vacant
<b>Vice Presidents</b>	The Rt. Hon. The Lord Provost of Edinburgh The Rt. Hon. The Lord Provost of Glasgow The Lord Provost of Aberdeen The Lord Provost of Dundee

### The Board

The Board members who held office during the year and up to the date of signing of the financial statements are as follows:

Chair	Dr Ken Cunningham CBE
Vice Chair	Sandy MacDonald BSc
Hon. Treasurer	Helen Webster BSc FFA
Hon. Law Agent	Caroline Gilchrist LLB (Hons)
Board Members	Carol Brown MA (Hons), DipEd (stepped down September 2019) Elizabeth Buie (stepped down September 2019) Craig Burnside BSc Jason Cohen BAcc CA Ronnie Corse Brian Davidson MA CA Ian Donaldson Stella Everingham Anne Hughes (appointed September 2019) Elizabeth Inglesfield (appointed September 2019) Kenneth Lewandowski David McMillan (stepped down September 2019) Diana Noel Paton (appointed September 2019) Caroline Whyteside

Executive management is delegated to the Chief Executive and four Directors:

Chief Executive	Mary Glasgow
Director of Children and Family Services	Linda Jardine
Director of Finance and Corporate Services	Ian Harrington
Director of Fundraising and Communications	Gary Kernahan (from January 2020)
Director of Strategic Planning and Campaigns	Mark Ballard (from November 2019)

## Professional Advisors

Auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh, EH12 5HD
Banker	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
Insurance Broker	Jelf Clark Thomson Chartered Insurance Brokers G1 Building 5 George Square Glasgow G2 1AR
Pension Advisor	Argyle Consulting Limited 43 Northumberland St Edinburgh EH3 6JQ
Solicitor	Blackadders LLP 53 Bothwell Street Glasgow, G2 6TS
Solicitor	Lindsays Caledonian Exchange 19a Canning Street Edinburgh EH3 8HE
Investment Advisor	Brewin Dolphin Atria One, 144 Morrison Street Edinburgh, EH3 8EX

## Foreword

Prevention, protection, recovery and resilience are the bedrock of our strategy to keep children safer, families stronger and to repair the intergenerational cycles of trauma, poverty and inequality that impact the lives of so many children across Scotland. In the last weeks of the 2019/20 financial year, as we began to face the grave implications of a global pandemic for children and families, for our partners, for our volunteers, for our colleagues and for our supporters that bedrock kept our focus steady, so that we could respond rapidly with the practical help and emotional support families needed to prevent and protect their children through coronavirus.

Our investment in our organisational resilience, particularly during 2018/19 and the earlier part of 2019/20 enabled us to continue to support children and families through Parentline and on their doorsteps, without interruption, as Scotland moved to lockdown. The investment our teams make in relationships with families to keep their children safe, meant that families felt able to answer the door or phone to us, when the fear of virus prevented them from doing so to others. Our strong partnerships enabled us to work with others, like Aberlour, Local Authorities and Children's Hearings to adapt services to ensure children continued to get the support they needed, and their rights were upheld.

Our belief that practical help and emotional support go hand in hand means that we could offer both to families on their doorsteps, as we dropped off essential supplies. Many families who face the most complex challenges, told us that this combination of support from Children 1st has been a "lifeline" as they found themselves shut off from the rest of the world.

We have always been proud of the passion, commitment, skills and strengths of our Children 1st family - our colleagues, volunteers, partners, supporters and the children and families we work alongside. In the midst of incredible challenge, the like of which none of us have ever experienced before, that passion, commitment, skills and strength shines more brightly than ever. Today, we are prouder than ever of our Children 1st family and the way they have responded.

Today we are looking towards a new future. Our day to day lives will continue to be transformed in ways none of us would have imagined only a few short months ago. An entire generation of children and families will need support to come to terms with unprecedented levels of loss, trauma and change. In this new future our priorities of prevention, protection, recovery and resilience must be at the heart of a healing response which repairs families and communities and transforms systems to build a society which has children at its centre.

### **Dr K Cunningham**

Dr Ken Cunningham CBE  
Chair  
Children 1st Board of Management

## Report of the Board

The Board presents the annual report and financial statements for the year ended 31 March 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document and 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 (FRS102).

### Objects and Activities

The objects of the Charity as set out in the Royal Charter are:

1. To prevent abuse and neglect of children and
2. To assist the recovery of children from abuse and neglect.

### Vision

A happy, healthy, safe and secure childhood for every child and young person in Scotland.

### Mission

By 2023, our vision is that children in Scotland will be safer, will grow up in strong, resilient families and will have access to early help and support when they need it. They will have their rights protected in all areas of their lives. Prevention of harm to children, stronger, more resilient families and communities, greater respect for children's rights and strong partnerships and community engagement will be our measures of success.

## Achievements and Performance

### Delivering our Strategic Priorities

Our strategic priorities to 2023 are rooted in four themes, which sum up Children 1st's approach to achieving our vision that every child is happy, healthy, safe and secure.

They are:

- Preventing children from experiencing harm;
- Protecting children, families and their rights;
- Supporting children and families to recover from trauma, neglect, violence and abuse;
- Building our organisational resilience.

We have held fast to these priorities throughout the 2019/20 financial year to meet the emerging and urgent needs of children and families across Scotland.

During the year we reached over 10,000 children, young people and their families through our work in homes, schools and communities. Our national Parentline service continued to evolve to meet the needs of families for digital support and saw a 21% rise in the number of support sessions with families.

In the final weeks of the financial year, as Scotland, the UK and the whole world faced the challenges of the fast spreading coronavirus pandemic, our vision, mission and priorities enabled us to rapidly mobilise, adapt and respond with the practical help and emotional support children and families needed to cope through coronavirus.

Key things we achieved to prevent and protect children from harm and to support children and families to repair and recover from trauma and abuse in 2019/20 include:

## Prevention

### *Digital family support – at the touch of a button*

The importance of our ambition to ensure every family can get support through Parentline at the touch of a button was brought into sharp relief in March 2020, as coronavirus lock down measures meant that many of the usual supports that families rely on changed or were withdrawn. From early March we saw an increase in families looking for support from Parentline around coronavirus related-issues – kinship carers concerned about what would happen to their child if they became ill, Dads concerned about whether they would see their children during lockdown, parents struggling to get enough food to feed their families as schools closed. During the year we built the capacity of the service and this enabled it to respond to a 40% increase in families seeking help during the pandemic. We also quickly strengthened the practical support it offered to families by creating a national Money Advice Team to respond to families in need no matter where they are in Scotland. Development in the service, introduced earlier in the year, including an expansion of the support Parentline offers online, brought additional relief to families as we saw a huge increase in visits to our new website content and a surge in webchat during lockdown. Our ongoing marketing campaign to build awareness, enabled us to provide the service uninterrupted during lockdown, providing practical help and emotional support to families during the national crisis.

### *Tackling the attainment gap*

*“Children 1st helped with school stuff and also helped me get extra support. Now I’m making the steps to get into college or another course; I’m a bit anxious but I know I can do it.” Jamie, 16*

Our work in schools to help reduce the attainment gap, through Pupil Equity Funding, increased by 43% in 2019/20. Our family support workers worked with 2,067 children and their families to create a stronger link between home and school for families where children face the greatest adversity. We supported families to strengthen their relationships and build resilience to prevent them from reaching crisis point, so that their children are happier, safer and more secure.

### *Keeping children safe at home and in communities*

*“Thank you so much for all the things you are doing to help us and help others, we don’t know what we would do without you. You are so kind, thoughtful and generous.” Cara, 7*

In homes and community settings our family support workers continued to be right alongside families building strong relationships to address their practical and emotional needs so that life is better for their children. Everything we do at Children 1st is rooted in our belief that strong, trusting relationships are necessary to prevent and protect children from trauma and to support families to repair and recover from past experiences. We have invested in developing community wellbeing hubs that are designed entirely on the community needs to create flexible and accessible support that is building stronger safer families and communities. We have continued to build local partnerships to develop innovative whole family wellbeing resources that families tell us create relationships with families that enable them to make a lasting difference to their children’s lives. We have taken our innovative approach and worked closely with families and partners to design experiences that families can develop together from, such as our Bidie-out weekend away experiencing the outdoors with support from STV Hunter. As Scotland entered lockdown in March 2020, the strength of our relationships with the country’s most vulnerable families meant that they

trusted us to tell us what support they needed and how we could safely get it to them. When we could no longer physically be in homes, we continued to be there in other ways – providing emotional support on the doorstep as we delivered shopping or joining them over videocall to give support during the most pressured moments of their day. Many families told us that in those first weeks of the pandemic, with schools closed and other supports inaccessible, we were their ‘lifeline.’

Across every community in Scotland we continue to work in partnership with SportsScotland to help ensure sports governing bodies, clubs and individual coaches keep children safe and enjoy sport. In 2019/20 we saw a slight increase in the number of sports governing bodies we worked with to ensure they were upholding our Standards for Child Wellbeing and Protection in Sport.

## **Protection**

### *Enshrining children’s right to live free from violence*

*“Hugs not Hits” Daniel, 5*

In October 2019 we achieved a major leap forward in the protection of children’s rights in law, when we supported John Finnie MSP to successfully introduce the Children (Equal Protection from Assault) Act. The passing of this piece of legislation is the culmination of almost 40 years campaigning, led by Children 1st, to ensure that children have protection from all forms of physical violence in law, including physical punishment.

Working closely with John Finnie and his office, the Scottish Government, Barnardo’s Scotland, the Children and Young People’s Commissioner and NSPCC Scotland, children, young people and families and the churches, we built momentum for change and ensured that politicians of all parties heard and responded to it. We continue to work with the Scottish Government and statutory agencies to ensure that, when the law comes in to force it will be effective in practice.

### *Advancing children’s rights in the child protection system*

*“We have a plan now and everyone knows what is happening and what they are doing and this is helping things for me. Since the family group meeting my routines are working well and I have a better relationship with my Dad.” Poppy, 12*

Our belief that every family knows themselves best underpins our ambition that every child should have the right to a Family Group Decision Making meeting before a life-changing decision is made about their future. In 2019/20 we helped 83 families to find their own solutions to keep their children safe in their family and community, as agreed by the professionals involved in the child’s welfare.

In February the Scottish Government confirmed that Children 1st will continue to administer the National Safeguarders Panel, until at least 2022. Our National Safeguarders Panel Team recruits develops and supports Safeguarders who are independently appointed by a Children’s Hearing or Sheriff to help them make decisions in the interests of the child. The team works alongside the Scottish Government, Safeguarders and all those involved in the Children’s Hearings System to ensure that a child’s interests are at the heart of any Children’s Hearing or related court proceeding. The Safeguarder Panel Team is continuing to support the modernisation of the national Safeguarder Panel, developing peer support and strengthening its children’s rights approach to improve the outcomes for children.

## Recovery

### *Trauma Recovery*

*“After my kids told me they had been abused, I just crumbled inside. Children 1st is helping us heal and we can see hope, where before we had none.” Lorraine Parent*

Across all our services we have continued to develop and create whole family wellbeing services that respond to children in the context of their families. We understand that children do well when their families do well. We understand that families are impacted by their experiences and we build respectful relationships with families that enable us to talk about the root causes of their difficulties. We build strong relationships enabling families to repair where there has been conflict for example domestic abuse and recover where there has been trauma, where children and adults have suffered harm and adversity.

### *Accessible services based in communities*

*“I am now more able to understand how anxiety affects me and manage panic and overwhelming feelings better when things get tough. My family are starting to understand me better, they speak to me more and they are more aware of what they can do to help.” Jack, 15*

In June 2019 we entered into a major partnership with East Renfrewshire Health and Social Care Partnership and the Robertson Trust to expand our Family Wellbeing Service which works alongside GP practices across the local authority. We offer children and young people experiencing high levels of stress, distress, anxiety and lack of connection with family, friends, school and community an immediate alternative to Children and Adolescent Mental Health Services (CAMHS), which often have long waiting lists. The service has also been supported by Arnold Clark Automobiles who helped us to find a location for a new trauma sensitive hub, which opened to children and families in December 2019.

### *Transforming the system of care and justice for child victims and witnesses*

*“Children 1st should be brought in right away and stay until the end of court. Children should always know there’s that lifeline.” Elaine, parent*

In 2019/20 we made considerable progress towards introducing Bairnshoose or Child’s House to Scotland to ensure that every child victim and witness gets the justice, protection, care and recovery that is their right. Based on the Scandinavian model, the Bairnshoose will bring all the services and support a child needs, when they are a victim or witness of crime, under one roof in a child and family friendly environment. Funding from the Scottish Government, the RS MacDonald Trust and Victim Support Scotland is enabling us to drive progress and make sure that the voices of children and young people with experience of justice and/or child protection processes are at the heart of the transformation. Our Chief Executive Mary Glasgow is chair of the Scottish Government Advisory Group on Barnahus. In March, we were overjoyed to be awarded £1.5 million to establish Scotland’s first Child’s House For Healing thanks to players of People’s Postcode Lottery through the Dream Fund Trust. This generous funding will enable us to lead a partnership alongside Victim Support Scotland, the University of Edinburgh and Children England to test, learn and develop Britain’s first Child’s House for Healing and be a catalyst for transforming the system of care and justice for child victims and witnesses across the country.

## Resilience

### *Maximising our Partnerships*

*“Children 1st Dragons Glen is the most exciting charity challenge I have ever seen. Through the challenge we’re looking for inspiring and fresh ideas from corporate teams to help raise vital funds for the charity.” Graeme Carmichael, Senior Manager, Advisory, at Deloitte LLP*

In 2019/20 we worked with local, national and international partners and supporters who share our vision of supporting families to develop their strengths and the solutions to the challenges they face; of building community resilience to better support children; and of ensuring that Scotland upholds and advances children's rights to break the cycle of intergenerational trauma that harms children, families and communities.

We want to say an enormous thank you to all our partners. This year, in particular, we'd like to recognise the National Lottery, RBS and Deloitte for supporting the digital developments to Parentline; the organisations, communities and individuals that stood alongside us outside Holyrood to campaign for children's rights; the local authorities investing in the solutions that families tell us will help them keep their children safer and the players of People's Postcode Lottery whose generosity enables us to rapidly respond to the emerging needs of children and families. Thank you to them and to all our other partners whose commitment is transforming systems, support and society so that children are safer, happier and feel more loved.

### *Volunteers*

*"I truly love volunteering at Children 1st Parentline, I can't imagine myself not doing it. I've learnt how listening to someone can be so powerful and healing for them." Jenna Chalmers, Parentline volunteer*

We are incredibly grateful to our 414 volunteers who are a crucial part of our Children 1st family, working alongside children, families and communities to keep children safer, families stronger and build community resilience. In Glasgow our local peer support group, Women 1st organised a special event to inspire and empower 120 women who are normally excluded from International Women's Day Events, which was attended by First Minister Nicola Sturgeon.

We were also delighted to be joined by the Deputy First Minister, John Swinney, at a Scottish parliamentary reception in December 2019 to celebrate all of the volunteers who have supported families through Parentline over 20 years. The highlight of the event was the People's Postcode Lottery Spirit of Parentline Awards which recognised the incredible determination, passion and courage Parentline volunteers show as they help families keep their children safe and loved.

### *Investing in learning and infrastructure*

*"There is a lot of worry about COVID19 and this is a stressful time for families. Children 1st's Parentline is a helpful source of emotional and practical support to children and families. Please use it if it would help." Deputy First Minister, John Swinney*

To reach every child and family that needs our support, we recognise that we need to invest in our colleagues and our infrastructure. In 2019/20 we introduced a new online learning platform for colleagues and continued to support colleagues with face to face training in areas including: child protection, restorative practice, LGBT awareness and managing volunteers. Organisational leadership is crucial to achieving our ambitions for children, so we have invested in a leadership programme to ensure our senior team have the skills required to bring about transformational change internally, in communities and across society.

During 2019/20 we supported the digital inclusion of children and families by investing in Wi-Fi in all our hubs. As well as ensuring that the children and families we work alongside can access Wi-Fi while they are with us, this is enabling our colleagues to be more flexible in how they work with children and families. We transformed our IT systems with the introduction of laptops and a move to Microsoft Teams to enhance collaboration across Children 1st. As the country moved to lockdown during the coronavirus pandemic the value of this investment became apparent as colleagues swiftly moved to homeworking enabling us, without interruption, to meet the pressing needs of Scotland's children and families as they faced increasing challenges, pressures, losses and trauma.

## Fundraising

*“Children 1st are a source of hope for families in Scotland when it comes to...starting the nation’s journey towards recovery from coronavirus.” Lisa Bellety, Health and Wellbeing Programmes Advisor, People’s Postcode Lottery*

In 2019/20 we launched our new fundraising strategy which aims to inspire people in Scotland to put children first. In the year ended March 2020, Children 1st raised £3.1 million in donations and legacies against a budget of £3.1 million. Children 1st benefits from having a broad portfolio of income streams which helps to mitigate annual fluctuations in any one stream.

We are incredibly grateful to everyone who chooses to support Children 1st. All of our fundraisers, fundraising policies and activity fully complies with the Code of Fundraising Practice. We are committed to delivering the very best experience to our donors and supporters.

All fundraising staff are inducted into these policies which are reviewed, formally, at least every two years. Staff training is undertaken externally by attendance at Institute of Fundraising events and internally within teams and at our all team meetings.

Children 1st takes a measured approach to donor engagement and development in that for the vast majority of cases we only contact those who have supported the organisation previously. Occasionally, we undertake direct marketing where we contract a professional fundraising agency to work on behalf of Children 1st, abiding by our own fundraising policy. Fundraising activity is undertaken by employees of the organisation in accordance with our values, however we also have a number of volunteer groups across Scotland who share our values and who work with us to raise funds on our behalf. During the year we received 4 complaints (2019, 7) relating to fundraising activity, which were addressed and resolved with the individuals concerned, in line with our complaints policy and procedure.

The players of the People’s Postcode Lottery donated £750,000 to support our services across the length and breadth of Scotland. We are indebted to the ongoing support we receive which now totals £6.95 million since their first donation in 2008. Their consistent annual support is significant and has enabled Children 1st to sustain core established services as well as support the planning of new services, helping to reach more children.

We invested over £170,000 in our fundraising activities in a ‘door to door’ campaign to increase our number of supporters. At the end of the financial year we had increased our numbers by over 1,027; we invested in the second phase of the ‘Give A Child Their Smile Back’ campaign to raise awareness of Children 1st’s work and encourage support for our work from new audiences.

We continued into the fourth year of a six-year partnership with Deloitte as part of their One Million Futures strategy who raised £35,000 during the year.

Across Scotland, volunteers, organisations, schools and individuals have gone the extra mile to raise funds. Children 1st is fortunate to have 12 committed local volunteer action groups, as at 31 March 2020, who each year deliver their own programme of events. These groups helped not only to raise significant income of £78,000, but just as importantly they raised awareness amongst their communities about the help available for vulnerable children and families.

Charitable trust and grant making foundations provide stability for delivering our core service. We are grateful to the contribution from those who have supported us this year.

## Volunteers

Volunteers are at the heart of Children 1st, contributing to service delivery and bringing valuable experience and knowledge. Without them we would not reach so many children and young people and could not raise the funds we need to deliver our services.

There are 12 Volunteer Children 1st action groups across Scotland:

<b>West</b>	Glasgow Events Committee Lockerbie Dumfries & Galloway Bikers	<b>East</b>	East Neuk Linlithgow Perth Selkirk St Andrews Stirling
<b>Aberdeen</b>	Deeside Committee	<b>Inverness</b>	Elgin and Moray

Our grateful thanks go to the Aberdeen, Touch of Tartan, Buchan Barn Dances, Forres, Inverness, Langholm & Canobie and Campbeltown groups who closed during 2019/20.

During the year we were supported by 247 fundraising volunteers, who raised £78,000 in the year.

Although not reflected in the financial statements, during the year volunteers gave approximately 10,368 hours which equates to approximately £96,000 in value (based on a living wage of £9.30 per hour).

## Financial Review

Income from donations and legacies has decreased 14% on the previous year from £3,620,698 to £3,107,508. In 2019/20 we have included £43,501 (2019: £314,601) of donated services. The decline is due to the significant added value of £186,000 given to us from STV in respect of advertising space in the previous financial year. We did not advertise on television during 2019/20. Grant income increased by 19% from £6,128,064 to £7,278,565.

The value of our investments declined by just under 9% over the year to £1,463,480 from £1,602,481. This fall in investments was largely in the last quarter of the financial year as financial markets reacted adversely to the impact of the coronavirus. The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk.

Expenditure on raising funds decreased, reflecting the previous year's focus on increasing the number of individual supporters who donate to the charity and increasing the awareness of the charity and its activities. Expenditure on charitable activities also decreased, recognising the previous year's focus on developing a number of new services, which are now operating with established running costs.

The net movement this year has been achieved against a backdrop of continuing economic uncertainty and the impact of the coronavirus pandemic. The results represent a consolidation of the financial position and are testament to the efforts of all our staff and management to ensure the charity operates within its means.

As at 31 March 2020, the charity's net assets on the balance sheet are £3,561,857 compared to £3,275,871 at 31 March 2019. The Board is satisfied that the financial position of the charity remains strong, with positive net current assets. The Board is also satisfied that the charity has a diverse income stream with no over-reliance on any single income source. The design of the charity's wide offering of services also would allow flexibility in the eventuality that any single source of income is cut or withdrawn.

## Reserves Policy

The reserves policy of Children 1st is to retain sufficient reserves to:

- ensure that commitments made to providing services to children in the form of contractual commitments to staff, premises and funding partners can be made with confidence;
- have sufficient available reserves to meet expenditure in the event of adverse circumstances;
- underpin the strategic aims of the period 2018-2023; and
- maintain the appropriate level of liquidity of the underlying reserves.

The Board closely monitors its policy each year. Following that review, the Board has approved the adequacy and appropriateness of the existing approach to reserves management.

### Unrestricted Funds

The Board regularly monitors reserve adequacy in relation to the identified risks attaching to the main sources of income and their relationship to underlying expenditure.

Our current unrestricted general reserves are £2,092,560. This is an increase of £551,109 compared to last year's position.

The Board has set a target to maintain unrestricted general and designated reserves (excluding the Fixed Asset Designated Reserve) equal to approximately three months relevant costs. This was deemed to be £2,123,000 from the budgeted expenditure figure, and the year-end total of unrestricted and designated funds (excluding the Fixed Asset Designated Reserve) equals £2,092,560. Consequently, the year-end position does not meet this policy by £30,440 (1%). The Board considers this to be within an acceptable range of tolerance and will continue to monitor this position.

### Designated Funds

Designated funds totalling £1,281,717 are unrestricted funds which have been assigned by the charity for specific purposes in the future, the only element to this reserve is the Fixed Assets designated reserve. This reserve covers the net book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The Board has not designated any additional funds.

### Restricted and Endowment Funds

Restricted funds can only be used for specific purposes agreed with the donor or funder. At the year-end these funds totalled £207,927 and include funds from local authorities across Scotland for service delivery in their regions and from other funders for specific service provision. Endowment funds totalled £50,961.

## Investment Policy and Objectives

The Board has adopted an investment policy which enshrines the principles of prudence, caution, due care and attention, written authority and regular review. The objective of the policy is to maintain and enhance the real long-term value of the invested funds and to create income to assist the charity in carrying out its purposes. The market value of the investment portfolio has decreased slightly over the year. The Board remains confident that the investment strategy will be realised in the longer term and that the composition of the portfolio remains suitable to achieve this objective.

The investment portfolio is maintained with Brewin Dolphin who are investment advisors to the Board of Trustees. Investment decisions are reviewed by the Finance Committee, and it meets annually with the Investment Advisors to review the overall performance of the portfolio.

The investment portfolio is invested across a broad range of assets to protect capital value and maximise real long-term capital returns over time through the diversification of both income and potential capital gains. At the year end, the portfolio had 17% in fixed income, 71% in equities, with the balance split between alternative investments, commercial property and cash.

It is also the charity's intention to hold sufficient working cash levels to meet fluctuating needs. These cash funds are not held as part of the investment portfolio maintained by Brewin Dolphin.

The trustees have requested the avoidance of direct investment in any company that has been involved in the production of tobacco or that has involvement in pornography. However, the Trustees accept that some companies may be involved to a small extent in the sale of tobacco and would like to exclude companies where more than 5% of revenue comes from this area.

The Trustees acknowledge that exclusion of companies involved in the above areas is challenging when investing through collective funds, and careful consideration will be given to the underlying holdings in any such collective fund, at the time of purchase and periodically so that any substantial exposures may be identified and appropriate action taken.

This strategy was developed with the advice of Brewin Dolphin and takes into account the nature of the charity's business as reflected in its strategic plan and by design seeks to diversify investment risk and reduced inflationary risk.

## Going Concern

In December 2019, disease Covid-19 caused by a coronavirus started circulating across the world and was declared a pandemic in March 2020. On 13 March the UK government advised against all nonessential travel and for individuals to stay at home.

The Trustees are confident that the Charity has sufficient funds and certainty of funding for it to continue to operate over the foreseeable future. This view has not been altered by the impact of the current global coronavirus pandemic crisis as this has not materially altered the finances of the Charity. Whilst initially, there was a shortfall in some fundraising income streams such as public fundraising due to the cancellation of events and legacies, this has been more than made up by increased fundraising from other sources, most notably from Trust funders. In addition, as the staff of the Charity has moved to home working there has been a significant reduction in items such as expenses related to staff travel. There has also been some mitigation of costs through pausing recruitment and minor use of the Government Job Retention Scheme (4% of staff costs).

The Trustees have always been mindful of the need to have sufficient reserves and cash reserves to ensure the continued financial sustainability of the charity. At the year-end the Charity had cash balances of £1.3 million and near-cash investments that can be easily liquidated of £1.5m. In addition, the Charity has an overdraft facility of £250,000 available to it. At the end of June 2020, the Charity had increased its cash balances to £1.7million and the value of investments had risen to £1.6 million.

The Trustees have based their opinion on the following work undertaken by the charity;

- Regular (quarterly) review of management accounts
- Regular (quarterly) review of rolling annual cashflow projections.
- Review of at least two full year reforecasts during a financial year.
- Approval of the annual budget of the charity which includes long-term financial projections to the end of the period of the Strategic Priorities of 31 March 2023.
- Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.

The Trustees are also aware that for a number of service contracts and fundraising income streams there is a high degree of certainty projecting forward beyond the next twelve months from the date of the signing of the accounts.

In addition, during the current pandemic crisis the Trustees have met virtually and have received and discussed updated monthly financial projections.

Due to the factors and actions highlighted above, the Trustees have concluded that they believe that the charity remains a going concern and that it is appropriate to prepare the financial statements on that basis.

## Risk Management

The Board has assessed the major risks to which the charity is exposed, and systems have been established to mitigate these risks. The Board and its Audit and Risk Committee review the risks facing the charity on a regular basis and have a detailed risk register with documented responsibilities and actions required. The most significant risk arises out of the nature of the work we do with vulnerable children and their families. We work to minimise this risk by ensuring that our staff are well trained, follow agreed policies and procedures and that case reviews are independently checked. Other key risk areas highlighted in the risk register are:

1. Risks associated with the failure to deliver our Strategic Priorities: we operate in a rapidly changing operating environment impacting on the charity in a number of ways; such as our Strategic Priorities not being in line with Central and Local Government policies and direction, and a lack of resources in the organisation. We aim to mitigate against these risks by having regular engagement with external parties and funders and with representation on a number of key strategic national and local groups. We also have a number of key strategies in place covering finance, human resources, information technology and quality with regular reporting and monitoring procedures across the organisation used to demonstrate progress against the delivery of our objectives.
2. Reputational risk: we aim to mitigate reputational risk by ensuring clear policies and standards are in place and regularly reviewed and appropriate training is given to the relevant staff and volunteers.
3. Governance risk: we aim to reduce governance risks by ensuring there are recruitment and succession planning policies in place, a strategic plan is documented and reviewed and there is a key management structure to provide leadership to the charity.

Reference has been made earlier in the Annual Report to the impact of the coronavirus; whilst this has led to significant changes in the way we operate it has not materially altered the three strategic risks highlighted above. We continually review our risk management systems and are confident that the Charity can cope with the consequences of the coronavirus.

## Future Plans

We are aware that the coming years will continue to be challenging. This has become more acute given the likely worsening economic position of the country following the pandemic crisis and the impact of the 'lockdown'. We review our resources on an ongoing basis and, allied with careful budgeting and planning, we are confident that the financial resources available to the charity are adequate to meet its operational needs for the foreseeable future. Within our services, we will continue to focus on our four strategic priorities and the underpinning operational aims.

## Structure, Governance and Management

Children 1st was founded in 1884 under the title of the Royal Scottish Society for Prevention of Cruelty to Children (RSSPCC). Incorporated by Royal Charter in 1922, the charity is registered with HM Revenue and Customs and with the Office of the Scottish Charity Regulator (OSCR) under SCO16092. Amendments of the Royal Charter initiated at the 2017 Annual General Meeting in order to update the requirements surrounding membership of the charity were approved under seal by the Privy Council in February 2019.

Children 1st is a membership organisation with entry dependent on a pledge of support for the work of the charity through the gift of time, money, or both. There were 157 members of the charity at 31 March 2020.

Children 1st operates solely in Scotland but maintains close links with other children's charities and organisations across the UK.

The charity is governed by a Board of up to 15 elected members appointed at the Annual General Meeting, with the possibility of additional co-options during the year if required. The Board meets 5 times a year.

The skills and expertise of Board members in the fields of finance, law, child welfare, strategic planning, management, human resources, business, administration, strategic information and communication technology, local and central government and training reflect the current needs of the charity. The Board's skills mix is reviewed regularly to identify any gaps and new Board members are recruited by open advert, voluntary membership nomination or a combination of the two. All new trustees of the charity are elected at the annual general meeting following their appointment. Induction training is provided to all new trustees and a training needs assessment drawn up. Ongoing training and development is also provided to trustees throughout their term of office.

There are five subcommittees of the Board: Audit and Risk, Children and Family Services, Finance, Fundraising and Governance. Terms of reference for each subcommittee set out their roles and responsibilities. These subcommittees do not have any delegated Board authority and must make recommendations to the full Board for actionable matters.

The Executive Leadership team comprises the Chief Executive and four Directors, who manage the day to day operations of the charity.

Our pay system is based upon pay bands and the pay band employees are in is dependent upon the "job weight" for their role. All roles have been assessed using our Role Evaluation System – this system ensures that roles are evaluated objectively and gives roles a score which is used to identify the band in which the job is placed. Our pay scales are linked to the Scottish Joint Council (SJC) Pay Scale.

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Board and signed on its behalf by:

**Dr K Cunningham**

Dr Ken Cunningham CBE  
Chair

Date: 4<sup>th</sup> August 2020

# Independent Auditor's Report to the Trustees of Children 1st

## Opinion

We have audited the financial statements of Children 1st ("the Charity") for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 Charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities 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 relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Report of the Board. The Trustees are responsible for the other information.

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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees Responsibilities, the Trustees 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 determines 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 Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **BDO**

BDO LLP, statutory auditor  
Edinburgh

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Children 1st  
Statement of Financial Activities (Incorporating Income and Expenditure Account)  
For the Year ended 31 March 2020

	Notes	2020					2019	
		Unrestricted General Funds £	Unrestricted Designated Funds £	Unrestricted Revaluation Reserve £	Restricted Funds £	Endowment Funds	Total £	Total £
<b>Income and endowments from:</b>								
Donations and legacies	4	2,698,551	-	-	408,957	-	<b>3,107,508</b>	3,620,698
Charitable activities	5	2,139,945	-	-	5,138,620	-	<b>7,278,565</b>	6,128,064
Investments		61,705	-	-	-	2,038	<b>63,743</b>	65,263
<b>Total income</b>		<b>4,900,201</b>	<b>-</b>	<b>-</b>	<b>5,547,577</b>	<b>2,038</b>	<b>10,449,816</b>	<b>9,814,025</b>
<b>Expenditure on:</b>								
Raising funds	7	1,136,857	-	-	-	-	<b>1,136,857</b>	1,778,871
Charitable activities	6	3,038,730	371,998	-	5,421,965	2,038	<b>8,834,731</b>	8,872,175
<b>Total expenditure</b>		<b>4,175,587</b>	<b>371,998</b>	<b>-</b>	<b>5,421,965</b>	<b>2,038</b>	<b>9,971,588</b>	<b>10,651,046</b>
<b>Total income less expenditure</b>		<b>724,614</b>	<b>(371,998)</b>	<b>-</b>	<b>125,612</b>	<b>-</b>	<b>478,228</b>	<b>(837,021)</b>
Net gains/ (losses) on investments		4,842	-	(197,084)	-	-	<b>(192,242)</b>	76,704
<b>Net income/(expenditure)</b>		<b>729,456</b>	<b>(371,998)</b>	<b>(197,084)</b>	<b>125,612</b>	<b>-</b>	<b>285,986</b>	<b>(760,317)</b>
<b>Transfer between funds</b>	22-23	(178,347)	178,347	-	-	-	-	-
<b>Net movement in funds</b>		<b>551,109</b>	<b>(193,651)</b>	<b>(197,084)</b>	<b>125,612</b>	<b>-</b>	<b>285,986</b>	<b>(760,317)</b>
<b>Reconciliation of funds:</b>								
Total funds brought forward		1,541,451	1,475,368	125,776	82,315	50,961	<b>3,275,871</b>	4,036,188
<b>Total funds carried forward</b>	<b>19-24</b>	<b>2,092,560</b>	<b>1,281,717</b>	<b>(71,308)</b>	<b>207,927</b>	<b>50,961</b>	<b>3,561,857</b>	<b>3,275,871</b>

The notes on pages 24 to 44 form part of these financial statements

Children 1st  
Balance Sheet  
As at 31 March 2020

		31 March 2020		31 March 2019
	Notes	£		£
<b>Fixed Assets</b>				
Tangible Assets	12	1,083,083		958,916
Intangible Assets	13	198,634		144,454
Investments	14	<u>1,463,480</u>		<u>1,602,481</u>
		2,745,197		2,705,851
<b>Current Assets</b>				
Debtors	15	724,143		778,512
Cash at bank and in hand	16	<u>1,272,452</u>		<u>1,336,985</u>
		1,996,595		2,115,497
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	17	1,179,935		1,545,477
		<u>816,660</u>		<u>570,020</u>
Net current assets		816,660		570,020
<b>Total net assets</b>		<u><u>3,561,857</u></u>		<u><u>3,275,871</u></u>
<b>The funds of the charity</b>				
Restricted Funds	20	207,927		82,315
Endowment Fund	21	50,961		50,961
Unrestricted Funds	22	2,092,560	1,541,451	
Designated Funds	23	1,281,717	1,475,368	
Revaluation Reserve	24	<u>(71,308)</u>	<u>125,776</u>	
Total unrestricted funds		3,302,969		3,142,595
		<u>3,302,969</u>		<u>3,142,595</u>
Total charity funds		<u><u>3,561,857</u></u>		<u><u>3,275,871</u></u>

The financial statements were authorised for issue by the Trustees on 4<sup>th</sup> August 2020 and signed on their behalf by:

**Dr K Cunningham**

**H Webster**

Dr Ken Cunningham CBE  
Chair

Helen Webster  
Hon. Treasurer

The notes on pages 24 to 44 form part of these financial statements.

Children 1st  
Statement of Cash Flows  
For the Year ended 31 March 2020

	Notes	Year Ended 2020 £	Year Ended 2019 £
Net income/ (expenditure) for the period		285,986	(760,317)
Adjustments for			
Depreciation charge	12	67,977	54,078
Amortisation charge	13	26,518	10,781
Losses on disposal of fixed assets		9,848	-
Losses/ (gains) on Investments		192,242	(76,704)
Dividends, interest and rents from investments		(63,743)	(63,581)
Decrease/ (increase) in debtors		54,363	(142,923)
(Decrease)/ increase in creditors		(365,542)	899,486
<b>Net cash flows from operating activities</b>		<b>207,659</b>	<b>(79,090)</b>
<b>Cash flows from investing activities</b>			
Investment income		63,743	63,581
Purchase of property, plant and equipment	12	(201,988)	(43,768)
Purchase of intangible assets	13	(80,698)	(126,398)
Proceeds from sale of investments		145,526	504,850
Purchase of investments	14	(198,775)	(400,504)
<b>Net cash used in investing activities</b>		<b>(272,192)</b>	<b>(2,239)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(64,533)</b>	<b>(81,239)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,336,985</b>	<b>1,418,314</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>1,272,452</b>	<b>1,336,985</b>

The notes on pages 24 to 44 form part of these financial statements

## 1. ACCOUNTING POLICIES

### a) Basis of preparation

Children 1st is the working name of the Royal Scottish Society for Prevention of Cruelty to Children. The accounts are denominated in pounds sterling (GBP). The accounts are rounded to the nearest £1. The principal activity of the charity is the provision of services to children and families. The charity is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR). The charity number and registered office are listed on p3.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities 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 2019, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Children 1st meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

### b) Going concern

In December 2019, disease Covid-19 caused by a coronavirus started circulating across the world and was declared a pandemic in March 2020. On 13 March the UK government advised against all nonessential travel and for individuals to stay at home.

The trustees have concluded that they do not believe that there is a material uncertainty over the going concern basis of preparation of the financial statements and are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future. In reaching this conclusion the trustees have:

The Trustees base their opinion on the following work undertaken by themselves;

- Regular (quarterly) review of management accounts
- Regular (quarterly) review of rolling annual cashflow projections.
- Review of at least two full year reforecasts during a financial year.
- Approval of the annual budget of the charity which includes long-term financial projections to the end of the period of the Strategic Priorities of 31 March 2023.
- Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.

### c) Recognition and allocation of income

Income is recognised when the charity has legal entitlement to the funds, receipt is probable, and the amount can be measured reliably.

Where there are performance related conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the charity's control and there is sufficient evidence that they have been met or will be met, otherwise they are deferred. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable.

Where there are terms placed on income that limit the charity's discretion over how that income can be used, that income is shown as restricted income in the accounts.

Interest receivable is recognised using the effective interest rate applicable to the asset. Dividend income is recognised when the right to receipt is established and is measured at fair value, generally the transaction value. Entitlement to legacy income exists when the charity has sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy the claims on the estate and any conditions are within the control of the charity or have been met. Where legacies have been notified to the charity and the criteria for income recognition haven't been met, the legacy is treated as a contingent asset and disclosed if material. Where a legacy is subject to the interest of a life tenant, the legacy is not recognised until the death of the life tenant. Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

Donated facilities and services are recognised in income when received and are valued at the amount payable in the open market for an alternative item that would provide an equivalent benefit to the gift. An equivalent amount is recognised as an expense. The contribution of unpaid general volunteers is not recognised as income due to the absence of a reliable measurement basis.

#### d) Recognition and allocation of expenditure

Expenditure is recognised when the charity has entered into a legal or constructive obligation and related where practicable to the operating activities of the charity. Where possible, expenditure is allocated directly to the function to which it relates.

Expenditure on raising funds comprises those costs which are associated with the generation of income from sources other than from undertaking charitable activities, the Action Groups which fundraise on our behalf and investment management costs. Expenditure which is directly attributable to running fundraising events undertaken for the charity by supporters is accounted for by the organisers of the events and is netted against the income received from the events.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its charitable activities and services (Children and Family Services). Expenditure is apportioned to various Children and Family Services activities to reflect the value each activity derives from the expenditure.

Employee termination benefits include statutory payments and agreements made with individual employees. The amounts paid are recognised as an expense in the statement of financial activities when they fall due.

Support costs are apportioned between Fundraising and Services to Children and Families based on the number of full-time equivalent staff involved in each area.

#### e) Leases

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the term of the lease. Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term. Lease incentives are recognised over the term of the lease.

#### f) Pensions

The charity operates an externally managed group money purchase pension scheme for staff. Pension contributions made by the charity are charged to expenditure in the year in which they are incurred and are attached to the individual employees' salary expense when allocating the liability and expense between activities and between restricted and unrestricted funds.

g) Taxation

No taxation is provided for given the charitable status.

h) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. All capital expenditure over £1,500 is capitalised, with amounts under this expensed in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets at a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold Improvements	– straight line over term of lease
Motor Vehicles	– 25% straight line
Computer Hardware and Office Equipment	– 25% straight line
Freehold Land & Buildings	– 2% straight line
Fixtures and Fittings	– 10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Activities.

i) Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses.

Amortisation is provided on all intangible fixed assets at a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer Software	– 25% straight line
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j) Investments

Quoted investments are stated at market value at the reporting date. Gains and losses arising are applied to the Revaluation Reserve in Unrestricted Funds and are charged or credited to the Statement of Financial Activities in the period in which they arise.

k) Financial assets and financial liabilities

Financial instruments are recognised in the Statement of Financial Activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instruments.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102, with the exception of concessionary loans which follow the alternative provisions for public benefit entities in accordance with paragraph PBE34, P1 (b), as noted at accounting policy

m). At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

l) Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

m) Cash and cash equivalents

Cash and equivalents consist of cash on hand and balances with banks. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

n) Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price. Concessionary loans received are initially measured at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest.

o) Funds

Restricted funds are those which have been given to the charity by donors subject to specific conditions or received from special appeals subject to conditions.

Endowment funds are funds given with the restriction that they are held as capital.

Unrestricted funds are available for use at the discretion of the Board. In order to ensure that funds are available for specific future expenditure, certain funds are set aside and designated by the Board into separate funds.

## 2. CRITICAL JUDGEMENTS AND ESTIMATES

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Legacy income is measured at fair value, but where part of a legacy left to the charity includes property or shares to be sold, judgement is used to estimate the amount receivable.

Depreciation and amortisation of fixed assets are calculated based on a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Consideration is given to any potential impairment of fixed assets.

Children 1st  
Notes to the Financial Statements  
For the Year ended 31 March 2020

3. COMPARATIVE STATEMENTS OF FINANCIAL ACTIVITIES

	2019					Total £
	Unrestricted General Funds £	Unrestricted Revaluation Reserve £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds	
<b>Income and endowments from:</b>						
Donations and legacies	3,084,471	-	-	536,227	-	3,620,698
Charitable activities	2,050,806	-	-	4,077,258	-	6,128,064
Investments	63,581	-	-	-	1,682	65,263
<b>Total income</b>	<b>5,198,858</b>	<b>-</b>	<b>-</b>	<b>4,613,485</b>	<b>1,682</b>	<b>9,814,025</b>
<b>Expenditure on:</b>						
Raising funds	1,373,871	405,000	-	-	-	1,778,871
Charitable activities	3,448,689	726,656	-	4,695,148	1,682	8,872,175
<b>Total expenditure</b>	<b>4,822,560</b>	<b>1,131,656</b>	<b>-</b>	<b>4,695,148</b>	<b>1,682</b>	<b>10,651,046</b>
<b>Total income less expenditure</b>	<b>376,298</b>	<b>(1,131,656)</b>	<b>-</b>	<b>(81,663)</b>	<b>-</b>	<b>(837,021)</b>
Net gains/ (losses) on investments	19,740	-	56,964	-	-	76,704
<b>Net income/(expenditure)</b>	<b>396,038</b>	<b>(1,131,656)</b>	<b>56,964</b>	<b>(81,663)</b>	<b>-</b>	<b>(760,317)</b>
<b>Transfer between funds</b>	<b>(382,457)</b>	<b>477,216</b>	<b>(94,759)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>13,581</b>	<b>(654,440)</b>	<b>(37,795)</b>	<b>(81,663)</b>	<b>-</b>	<b>(760,317)</b>

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#### 4. DONATIONS AND LEGACIES

	2020 £	2019 £
Individuals and Community	762,446	700,925
Trusts, Organisations and Corporate Bodies	609,532	646,210
People's Postcode Lottery	750,000	700,000
Legacies (note 27)	942,029	1,258,962
Donated Services	43,501	314,601
<b>Total donations and legacies</b>	<b><u>3,107,508</u></b>	<b><u>3,620,698</u></b>

Community income includes all income from the charity's regional teams and volunteer fundraising.

#### 5. CHARITABLE ACTIVITIES

The sole charitable activity undertaken by the charity is the provision of services to children and families

2020	Restricted £	Unrestricted £	2020 £	2019 £
Scottish Government	1,922,328	838,888	2,761,216	2,302,387
Local Authorities	1,448,731	709,384	2,158,115	2,235,425
Other Bodies	1,669,454	203,277	1,872,731	1,415,277
Services Income	<u>98,107</u>	<u>388,396</u>	<u>486,503</u>	<u>174,975</u>
<b>Total</b>	<b><u>5,138,620</u></b>	<b><u>2,139,945</u></b>	<b><u>7,278,565</u></b>	<b><u>6,128,064</u></b>

In the year, the charity received funding of £2,761,216 (2019: £2,302,387) from the Scottish Government. Of this, £1,753,951 (2019: £1,495,157) was the reimbursement of fees and expenses incurred by the members of the National Safeguarders' Panel. There were no unfulfilled conditions relating to Government grant income recognised.

Services income represents income from training, and other income from services provided.

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<b>2019</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Scottish Government	1,520,024	782,363	<b>2,302,387</b>
Local Authorities	1,294,116	941,309	<b>2,235,425</b>
Other Bodies	1,220,987	194,290	<b>1,415,277</b>
Services Income	<u>42,131</u>	<u>132,844</u>	<u><b>174,975</b></u>
<b>Total</b>	<u><b>4,077,258</b></u>	<u><b>2,050,806</b></u>	<u><b>6,128,064</b></u>

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6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct Costs	Support Costs (Note 8)	Total 2020	Total 2019
2020	£	£	£	£
Employment costs	5,037,866	654,106	<b>5,691,972</b>	5,730,464
Other employment costs	91,678	59,479	<b>151,157</b>	177,231
Vehicle and travel costs	177,184	10,205	<b>187,389</b>	194,272
Property costs	284,679	68,410	<b>353,089</b>	457,119
Services costs	2,061,871	7,116	<b>2,068,987</b>	1,725,148
Office costs	132,637	190,045	<b>322,682</b>	305,977
Publicity costs	38,860	13,455	<b>52,315</b>	83,151
Professional fees	94,153	61,080	<b>155,233</b>	156,107
Other costs	10,306	(176,626)	<b>(166,320)</b>	26,306
Governance costs (note 9)	-	18,228	<b>18,228</b>	16,400
<b>Total</b>	<u>7,929,234</u>	<u>905,498</u>	<u><b>8,834,731</b></u>	<u>8,872,175</u>

Donated services of £18,757 are included within services costs, and £4,750 within office costs  
Other costs include the settlement of a historic VAT claim.

	Direct Costs	Support Costs (Note 8)	Total 2019
2019	£	£	£
Employment costs	5,239,228	668,467	<b>5,907,695</b>
Vehicle and travel costs	185,576	8,696	<b>194,272</b>
Property costs	387,429	69,690	<b>457,119</b>
Services costs	1,724,593	555	<b>1,725,148</b>
Office costs	156,492	149,485	<b>305,977</b>
Publicity costs	74,487	8,664	<b>83,151</b>
Professional fees	88,524	67,583	<b>156,107</b>
Other costs	52	26,254	<b>26,306</b>
Governance costs	-	16,400	<b>16,400</b>
<b>Total</b>	<u>7,856,381</u>	<u>1,015,794</u>	<u><b>8,872,175</b></u>

Donated services of £25,745 are included within services costs, £1,000 within publicity and £30,000 within professional fees.

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7. EXPENDITURE ON RAISING FUNDS

	Direct Costs	Support Costs (Note 8)	Total 2020	Total 2019
2020	£	£	£	£
Employment costs	538,920	63,712	<b>602,631</b>	749,057
Other employment costs	61,163	5,793	<b>66,956</b>	83,229
Vehicle and travel costs	19,590	994	<b>20,584</b>	24,808
Property costs	30,216	6,663	<b>36,879</b>	55,719
Services costs	1,884	1,069	<b>2,593</b>	3,245
Office costs	33,441	18,511	<b>51,952</b>	43,296
Publicity costs	361,479	1,311	<b>362,790</b>	791,992
Professional fees	233	5,949	<b>6,182</b>	17,163
Other costs	3,133	(17,204)	<b>(14,071)</b>	10,362
<b>Total</b>	<u>1,050,058</u>	<u>86,799</u>	<u><b>1,136,857</b></u>	<u>1,778,871</u>

Donated services of £18,334 are included within publicity costs, £1,000 within office costs and £660 within service costs

Other costs include the settlement of a historic VAT claim.

	Direct Costs	Support Costs (Note 8)	Total 2019
2019	£	£	£
Employment costs	735,474	96,812	<b>832,286</b>
Vehicle and travel costs	23,548	1,260	<b>24,808</b>
Property costs	45,626	10,093	<b>55,719</b>
Services costs	3,164	81	<b>3,245</b>
Office costs	21,646	21,650	<b>43,296</b>
Publicity costs	790,737	1,255	<b>791,992</b>
Professional fees	7,810	9,353	<b>17,163</b>
Other costs	6,560	3,802	<b>10,362</b>
<b>Total</b>	<u>1,634,565</u>	<u>144,306</u>	<u><b>1,778,871</b></u>

Donated services of £254,926 are included within publicity costs

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8. SUPPORT COSTS

2020	Services to Children & Families £	Raising Funds £	Governance Costs (Note 9) £	Total 2020 £	Total 2019 £
Employment costs	654,106	63,712	-	717,817	663,700
Other employment costs	59,479	5,794		62,273	101,579
Vehicle and travel costs	10,205	994	-	11,199	9,956
Property costs	68,410	6,663	-	75,073	79,783
Services costs	7,116	1,069		12,048	5,708
Office costs	190,045	18,511	3,862	212,419	171,135
Publicity costs	13,455	1,310	-	14,765	9,919
Professional fees	61,080	5,949		67,028	76,936
Other costs	(176,626)	(17,204)	14,366	(166,025)	41,384
<b>Total</b>	<b>887,270</b>	<b>86,799</b>	<b>18,228</b>	<b>992,297</b>	<b>1,160,100</b>

Other costs include the settlement of a historic VAT claim.

2019	Services to Children & Families £	Raising Funds £	Governance Costs (Note 9) £	Total 2019 £
Employment costs	668,467	96,812	-	765,279
Vehicle and travel costs	8,696	1,260	-	9,956
Property costs	69,690	10,093	-	79,783
Services costs	555	81	5,072	5,708
Office costs	149,485	21,650		171,135
Publicity costs	8,664	1,255	-	9,919
Professional fees	67,583	9,353		76,936
Other costs	26,254	3,802	11,328	41,384
<b>Total</b>	<b>999,394</b>	<b>144,306</b>	<b>16,400</b>	<b>1,160,100</b>

Donated services costs of £3,000 are included within professional fees

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9. GOVERNANCE COSTS

2020	Services to Children & Families £	Total 2020 £	Total 2019 £
Auditor's remuneration:			
- Audit fees	14,366	<b>14,366</b>	11,328
Other costs	3,862	<b>3,862</b>	5,072
<b>Total</b>	<u>18,228</u>	<u><b>18,228</b></u>	<u>16,400</u>

In the year, fees of £2,399 were paid over to the Charity's auditors in respect of non-audit services (£2019: £1,381)

10. EMPLOYEE BENEFIT EXPENSES

	2020 £	2019 £
Wages and Salaries	5,327,627	5,459,235
Social Security Costs	451,422	434,129
Pension Costs - Defined Contribution Schemes	470,901	483,429
Other Employment Costs	44,653	78,744
	<u>6,294,603</u>	<u>6,455,537</u>

Redundancy and termination costs of £16,531 (2019: £59,205) were incurred in the year and are included within other employment costs. £nil of these costs were accrued at year end (2019: £46,615).

There were two employee whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2019: 2). One employee's emoluments fell within the £80,000 to £90,000 band (2019: 1), and the other employee fell within the £60,000 to £70,000 bracket (2019: 1).

The key management personnel of the charity comprise of the Chief Executive, Director of Children and Family Services, Director of Finance and Corporate Services, Director of Fundraising and Director of Strategic Planning and Campaigns. The employee benefits for key management totalled £310,934 (2019: £319,041).

The average headcount for the year was 253 (2019: 253) and the average full-time equivalent was 191 (2019: 191).

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Allocation of support costs is based on the average full-time equivalent number of employees during the year as follows:-

	2020	2019
Fundraising	15	25
Support	21	21
Children and Family Services	154	145
<b>Total</b>	<b>191</b>	<b>191</b>

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 414 volunteers carrying out 420 roles as follows:

	2020	2019
Children and Family Services	66	89
Parentline	76	78
Fundraising	247	245
Board members	18	20
Specialist	10	8
Admin	3	5
<b>Total</b>	<b>420</b>	<b>445</b>

## 11. BOARD REMUNERATION AND EXPENSES

The Board (or any persons connected with them) were not paid, nor did they receive any other benefits from employment with the charity, nor did they receive payment for professional or other services supplied to the charity. Travel expenses of £955 (2019: £3,131) were reimbursed to four Board members in the year (2019: 4).

Other than the above, there were no transactions with related parties in either the current or previous year.

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12. TANGIBLE ASSETS

	Freehold Land & Buildings £	Leasehold Land & Buildings £	Fixtures & Office Equipment £	Computers £	Total £
<b>Cost</b>					
At 1 April 2019	1,362,361	86,292	487,571	545,927	<b>2,482,151</b>
Additions	57,847	84,182	-	59,959	<b>201,988</b>
Disposals	-	-	(13,121)	-	<b>(13,121)</b>
At 31 March 2020	<b>1,420,208</b>	<b>170,474</b>	<b>474,450</b>	<b>605,886</b>	<b>2,671,018</b>
<b>Depreciation</b>					
At 1 April 2019	468,558	69,033	462,133	523,511	<b>1,523,235</b>
Charge for the year	27,997	25,615	2,679	11,686	<b>67,977</b>
Disposals in year	-	-	(3,277)	-	<b>(3,277)</b>
At 31 March 2020	<b>496,555</b>	<b>94,648</b>	<b>461,535</b>	<b>535,197</b>	<b>1,587,935</b>
<b>Net Book Value</b>					
At 31 March 2020	<b>923,653</b>	<b>75,826</b>	<b>12,915</b>	<b>70,689</b>	<b>1,083,083</b>
At 31 March 2019	893,803	17,259	25,438	22,416	958,916

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13. INTANGIBLE ASSETS

	Computer Software	Total
	£	£
<b>Cost</b>		
At 1 April 2019	374,635	374,635
Additions	80,698	<u>80,698</u>
At 31 March 2020	<u>455,333</u>	<u>455,333</u>
<b>Amortisation</b>		
At 1 April 2019	230,181	230,181
Charge for the year	26,518	<u>26,518</u>
At 31 March 2020	<u>256,699</u>	<u>256,699</u>
<b>Net Book Value</b>		
At 31 March 2020	<u>198,634</u>	<u>198,634</u>
At 31 March 2019	<u>144,454</u>	<u>144,454</u>

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14. INVESTMENTS

	2020 £	2019 £
Quoted Investments		
Market value as 1 April 2019	1,602,481	1,630,122
Disposals during the year	(140,683)	(485,109)
Additions during the year	198,775	400,504
Unrealised (losses)/ gains on investments	(197,093)	56,964
Market value at 31 March 2020	1,463,480	1,602,481
Cash as part of portfolio (note 16)	20,235	28,423
<b>Balance carried forward at 31 March 2020</b>	<b>1,483,715</b>	<b>1,630,904</b>

Two (2019: 2) investments individually exceed 5% of the portfolio:

Aviva Investors US Equity Income Fund valued at £78,876 (2018: £94,732)

JP Morgan US Equity Income Fund valued at £98,380 (2019: £108,317)

Investments were split as follows:

Asset Allocation	2020		2019	
	£	%	£	%
Fixed income	251,394	17%	244,636	15%
Equities	1,047,394	71%	1,190,560	73%
Alternatives	164,692	11%	114,163	7%
Cash	20,235	1%	28,423	2%
Other	-	0%	53,122	3%
	<b>1,483,715</b>		<b>1,630,094</b>	

	2020 £	2019 £
Historical cost of investments	1,534,789	1,476,695
Cash held for investments	20,235	28,423
	<b>1,555,024</b>	<b>1,505,118</b>

15. DEBTORS

	2020 £	2019 £
Trade debtors	546,782	397,476
Sundry debtors	29,550	119,568
Prepayments	70,758	56,145
Accrued income	77,053	205,323
	<b>724,143</b>	<b>778,512</b>

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16. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	1,252,218	1,308,562
Cash as part of the investment portfolio	20,234	28,423
	<b>1,272,452</b>	<b>1,336,985</b>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	231,984	214,066
Pensions creditor	46,913	44,828
Other creditors	27,378	51,703
Accruals and deferred Income	595,467	649,921
Taxation and social security	278,193	584,959
	<b>1,179,935</b>	<b>1,545,977</b>

Deferred income was received relating to services to be performed in subsequent years as follows:

	2020	2019
	£	£
Opening balance	344,202	121,275
Income deferred	493,810	344,202
Income recognised	(344,202)	(121,275)
Closing balance	<b>493,810</b>	<b>344,202</b>

18. FINANCIAL ASSETS AND LIABILITIES

	2020	2019
	£	£
Financial assets at fair value	1,463,480	1,602,481
Financial assets at amortised cost	1,925,837	2,059,352
Financial liabilities at amortised cost	(407,932)	(616,316)

Financial assets at fair value comprise quoted investments.

Financial assets at amortised cost comprise all debtors (excluding prepayments) plus cash at bank and in hand.

Financial liabilities at amortised cost comprise all creditors (excluding taxation, social security and deferred income).

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## 19. ANALYSIS OF NET ASSETS BY FUNDS

The fund balances at 31 March 2020 are represented by

	Unrestricted General Funds	Unrestricted Designated Funds	Unrestricted Revaluation Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	1,281,717	-	-	-	1,281,717
Investments	1,534,788	-	(71,308)	-	-	1,463,480
Net Current Assets	557,770	-	-	207,929	50,961	816,660
<b>As at 31 March 2020</b>	<b>2,092,558</b>	<b>1,281,717</b>	<b>(71,308)</b>	<b>207,929</b>	<b>50,961</b>	<b>3,561,857</b>

The fund balances at 31 March 2019 are represented by

	Unrestricted General Funds	Unrestricted Designated Funds	Unrestricted Revaluation Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	1,103,370	-	-	-	1,103,370
Investments	1,476,705	-	125,776	-	-	1,602,481
Net Current Assets	64,746	371,998	-	82,315	50,961	570,020
<b>As at 31 March 2019</b>	<b>1,541,451</b>	<b>1,475,368</b>	<b>125,776</b>	<b>82,315</b>	<b>50,961</b>	<b>3,275,871</b>

## 20. RESTRICTED FUNDS

2020	Balance at 1 April 2019	Income	Expenditure	Balance at 31 March 2020
	£	£	£	£
Local Authority Funds - various	3,268	1,448,731	(1,366,650)	85,349
Scottish Government - various	-	1,922,328	(1,922,328)	-
Robertson Trust	-	348,333	(348,333)	-
Capital City Partnership	-	168,690	(168,690)	-
Corra Foundation	10,348	464,669	(475,017)	-
Other Funds	68,669	1,194,826	(1,147,945)	122,580
<b>Total Restricted Funds</b>	<b>82,315</b>	<b>5,547,577</b>	<b>(5,421,965)</b>	<b>207,929</b>

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2019	Balance at 1 April 2018	Income	Expenditure	Balance at 31 March 2019
	£	£	£	£
Local Authority Funds - various	76,853	1,294,116	(1,367,704)	3,266
Scottish Government - various	147	1,520,024	(1,520,171)	-
Big Lottery Fund - Kinship Care Service	49,548	-	(49,548)	-
Covenant Fund	-	220,723	(219,785)	938
Scottish Legal Aid Board	-	170,155	(170,155)	-
Corra Foundation	3,234	440,822	(433,708)	10,348
Other Funds	34,196	967,645	(934,077)	67,764
<b>Total Restricted Funds</b>	<b>163,978</b>	<b>4,613,485</b>	<b>(4,695,148)</b>	<b>82,315</b>

The charity received several restricted funds in excess of £150,000 in the year:

#### Local Authority funds

Restricted funding is received from a number of Local Authorities to deliver services to Children and Families

#### Scottish Government

Funding was received for fees and expenses incurred by members of the National Safeguarders' Panel

#### Corra Foundation

Funding received for a number of projects to work with children and young people aged pre-birth to 26 who are affected by alcohol or other drug use.

#### The Robertson Trust

Funding received to support families where a child or young person is experiencing emotional wellbeing or mental health difficulties in East Renfrewshire

#### Capital City Partnership

Funding was received to provide a blended support offer of Money Advice, Family Support and Employability to families living in poverty.

Other funds consist of several smaller funds from a number of funders for specific projects. There are no funds greater than £150,000 not separately disclosed.

In 2019, significant funds received were:

#### Covenant Fund

Funding was received in two areas, supporting the families of serving armed forces personnel facing stressful circumstances.

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**Scottish Legal Aid Board**

Funding received to work with families on improving their financial situation

**Big Lottery**

Funding was also received from the Big Lottery towards local kinship care groups within three local regions together with a national co-ordinating hub.

**21. ENDOWMENT FUNDS**

<b>2020</b>	Balance at 1 April 2019	Income	Expenditure	Balance at 31 March 2020
	£	£	£	£
MacLagan Bequest	50,961	2,038	(2,038)	50,961

  

<b>2019</b>	Balance at 1 April 2018	Income	Expenditure	Balance at 31 March 2019
	£	£	£	£
MacLagan Bequest	50,961	1,682	(1,682)	50,961

The endowment fund earned interest of £2,038 (2019: £1,682) which was spent on providing services to vulnerable children and their families. The bequest was received in 1992 with the terms being that Children 1st were to hold the funds in trust for the sole purpose of generating income.

**22. UNRESTRICTED FUNDS**

<b>2020</b>	Balance at 1 April 2019	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£	£
Unrestricted Funds	1,541,451	4,900,201	(4,175,587)	(178,347)	2,092,560

  

<b>2019</b>	Balance at 1 April 2018	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2019
	£	£	£	£	£
Unrestricted Funds	1,527,870	5,198,858	(4,822,560)	(362,717)	1,541,451

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### 23. DESIGNATED FUNDS

2020	Balance at 1 April 2019	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£	£
Fixed Assets	1,103,370	-	-	178,347	1,281,717
Investment in Developing Services to Children	291,998	-	(291,998)	-	-
Investment in Strategic Development Projects	80,000	-	(80,000)	-	-
<b>Total Designated Funds</b>	<b>1,475,368</b>	<b>-</b>	<b>(371,998)</b>	<b>178,347</b>	<b>1,281,717</b>

2019	Balance at 1 April 2018	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2019
	£	£	£	£	£
Fixed Assets	998,153	-	-	105,217	1,103,370
Investment in Operational Support Services	112,000	-	(112,000)	-	-
Investment in Developing Services to Children	614,655	-	(614,656)	291,999	291,998
Investment in Strategic Development Projects	405,000	-	(405,000)	80,000	80,000
<b>Total Designated Funds</b>	<b>2,129,808</b>	<b>-</b>	<b>(1,131,656)</b>	<b>477,216</b>	<b>1,475,368</b>

The Fixed Assets designated reserve comprises £1,281,717 to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The transfer to general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges.

### 24. REVALUATION RESERVE

2020	Balance at 1 April 2019	Losses on investments	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£
Revaluation	125,776	-	(197,084)	(71,308)

  

2019	Balance at 1 April 2018	Gains on investments	Transfers In / (out)	Balance at 31 March 2019
	£	£	£	£
Revaluation	163,571	56,964	(94,759)	125,776

The revaluation fund represents the unrealised gains/losses on the investment portfolio. Whilst classed as unrestricted funds they are not capable of being deployed unless realised.

Children 1st  
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**25. OPERATING LEASES**

Future minimum lease payments on non-cancellable operating leases are payable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Not later than one year	83,497	148,846
Within two to five years	54,239	101,685
Later than five years	-	-
	<b>138,186</b>	<b>250,531</b>
	<b>138,186</b>	<b>250,531</b>

Leases relate to land and buildings, and to the leasing of photocopiers.

Operating lease expenditure charged in the year was £232,001 (2019: £232,001)

**26. NET DEBT RECONCILIATION**

	Balance at 1 April 2019	Cash flows	Balance at 31 March 2020
	£	£	£
2020			
Cash at bank and in hand	1,336,985	(64,533)	1,272,452
2019			
Cash at bank and in hand	1,418,314	(81,329)	1,336,985

**27. LEGACIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Legacies receivable in year	942,049	1,258,962
	<b>942,049</b>	<b>1,258,962</b>

In 2020, legacies were receivable from 47 legators (2019: 46)

Over recent years, income from bequests from supporters and sympathisers, or through money in trust for the benefit of the Charity, has been and continues to be significant. In the absence of directions to the contrary, legacies are used for the maintenance of the Charity's work generally throughout Scotland.

♥ Thank You ♥



INVESTORS  
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Children 1st Registered Office, 83 Whitehouse Loan Edinburgh EH9 1AT  
Registered Scottish Charity No. SC016092