



Children 1st
Annual Report and Financial Statements
Year ended
31st March 2023

Table of Contents

Reference and Administrative Details	3
Foreword.....	5
Report of the Board.....	7
Achievements and Performance.....	8
Financial Review.....	13
Reserves Policy.....	14
Risk Management	17
Structure, Governance and Management.....	18
Statement of Trustees' Responsibilities.....	20
Independent Auditor's Report to Trustees' of Children 1st.....	21
Statement of Financial Activity.....	26
Balance Sheet.....	27
Statement of Cashflows.....	28
Notes to the Accounts	29

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

Registered office	83 Whitehouse Loan, Edinburgh, EH9 1AT
Patron and President	Vacant
Vice Presidents	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	Maggie Craig MA (Appointed September 2022) Dr Ken Cunningham CBE (stepped down September 2022)
Vice Chair	Stella Everingham
Hon. Treasurer	Brian Davidson MA, CA
Hon. Law Agent	Caroline Gilchrist LLB (Hons) (stepped down September 2022) Melissa Rutherford LLB (Hons) (appointed September 2022)
Board Members	Jason Cohen BAcc, CA (stepped down September 2022) Ronnie Corse (stepped down September 2022) Ian Donaldson (stepped down December 2022) Anne Hughes BA Hons Elizabeth Inglesfield M. Psychol (stepped down September 2022) Kenneth Lewandowski (stepped down September 2022) Rosemary McGinness Caroline Whyteside BSc, ACA (stepped down September 2022) Paul Embleton (appointed September 2022) Joy Barlow MBE (appointed September 2022) Courtney Fraser (appointed September 2022)

Over the year we saw several board members come to the end of their terms, including the Chair and other longstanding trustees. In line with our quest to be more representative of the communities we serve we have worked to ensure our board is more diverse, inclusive and have experiences in line with our purpose.

Children 1st
For the Year ended 31 March 2023

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

Chief Executive	Mary Glasgow
Director of Children and Family Services	Linda Jardine
Director of Finance and Corporate Services	Lesley-Anne Junner (from June 2022)
Director of Fundraising and Business Development	Gary Kernahan (until December 2022) Euan Miller (interim from December 2022)

Professional Advisors

Auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh, EH12 5HD
Banker	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
Insurance Broker	Marsh Commercial Chartered Insurance Brokers G1 Building 5 George Square Glasgow G2 1AR
Pension Advisor	Argyle Consulting Limited 10 Charlotte Square Edinburgh EH2 4DR
Solicitor	Shoosmiths LLP 9 Haymarket Square Edinburgh EH3 8RY
Solicitor	Blackadders LLP 53 Bothwell Street Glasgow G2 6TS
Solicitor	Morton Fraser 2 Lister Square Quartermile Two Simpson Loan Edinburgh EH3 9GL
Investment Advisor and Manager	Brewin Dolphin Atria One, 144 Morrison Street Edinburgh, EH3 8BR

Foreword

Introduction from the Chair

Children 1st's ambition is to keep every child in Scotland safe, loved and well and with their family. Thousands of children and family members across Scotland have needed urgent support during 2022/2023 as the long-term impacts of COVID-19 on children's wellbeing and development have been compounded by the cost-of-living crisis. Statutory services have been stretched to their limit. In these challenging times, I'm pleased to share that Children 1st supported over 20,200 children and members of their family across 17 local authorities as well as through our five national services (Children 1st Parentline, Children 1st Money Advice, Bide Oot, the Safeguarders Panel Team and Child Wellbeing and Protection in Sport).*

In our history of almost 140 years, we have kept our focus on supporting families, because we recognise that when families do well, children do well. Shaping the services and supports we offer around what families tell us they need and want is central to the way we do things at Children 1st. In this past year, with the cost-of-living crisis stretching many families to breaking point we invested in growing the financial advice and support elements of our locally based family wellbeing services, so that families could meet their children's most basic needs to be fed and warm, while also getting help with the impact of money worries on their mental health.

The emotional wellbeing of Scotland's children and young people continues to be a major concern, following the two years of disruption and isolation brought about by the pandemic. Across the country we continue to work with partners to sustain and develop supports to help children and their families recover from mental ill-health, including in East Renfrewshire and Aberdeen through the **Fit Like?** partnership.

As well as offering emotional, practical, and financial support to help families put their children first, we work to improve services and systems for every child and family in Scotland. As I write this, we are about to open Scotland's first **Bairns Hoose**, thanks to funding from players of People's Postcode Lottery through the Dream Fund. We have worked with children and families who have experienced the trauma of going through Scotland's current systems of protection, care, and justice to make sure their voices and views have been central to the development of the **Bairns Hoose**, sharing learning as we go.

In 2022/2023 we began to develop new services to help better fulfil The Promise that families will be actively supported to stay together. These include services in the Borders, where we are helping brothers and sisters who must live apart to continue to enjoy strong relationships and in Moray, where parents who have had their children taken into care at birth are conducting peer research to shape the development of future services.

Being able to clearly report the progress we are making to achieving our ambition is crucial – for supporters, funders, partners and, most importantly, for the children and families we are here to help. During 2022/2023 Children 1st invested in a new way of recording our work that is more meaningful for the children and families we support, more clearly conveys our impact, reinforces our relationship-based practice, and helps us develop even more effective services and campaigns for change.

This is just a snapshot of some of the most remarkable ways in which Children 1st has made a difference to children's lives in Scotland in 2022/2023. Our topmost priority as a Board is making sure that Children 1st can continue to be there to respond to the most pressing needs of Scotland's children in line with our core ambition and purpose. Children and families have more complex needs and require more support in an extremely difficult financial climate. With healthy reserves, the Board took the decision to operate at a deficit in 2022/2023 to help us operate even more effectively for children and their families long into the future. In 2023/2024 we will continue to make sound financial decisions about how best to achieve our purpose, based on our strategic priorities – preventing children from harm, protecting children from harm, and supporting

Children 1st
For the Year ended 31 March 2023

children to recover from trauma and abuse.

What we have achieved in 2022/2023 for children and families is testament to the determination and hard work of our colleagues, volunteers, supporters, partners, funders and most importantly the children and families we work alongside. I look forward to continuing to work alongside you to continue to deliver for children and young people across Scotland.

Maggie Craig MA
Children 1st Chair

* Children 1st's new approach to reporting went live at the end of September 2022. This means that figures for the financial year 2022/2023 are not directly comparable to figures for previous years, as figures for the later part of the year have been captured differently to reflect the way more accurately, we work with children and families, from when they are first introduced to us.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Report of the Board

The Board presents the annual report and financial statements for the year ended 31 March 2023. 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:

- To prevent abuse and neglect of children and
- 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

In our 5 year strategy from 2018-2023 our vision was 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.

Today, children and families are facing an unprecedented level of challenge, trauma and change. The cost-of-living crisis, ongoing political uncertainty and aftermath of the COVID-19 pandemic are having a profound impact on children, families and the organisations and services that are there to support them. In this rapidly changing context, we have decided to extend our strategic priorities which focus on prevention, protection and recovery to 2025.

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

Children 1st seek to realise our vision of a Scotland where every child can grow up happy, health, safe and secure in their own family by delivering on four strategic priorities:

- **Preventing** children from experiencing harm;
- **Protecting** children, families and their rights;
- Supporting children and families to **recover** from trauma, neglect, violence and abuse;
- Operational **Resilience**

The charity delivers on these through two intertwining strands of activity. Firstly, through the practical, emotional and financial support we offer individual children and families in their homes, schools and local communities to prevent them from reaching crisis, to protect them from harm and to support them to recover from trauma and abuse. Secondly, by working with decision-makers, other professionals, partners and funders to bring about transformational change so that systems and practice uphold the rights of every child and family in Scotland based on what families tell us they want and need.

Prevention

Offering Practical, Emotional and Financial Digital Family Support

At Children 1st we believe that children do well when families do well. Children 1st Parentline continued to offer support to families across Scotland at a touch of a button, offering support to 5,542 people within 2,249 families in support sessions in 2022/23. During the year, the Children 1st Parentline team have seen an increasing level of complexity in the circumstances and issues faced by families who have reached out for support. The top three reasons families reached out for support were their child's emotional wellbeing, family relationships and parental mental health and wellbeing.

Local Children 1st financial wellbeing teams continued to work alongside Children 1st Parentline to offer their support to families across Scotland.

Over the course of the year money advice teams put £926,757 back into families' pockets and helped families manage over £308,347 of debt.

Keeping children safe and loved at home and in communities

Alongside our Scotland-wide services, Children 1st Parentline, Children 1st Money Advice, Bide Oot, the Safeguarders Panel Team and Child Wellbeing and Protection in Sport, the charity offered prevention, protection and recovery support to children and families across 17 local authorities in Scotland in 2022/2023.

Making sure that families have strong support networks in their local community, can be an important way of helping to keep children safe from harm. With many children and families experiencing record levels of isolation over the last few years the charity continues to prioritise face-to-face group activities, helping families to address loneliness, to build supportive connections with peers and feel confident reaching out for additional support.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Offering group activities that families want and that feel accessible and non-stigmatising can be a positive way to introduce families to a greater level of practical, financial and emotional support. Activities like our supper club in Midlothian, our **Fit like?** summer programme in Aberdeen, or the Food Pantry in South Ayrshire help us to establish a more trusting relationship with families, giving them confidence to reach out for trauma-informed, more intensive support to address the complex challenges they face.

Protection

Offering rights-based services

Across all our services, children and families report that the greatest impact on their lives from working with Children 1st has been in improving their family relationships, improving their children's emotional health and keeping their children safer.

Upholding the Promise, that wherever it is safe to do so children will stay with their families and families will be actively supported to stay together, is what underpins the design and delivery of all of the support that we offer. In the Scottish Borders we began to develop new supports for brothers and sisters, who have to live apart, so that they continue to enjoy a strong relationship with each other.

Children 1st continued to lead the development of Family Group Decision Making (FGDM) in Scotland. Family Group Decision Making helps a child's wider family to come together to agree a family plan to support their child, before a life-changing decision is made about the child's future. In 2022/2023 we connected with 956 people across 382 families through our FGDM work while continuing to provide training and support to help other statutory agencies and partners to offer Family Group Decision Making to families they work alongside.

Ensuring children and family's voices are heard in the decisions that affect them

Listening to and responding to the needs of children, young people and their families is at the heart of everything we do. Over the year, we have made sure that children and families are at the centre of decisions about the development of Scotland's first **Bairns Hoose**, which will offer all the support child victims and witnesses need under one roof. We published. "Sharing Stories for Change" which brings together the views of children and young people who have been victims of crime. We also brought together a group of young people, Changemakers, who are continuing to shape both our **Bairns Hoose** pilot and future policy developments across Scotland. Thanks to players of People's Postcode Lottery, whose support is making **Bairns Hoose** possible, two young people, who we are working with, recorded Sophie's song, which shares Sophie's experience of being a victim of crime and her traumatic experience of going through the criminal justice system. Sophie's song has been shared with decision-makers and policy influencers to build support for **Bairns Hoose**.

During the year Children 1st Safeguarders Panel Team, who manage Safeguarders on behalf of the Scottish Government, introduced new resources and webpages to support children and families, who may be involved with a Safeguarder. A Safeguarder is an independent role, who can support a court or Children's Hearing to make a decision in the best interest of a child or young person. Through the webpages and the resources, the Team are supporting children and families to understand how Safeguarders should work with them and what to do if they have any concerns about a Safeguarder. The team worked with young people, who have been involved with Children's Hearings, involving them in all aspects of the planning, shortlisting, training and assessment of the new Safeguarders who were appointed this year.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Working with communities and partners across Scotland

Children 1st Child Wellbeing and Protection in Sport continued to support sports' governing bodies to keep children safe from harm and to advance their wellbeing through sport.

We are committed to putting anti-racism at the heart of Children 1st, and to achieve this we must understand and be actively working to dismantle systems of oppression; systems we have, and still benefit from, and that violate children's human rights.

We believe an anti-racist Children 1st will have the greatest impact for children in Scotland. So, we seek to transform our organisation to one that is continually responsive and flexible to the needs and experiences of any child in Scotland who needs or wants our support. This will require us to deepen our knowledge, particularly in areas we have considered to be our expertise.

Anti-racism training is being delivered to all staff and Board members to embed anti-racism into all aspects of our work. We have used a variety of communications to provide a platform for those with lived experience of racism to share so others can learn and we can all do better.

We have continued our partnership with Ardroy Outdoor Education Centre, supporting families we work alongside to increase their wellbeing and build stronger relationships during residential outdoor weekends in the wilds of Scotland. Families who have already experienced Bide Oot say it has helped them strengthen relationships, built their confidence and had a long-term positive impact on their mental health, relationships, and emotional wellbeing.

We were also delighted to continue our partnership with Dolly Parton's Imagination Library. With support from the public, the partnership enables us to gift a free book to children every month until their fifth birthday and to connect their families to an offer of wider practical, emotional and financial help through Children 1st. By the end of 2022/2023 around 887 children in Scotland were currently receiving books through the partnership.

Recovery

Developing directly accessible hubs based in communities

During 2022/2023 we continued to develop easily accessible, responsive supports for children and families, without waiting lists, wherever possible. East Renfrewshire, our Family Wellbeing Service, which provides an alternative to Children, Adolescent Mental Health Services (CAMHS) has a target to contact 90% of families within two weeks of being referred by their GP and are currently achieving 98% of the time. Most recent figures show that between June 2019 and May 2022 the number of repeat presentations by children and young people at their GPs reduced by 66% in the 6 month period after referral to the service, and more significantly a reduction of 86% in GP re-presentations at 6 months after completion of support from the service.

Fit Like? Family Wellbeing Service in Aberdeen continues to develop its agile and responsive approach to supporting whole families in Aberdeen. The collaboration between partner agencies including health, education, social work, community learning and development and alcohol and drugs partnership has supported over 1,100 children and their families get the right help at the right time

Children 1st
Report of the Board
For the Year ended 31 March 2023

creating accessible mental health support when needs emerge. The approach has family's views at the heart of its development and has iterated in response to the ever-changing needs of families in the city. As the impact of the pandemic begins to emerge for children, young people and their families and they are faced with a cost of living crisis Children 1st are at the helm of this innovative way of providing holistic support and ensuring that children are safe, protected and empowered to recover from the experiences that impact their emotional wellbeing. We are preparing for renewed funding opportunity to continue to embed this vital work in Aberdeen beyond 2024.

Transforming the system of care and justice for child victims and witnesses.

Children 1st successfully obtained cross-parliamentary support for the implementation of the Nordic Barnahus model for child victims and witnesses of all forms of violence. In the September Programme for Government, there is full commitment to offer a **Bairns Hoose** to every eligible child victim and witness by 2025. With our first **Bairns Hoose** to be situated in East Renfrewshire, we are working alongside children, young people and their families, the Children 1st Delivering the Vision Group, our International Research Advisory Group, the Scottish Government, Victim Support Scotland, the University of Edinburgh, Children England, People's Postcode Lottery, the Scottish Parliament and other professionals, academics and supporters to share the learning from our pilot to transform the system so every child victim and witness can get all the support they need through a **Bairns Hoose**. High quality evaluation work undertaken by academics from the University of Edinburgh demonstrated the need for **Bairns Hoose** in their [North Strathclyde Bairns Hoose Evaluation Phase One report](#) (March 2023). The participation of children and young people has been at the heart of the development to ensure all children are seen, heard and supported with their rights upheld. We are a valued Associate members of the European PROMISE Barnahus network, participating in a series of projects and were asked to present at the European Forum in Sweden in December 2022.

Resilience

During the year the charity completed an ambitious project to transform our culture and practice in recording how we work alongside families. The new system was launched in September 2022 and replaced an ageing recording system. The new system and approach supports our work with children and families, respects the rights of those whose data we hold and will enable us to better evidence the quality and impact of our work in an easy and straight forward way.

Like many organisations in the Health and Social Care sector, recruitment and retention has been a challenge for Children 1st during the last 12 months. During the year we commenced a "Value and Reward Review", working with an external specialist consultant to identify and implement a value and reward package that will attract and retain the best colleagues at Children 1st. Through extensive consultation with colleagues and benchmarking with other sector leaders we were able to identify what factors are important to colleagues and what makes Children 1st a great place to work. A new value and reward offer will be made to colleagues later in 2023 and will sit alongside the refreshed flexible working framework which is being developed with Flexibility works. This will cover not only financial reward but other benefits of working with Children 1st such as learning and development opportunities, work life balance and wellbeing support.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Fundraising

Throughout 2022/2023 we have faced a challenging external environment. As the world has adapted to a post-COVID environment many of the traditional methods of fundraising have changed such as engagement with events and giving behaviours, whilst events like the war in Ukraine, economic turmoil and cost of living crisis have placed huge pressure on our supporters.

Despite these challenges, in the fourth year of our fundraising strategy, which aims to inspire people in Scotland to raise funds and to put children first, we raised a gross income of £4,589,000 with a net contribution to the Charities activities of just under £3,296,000 from donations and legacies.

Children 1st continues to benefit from a broad portfolio of voluntary income streams. Community, events, workplace fundraising, and donor acquisition have been challenging, however, we've been able to sustain our support from corporate partnerships, charitable trusts, and individual donors.

Highlights from 2022/2023

We know that we need a varied fundraising portfolio with activities and propositions which will engage and excite our audiences but also are conscious that we need to focus on parts of our income that will show the greatest benefits for the investment we are making. Over the past year we've tested some new activity and formed new partnerships as we worked creatively to raise funds.

Highlights from the year included:

We entered an innovative new partnership with the Thistle Foundation to explore a new way of acquiring regular givers. This included employing a dedicated face to face fundraising team who engage potential supporters in communities across Scotland for both Charities.

We have trialled new ways of engaging supporters digitally through Facebook challenges, local crowdfunding appeals and campaigns alongside our partnership with the Dollywood Foundation which continues to inspire people to support children through the joy of reading.

We have engaged supporters through core strategic priorities. For example, we have secured support from companies like Weir Group and MODA who have been able to provide extensive support to the building of Scotland's first **Bairns Hoose** by providing a kitchen, white goods, flooring and financial support.

Grateful thanks

Words cannot do justice to how grateful we are to the players of the People's Postcode Lottery who donated £1,275,000 to support our services across Scotland. We are indebted to the ongoing support we receive which now totals over £10,000,000 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 are grateful to benefit from committed support from organisations such as Deloitte, as part of their Five Million Future strategy, from the Scottish Football Association and we are delighted to welcome new partners, including the Weir Group, to the Children 1st family and look forward to working with them to deliver their ambitions.

Children 1st
Report of the Board
For the Year ended 31 March 2023

A special thanks to The Robertson Trust, STV Children's Appeal, Northwood Charitable Trust, Comic Relief, The National Lottery Community Fund, William Grant Foundation, and the Cattanach Charitable Trust who continue to partner with us to fund services and projects across Scotland.

Our commitment to best practice

We are incredibly grateful to everyone who chooses to support Children 1st. All our fundraisers, fundraising policies, and activities, fully comply 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 Chartered Institute of Fundraising events and internally within teams and at our 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 three complaints (2022: Three) relating to fundraising activity, any complaints are resolved in line with our complaints policy and procedure.

Volunteers

Volunteers are at the heart of Children 1st, contributing to delivery of services to children 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.

We are incredibly grateful to the 79 fundraising volunteers and 9 volunteer Children 1st Action Groups who have supported the charity by hosting events, helping at collections and raising awareness of our vital work. Over the year our fundraising volunteers raised £35,500 in total.

Financial Review

Income from donations and legacies has increased 10.6 % on the previous year from £4,148,000 to £4,589,000. In 2022/2023 we have included £29,000 (2022: £133,000) of donated services. Grant income increased by 5.0% from £9,056,000 to £9,508,000. Over £70,000 of this increase was due to the increase in the reimbursement to Safeguarders for fees and expenses under our management contract with the Scottish Government. In addition, we saw increased activity across several services resulting in increased income.

The value of our investment portfolio decreased by £151,000 (-7.8)% over the year to £1,773,000 from £1,924,000). This decline reflects the continued market uncertainty following the invasion of Ukraine by Russia and the nervousness of world-wide financial markets. The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Expenditure on raising funds increased 12% compared to the previous year.

Expenditure on charitable activities increased by 13%, this includes the rise of £70,000 in fees and expenses paid to Safeguarders mentioned above. The increase was also due to the introduction of new services and increased activity in existing services. In addition, we were able to increase the practical support provided to children and families through funding received in response to our fundraising activities.

The percentage paid to staff, as a percentage of overall expenditure was 64%. (2021/22 - 70%). Staff numbers rose to 256 FTE an increase of 14 on the previous year. (2021/2022 242 FTE)

The results for the year have been achieved as the Charity has invested in its staff and services focusing on its operations to support children and families in Scotland. We have continued to raise more funds than in recent years after allowing for the large legacy received in 2020/2021 and have raised funds to support both ongoing activities and for those affected by the pandemic.

The increased funding raised by fundraising colleagues allowed our Children and Family services to spend more on practical support at this difficult time due to the cost of living crisis. We have also seen the increased expansion of other services, allowing us to spend more on those we support. Overall, the results represent a consolidation of our 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 2023, the charity's net assets on the balance sheet are £8,026,000 compared to £8,621,000 at 31 March 2022. 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 2018-2025; 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

Children 1st
Report of the Board
For the Year ended 31 March 2023

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 £3,105,000 an increase of £387,000 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) to not less than three months relevant costs. This was deemed to be £2,073,000 from the budgeted expenditure figure, and the year-end total of unrestricted and designated funds (excluding the Fixed Asset Designated Reserve) equals £5,016,000 equating to 6 months of actual expenditure. Consequently, the year-end position exceeds this policy by £2,943,000. The Board recognises that this position is above its acceptable range of tolerance, however it expects that the proposed designated expenditure on major fixed asset projects in the forthcoming year will rectify this position.

Designated Funds

Designated funds totalling £4,268,000 are unrestricted funds which have been assigned by the charity for specific purposes in the future and includes the Fixed Assets designated reserve (£2,357,000) 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 from general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges. In the budget for 2023/2024 Board has designated funds to carry out major capital and infrastructure projects in line with our strategic ambitions and goals. This includes another **Bairns Hoose**, scaling our Money Advice work to support families across Scotland and work to improve our research and evidence to ensure our work has the maximum impact to the lives of children and families.

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 £497,000 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 £52,000.

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 by £188,000. (2021/2022 increase of £63,000). Performance remained poor at the early stages of the financial year due to the ongoing impact of the war in Ukraine. The last quarter started optimistically with growth in the portfolio but difficulties in the banking sector in the US and Europe adversely impacted markets in March. The Board remains confident in the suitability of its investment strategy.

The investment portfolio is maintained with Brewin Dolphin who are investment advisors to the Board of Trustees. Investment decisions are reviewed by the Finance, Audit and Risk 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

Children 1st
Report of the Board
For the Year ended 31 March 2023

real long-term capital returns over time through the diversification of both income and potential capital gains. At the year end, the portfolio had 15% in fixed income, 70% 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 advised that it is important that the holdings within the portfolio are sensitive to the objectives and mission of Children 1st. The Trustees are committed to conducting their financial affairs in a responsible manner consistent with the ethical obligations of stewardship and relevant legal requirements.

Instruction has therefore been given to the investment manager to avoid 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.

In addition, the Trustees wish to avoid direct investment into companies that have attracted critical and high allegations related to child labour or forced labour within their own operations or supply chain. The Trustees also wish to avoid direct investment into companies that have been accused of significant or minor allegations related to child labour and forced labour where the response from the company has been reactive or uncommunicative.

The Trustees acknowledge that the exclusion of companies involved in the above areas is not possible when investing through pooled funds, although 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.

The Trustees may see fit to exclude other areas from the investment portfolio in the future and they will inform the investment managers of any changes to the ethical policy.

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

The Trustees are confident that the Charity has sufficient funds and certainty of funding for it to continue to operate over the foreseeable future.

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 just over £4.2 million and near-cash investments that can be easily liquidated of over £1.7 million. Of the £4.2 million, £1.9 million related to cash for designated projects that have not yet been carried out.

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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

- 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 2025.
- 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 financial statements.

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 Finance, 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. The three key strategic risks highlighted in the risk register are:

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 several 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.

Financial Sustainability risk: we aim to mitigate poor financial sustainability by ensuring timely, accurate management information for decision making and regular financial updates to the Board and longer term financial forecasting.

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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Future Plans

We are aware that the coming years will continue to be challenging. This has become more acute given the path to economic recovery post-covid, the impact of inflation on families and the war in Ukraine. 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 strategic priorities and the underpinning operational aims.

An extension to the current strategic plan to 2025 has been developed to continue the work of the organisation given the ongoing challenges facing children and families following the 2 year impact of the pandemic. We remain committed to delivering our vision 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.

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 2021 Annual General Meeting in order to update the requirements surrounding membership of the charity were approved under seal by the Privy Council in February 2022.

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 145 members of the charity as at 31 March 2023

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 normally meets 4 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 two subcommittees of the Board: Finance, Audit and Risk Committee and the Governance and Nominations Committee. 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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

The Executive Leadership team comprises the Chief Executive and three 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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

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:



Maggie Craig MA
Chair

Date: 11 September 2023

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2023 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, as amended.

We have audited the financial statements of Children 1st ("the Charity") for the year ended 31 March 2023 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 themselves. 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 given in the Trustees' Report is inconsistent in any material respect with the financial statements;

- 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

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 Act 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Charity's and the sector in which it operates;
- Discussion with management, those charged with governance and the Finance, Audit & Risk Committee
- Obtaining and understanding of the Charity's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the applicable accounting framework (UK GAAP and the Charities SORP).

The Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of confirmations received from the entity's solicitor.

Children 1st
Report of the Board
For the Year ended 31 March 2023

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Charity's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the completeness of legacy income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including legacy income recognition and impairment of fixed assets;
- Selecting samples of legacy income from legacy records maintained by fundraising and agreeing to supporting documentation and confirming the income was recognised in the correct period; and
- Reviewing open legacies at year end for evidence of legacies which met the recognition criteria but had not been recognised.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Children 1st
Report of the Board
For the Year ended 31 March 2023

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.

DocuSigned by:

Martin Gill

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Martin Gill

BDO LLP, statutory auditor

Edinburgh

Date **12 September 2023**

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 2023

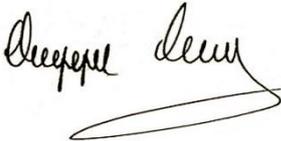
	Notes	2023					Total £000's	2022 Total £000's
		Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Reserve £000's	Restricted Funds £000's	Endowment Funds £000's		
Income and endowments from:								
Donations and legacies	4	3,266	-	-	1,323	-	4,589	4,148
Charitable activities	5	5,853	-	-	3,655	-	9,508	9,056
Investments		56	-	-	-	-	56	42
Other income		77	-	-	-	-	77	-
Total income		9,252	-	-	4,978	-	14,230	13,246
Expenditure on:								
Raising funds	7	692	30	-	571	-	1,293	1,160
Charitable activities	6	6,844	400	-	6,024	-	13,268	11,654
Total expenditure		7,536	430	-	6,595	-	14,561	12,814
Total income less expenditure		1,716	(430)	-	(1,617)	-	(331)	432
Net gains/ (losses) on investments		(76)	-	(188)	-	-	(264)	30
Net income/(expenditure)		1,640	(430)	(188)	(1,617)	-	(595)	462
Transfer between funds	22-24	(1,253)	746	(76)	583	-	-	-
Net movement in funds		387	316	(264)	(1,034)	-	(595)	462
Reconciliation of funds:								
Total funds brought forward		2,718	3,952	368	1,531	52	8,621	8,159
Total funds carried forward	19-24	3,105	4,268	104	497	52	8,026	8,621

The notes on pages 29 to 49 form part of these financial statements

Children 1st
Balance Sheet
As at 31 March 2023

		31 March 2023		31 March 2022
	Notes	£000's		£000's
Fixed Assets				
Tangible Assets	12	1,694		1,187
Intangible Assets	13	663		320
Investments	14	1,773		1,924
		4,130		3,431
Current Assets				
Debtors	15	1,713		1,595
Cash at bank and in hand	16	4,213		5,770
		5,926		7,365
Liabilities				
Creditors: Amounts falling due within one year	17	2,030		2,175
		3,896		5,190
Total net assets		8,026		8,621
The funds of the charity				
Restricted Funds	20	497		1,531
Endowment Fund	21	52		52
Unrestricted Funds	22	3,105	2,718	
Designated Funds	23	4,268	3,952	
Revaluation Reserve	24	104	368	
Total unrestricted funds		7,477		7,038
Total charity funds		8,026		8,621

The financial statements were authorised for issue by the Trustees on 05 September 2023 and signed on their behalf by:



Maggie Craig M.A.
Chair



Brian Davidson M.A., C.A.
Hon. Treasurer

The notes on pages 29 to 49 form part of these financial statements.

Children 1st
Statement of Cash Flows
For the Year ended 31 March 2023

	Notes	Year Ended 2023 £000's	Year Ended 2022 £000's
Net income/ (expenditure) for the period		(595)	462
Adjustments for			
Depreciation charge	12	68	90
Amortisation charge	13	141	58
Losses/ (gains) on Investments		264	(29)
Dividends, interest and rents from investments		(56)	(42)
Decrease/ (increase) in debtors		(118)	1,629
(Decrease)/ increase in creditors		(145)	50
Net cash flows from operating activities		<u>(441)</u>	<u>2,218</u>
Cash flows from investing activities			
Investment income		56	42
Purchase of property, plant and equipment	12	(575)	(278)
Purchase of intangible assets	13	(484)	(239)
Proceeds from sale of investments		275	221
Purchase of investments	14	(388)	(254)
Net cash used in investing activities		<u>(1,116)</u>	<u>(508)</u>
Change in cash and cash equivalents in the reporting period		(1,557)	1,710
Cash and cash equivalents at the beginning of the reporting period		5,770	4,060
Cash and cash equivalents at the end of the reporting period	16	<u><u>4,213</u></u>	<u><u>5,770</u></u>

The notes on pages 29 to 49 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 financial statements are denominated in pounds sterling (GBP). The financial statements are rounded to the nearest £1,000. 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

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 to the end of the period of the Strategic Priorities of 31 March 2025.
- 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 financial statements.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

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 facilitates 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.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

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 Land & Buildings	– straight line over term of lease
Motor Vehicles	– 25% straight line
Freehold Land & Buildings	– 2% straight line
Fixtures and Office Equipment	– 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
-------------------	---------------------

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

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.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

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. This judgement is usually based on the estimate of solicitors involved in the distribution of the estate.

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 2023

3. COMPARATIVE STATEMENTS OF FINANCIAL ACTIVITIES

	2022					Total £000's
	Unrestricted General Funds £000's	Unrestricted Revaluation Reserve £000's	Unrestricted Designated Funds £000's	Restricted Funds £000's	Endowment Funds £000's	
Income and endowments from:						
Donations and legacies	3,429	-	-	719	-	4,148
Charitable activities	4,366	-	-	4,690	-	9,056
Investments	42	-	-	-	-	42
Other Income	-					-
Total income	7,837	-	-	5,409	-	13,246
Expenditure on:						
Raising funds	131	-	-	1,029	-	1,160
Charitable activities	7,468	-	-	4,186	-	11,654
Total expenditure	7,599	-	-	5,215	-	12,814
Total income less expenditure	238	-	-	194	-	432
Net gains/ (losses) on investments	1	-	29	-	-	30
Net income/(expenditure)	239	-	29	194	-	462
Transfer between funds	(207)	238	(31)	-	-	-
Net movement in funds	32	238	(2)	194	-	462

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

4. DONATIONS AND LEGACIES

	2023 £000's	2022 £000's
Individuals and Community	509	545
Trusts, Organisations and Corporate Bodies	1,741	1,148
People's Postcode Lottery	1,275	975
Legacies (note 27)	1,035	1,347
Donated Services	29	133
Total donations and legacies	<u>4,589</u>	<u>4,148</u>

5. CHARITABLE ACTIVITIES

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

2023	Restricted £000's	Unrestricted £000's	2023 £000's	2022 £000's
Scottish Government	1,838	718	2,556	2,733
Local Authorities	716	3,887	4,603	3,852
Other Bodies	1,100	1,040	2,140	2,079
Services Income	<u>1</u>	<u>208</u>	<u>209</u>	<u>392</u>
Total	<u>3,655</u>	<u>5,853</u>	<u>9,508</u>	<u>9,056</u>

In the year, the charity received funding of £2,704,000 (2022: £2,733,000) from the Scottish Government. Of this, £1,429,000 (2022: £1,358,000) 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.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

5. CHARITABLE ACTIVITIES (CONTINUED)

2022	Restricted	Unrestricted	2022
	£000's	£000's	£000's
Scottish Government	1,863	870	2,733
Local Authorities	939	2,913	3,852
Other Bodies	1,842	237	2,079
Services Income	<u>46</u>	<u>346</u>	<u>392</u>
Total	<u>4,690</u>	<u>4,366</u>	<u>9,056</u>

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct Costs	Support Costs (Note 8)	Total 2023	Total 2022
2023	£000's	£000's	£000's	£000's
Employment costs	7,570	913	8,483	7,912
Other employment costs	144	120	264	220
Vehicle and travel costs	173	13	186	133
Property costs	287	72	359	360
Services costs	3,276	12	3,288	2,311
Office costs	300	245	545	495
Publicity costs	14	30	44	70
Professional fees	141	90	231	231
Other costs	0	(151)	(151)	(93)
Governance costs (note 9)	14	5	19	15
Total	<u>11,919</u>	<u>1,349</u>	<u>13,268</u>	<u>11,654</u>

Donated services of £19,000 are included within services costs.

	Direct Costs	Support Costs (Note 8)	Total 2022
2022	£000's	£000's	£000's
Employment costs	7,015	897	7,912
Other employment costs	143	77	220
Vehicle and travel costs	126	7	133
Property costs	245	115	360
Services costs	2,306	5	2,311
Office costs	237	258	495
Publicity costs	3	67	70
Professional fees	31	200	231
Other costs	-	(93)	(93)
Governance costs	-	15	15
Total	<u>10,106</u>	<u>1,548</u>	<u>11,654</u>

Donated services of £130,000 are included within services costs.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

7. EXPENDITURE ON RAISING FUNDS

	Direct Costs	Support Costs (Note 8)	Total 2023	Total 2022
2023	£000's	£000's	£000's	£000's
Employment costs	791	69	860	807
Other employment costs	42	9	51	64
Vehicle and travel costs	18	1	19	5
Property costs	22	5	27	27
Services costs	10	1	11	5
Office costs	58	18	76	65
Publicity costs	236	2	238	137
Professional fees	9	7	16	49
Other costs	6	(11)	(5)	(1)
Total	<u>1,192</u>	<u>101</u>	<u>1,293</u>	<u>1,160</u>

Donated services of £10,000 are included within publicity costs

	Direct Costs	Support Costs (Note 8)	Total 2022
2022	£000's	£000's	£000's
Employment costs	739	68	807
Other employment costs	58	6	64
Vehicle and travel costs	4	1	5
Property costs	19	8	27
Services costs	5	-	5
Office costs	46	19	65
Publicity costs	132	5	137
Professional fees	34	15	49
Other costs	6	(7)	(1)
Total	<u>1,043</u>	<u>115</u>	<u>1,160</u>

Donated services of £5,000 are included within publicity costs.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

8. SUPPORT COSTS

2023	Services to Children & Families £000's	Raising Funds £000's	Governance Costs (Note 9) £000's	Total 2023 £000's	Total 2022 £000's
Employment costs	913	69	-	982	965
Other employment costs	120	9	-	129	83
Vehicle and travel costs	13	1	-	14	8
Property costs	72	5	-	77	123
Services costs	12	1	-	13	5
Office costs	242	18	-	263	277
Publicity costs	30	2	-	32	72
Professional fees	90	7	-	97	215
Other costs	(151)	(11)	18	(144)	(84)
Total	1,344	101	18	1,463	1,664

2022	Services to Children & Families £000's	Raising Funds £000's	Governance Costs (Note 9) £000's	Total 2022 £000's
Employment costs	897	68	-	965
Other employment costs	77	6	-	83
Vehicle and travel costs	7	1	-	8
Property costs	115	8	-	123
Services costs	5	-	-	5
Office costs	258	19	-	277
Publicity costs	67	5	-	72
Professional fees	200	15	-	215
Other costs	(93)	(7)	15	(84)
Total	1,533	115	15	1,664

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

9. GOVERNANCE COSTS

2023	Services to Children & Families £000's	Total 2023 £000's	Total 2022 £000's
Auditor's remuneration:			
- Audit fees	18	18	15
Total	<u>18</u>	<u>18</u>	<u>15</u>

In the year, fees of £2,000 were paid over to the Charity's auditors in respect of non-audit services (£2022: £1,000)

10. EMPLOYEE BENEFIT EXPENSES

	2023 £000's	2022 £000's
Wages and Salaries	7,804	7,352
Social Security Costs	798	693
Pension Costs - Defined Contribution Schemes	638	638
Other Employment Costs	103	36
	<u>9,343</u>	<u>8,719</u>

Redundancy and termination costs of £52,000 (2022: £19,000) were incurred in the year and are included within other employment costs. £nil of these costs were accrued at year end (2022: £nil).

There were four employees whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2022: 3). Three employee's emoluments fell within the £60,000 to £70,000 band (2022: 2), and the other employee fell within the £80,000 to £90,000 bracket (2022: 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 Business Development. The employee benefits for key management totalled £346,000 (2022: £385,000).

The average headcount for the year was 284 (2022: 282) and the average full-time equivalent was 256 (2022: 242).

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

10. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

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

	2023	2022
Fundraising	17	16
Support	25	17
Children and Family Services	214	209
Total	256	242

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 189 volunteers contributing to the following services:

	2023	2022
Children and Family Services	49	49
Parentline	43	56
Fundraising	79	84
Board members	16	17
Specialist	1	6
Total	188	212

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 £124 (2022: £110) were reimbursed to one Board member in the year (2022:1).

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

12. TANGIBLE ASSETS

	Freehold Land & Buildings £000's	Leasehold Land & Buildings £000's	Fixtures & Office Equipment £000's	Computers £000's	Assets Under Construction £000's	Total £000's
Cost						
At 1 April 2022	1,420	88	77	87	278	1,950
Additions	-	18	-	108	449	575
At 31 March 2023	1,420	106	77	195	727	2,525
Depreciation						
At 1 April 2022	554	79	70	60	-	763
Charge for the year	29	11	2	26	-	68
At 31 March 2023	583	90	72	86	-	831
Net Book Value						
At 31 March 2023	837	16	5	109	727	1,694
At 31 March 2022	866	9	7	27	278	1,187

The additions in Assets Under Construction column relate to capital expenditure at Capelrig (Big Bairns Hoose) and Crosslees (Wee Bairns Hoose). The **Bairns Hoose** officially opened on Tuesday 29th August 2023. There will be no depreciation charged until the asset is in full use.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

13. INTANGIBLE ASSETS

	Computer Software	Assets Under Construction	Total
	£000's	£000's	£000's
Cost			
At 1 April 2022	456	238	694
Additions	208	276	484
Transfer	514	(514)	-
At 31 March 2023	<u>1,178</u>	<u>-</u>	<u>1,178</u>
Amortisation			
At 1 April 2022	374	-	374
Charge for the year	<u>141</u>	<u>-</u>	<u>141</u>
At 31 March 2023	<u>515</u>	<u>-</u>	<u>515</u>
Net Book Value			
At 31 March 2023	<u>663</u>	<u>-</u>	<u>663</u>
At 31 March 2022	<u>82</u>	<u>238</u>	<u>320</u>

The new Recording Our Work software came into operation in September 2022.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

14. INVESTMENTS

	2023 £000's	2022 £000's
Quoted Investments		
Market value as at 1 April 2022	1,924	1,861
Disposals during the year	(351)	(220)
Additions during the year	388	254
Unrealised (losses)/ gains on investments	(188)	29
Market value at 31 March 2023	<u>1,773</u>	<u>1,924</u>
Cash as part of portfolio (note 16)	45	38
Balance carried forward at 31 March 2023	<u>1,818</u>	<u>1,962</u>

No investments (2021: 1) individually exceed 5% of the portfolio.

Investments were split as follows:

Asset Allocation	2023		2022	
	£000's	%	£000's	%
Fixed income	272	15%	255	13%
Equities	1,261	70%	1,433	73%
Alternatives	240	13%	176	9%
Cash	45	2%	38	2%
Other	-	0%	60	3%
	<u>1,818</u>		<u>1,962</u>	

	2023 £000's	2022 £000's
Historical cost of investments	1,669	1,556
Cash held for investments	45	38
	<u>1,714</u>	<u>1,594</u>

15. DEBTORS

	2023 £000's	2022 £000's
Trade debtors	667	988
Sundry debtors	31	1
Prepayments	76	103
Accrued income	939	503
	<u>1,713</u>	<u>1,595</u>

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

16. CASH AND CASH EQUIVALENTS

	2023 £000's	2022 £000's
Cash at bank and in hand	4,168	5,732
Cash as part of the investment portfolio	45	38
	<u>4,213</u>	<u>5,770</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000's	2022 £000's
Trade creditors	116	334
Pensions creditor	63	65
Other creditors	33	1
Accruals and deferred Income	1,228	1,162
Taxation and social security	590	613
	<u>2,030</u>	<u>2,175</u>

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

	2023 £000's	2022 £000's
Opening balance	683	849
Income deferred	695	679
Income recognised	(683)	(845)
Closing balance	<u>695</u>	<u>683</u>

18. FINANCIAL ASSETS AND LIABILITIES

	2023 £000's	2022 £000's
Financial assets at fair value	1,773	1,923

Financial assets at fair value comprise quoted investments.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

19. ANALYSIS OF NET ASSETS BY FUNDS

The fund balances at 31 March 2023 are represented by:

	Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total £000's
Fixed Assets	-	2,357	-	-	-	2,357
Investments	1,669	-	104	-	-	1,773
Net Current Assets	1,436	1,911	-	497	52	3,896
As at 31 March 2023	3,105	4,268	104	497	52	8,026

Investments

The fund balances at 31 March 2022 are represented by

	Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total £000's
Fixed Assets	-	1,507	-	-	-	1,507
Investments	1,556	-	368	-	-	1,924
Net Current Assets	1,162	2,445	-	1,531	52	5,190
As at 31 March 2022	2,718	3,952	368	1,531	52	8,621

20. RESTRICTED FUNDS

	Balance at 1 April 2022 £000's	Income £000's	Expenditure £000's	Transfers In/(Out) £000's	Balance at 31 March 2023 £000's
Local Authority Funds - various	132	777	(1,353)	583	139
Scottish Government - various	-	1,691	(1,691)	-	-
People's Postcode Lottery Dream Trust	663	782	(1,130)	-	315
Capital City Partnership	-	300	(257)	-	43
Corra Foundation	-	593	(593)	-	-
Other Funds	736	835	(1,571)	-	-
Total Restricted Funds	1,531	4,978	(6,595)	583	497

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

2022	Balance at 1 April 2021 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2022 £000's
Local Authority Funds - various	117	939	(924)	132
Scottish Government - various	140	1,864	(2,004)	-
People's Postcode Lottery Dream Trust	742	-	(79)	663
Robertson Trust	-	348	(348)	-
Capital City Partnership	-	423	(423)	-
Corra Foundation	26	505	(531)	-
Other Funds	312	1,330	(906)	736
Total Restricted Funds	1,337	5,409	(5,215)	1,531

20. RESTRICTED FUNDS (CONTINUED)

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

People's Postcode Lottery Dream Trust

When children experience the trauma of being a victim or witness of crime, they have a right to get all the care, support and justice they need to recover and thrive. Thanks to an award from players of the [People's Postcode Lottery](#) through the Postcode Dream Trust, Children 1st is leading a partnership to make these rights a reality for every child. With partners [Victim Support Scotland](#), [The University of Edinburgh](#) and [Children England](#), we are piloting Scotland's first Bairns Hoose.

When children experience the trauma of being a victim or witness of crime, they have a right to get all the care, support and justice they need to recover and thrive. Scotland's first Bairns Hoose will be a child-friendly, safe and welcoming place for children to go to once a crime has been reported and is based on an internationally renowned model first developed in Iceland, called Barnahus. The Barnahus model brings together justice, health, social work and recovery support, to best meet the needs of child victims and witnesses.

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.

Other funds consist of several smaller funds from a number of funders for specific projects. There

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

are no funds greater than £150,000 not separately disclosed.

21. ENDOWMENT FUNDS

2023	Balance at 1 April 2022	Income	Expenditure	Balance at 31 March 2023
	£000's	£000's	£000's	£000's
MacLagan Bequest	52	-	-	52

2022	Balance at 1 April 2021	Income	Expenditure	Balance at 31 March 2022
	£000's	£000's	£000's	£000's
MacLagan Bequest	52	-	-	52

The endowment fund earned interest of £nil (2022: £nil). 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

2023	Balance at 1 April 2022	Income	Expenditure	Net loss on investments	Transfers In / (out)	Balance at 31 March 2023
	£000's	£000's	£000's	£000's	£000's	£000's
Unrestricted Funds	2,718	9,252	(7,536)	(76)	(1,253)	3,105

2022	Balance at 1 April 2021	Income	Expenditure	Neg gains on investments	Transfers In / (out)	Balance at 31 March 2022
	£000's	£000's	£000's	£000's	£000's	£000's
Unrestricted Funds	2,686	7,837	(7,599)	1	(207)	2,718

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2023

23. DESIGNATED FUNDS

2023	Balance at 1 April 2022	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2023
	£000's	£000's	£000's	£000's	£000's
Fixed Assets	1,507	-	-	850	2,357
Investment in Developing Services to Children	2,445	-	(430)	(104)	1,911
Total Designated Funds	3,952	-	(430)	746	4,268

2022	Balance at 1 April 2021	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2022
	£000's	£000's	£000's	£000's	£000's
Fixed Assets	1,138	-	-	369	1,507
Investment in Developing Services to Children	2,576	-	-	(131)	2,445
Total Designated Funds	3,714	-	-	238	3,952

The Fixed Assets designated reserve comprises £2,357,000 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 from general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges. This year the Board has designated funds to carry out major capital and infrastructure projects in line with our strategic ambitions and goals. This includes another **Bairns Hoose**, scaling our Money Advice work to support families across Scotland and work to improve our research and evidence to ensure our work has the maximum impact to the lives of children and families.

24. REVALUATION RESERVE

2023	Balance at 1 April 2022	Gains / (losses) on investments	Transfers In / (out)	Balance at 31 March 2023
	£000's	£000's	£000's	£000's
Revaluation	368	(188)	(76)	104

2022	Balance at 1 April 2021	Gains on investments	Transfers In / (out)	Balance at 31 March 2022
	£000's	£000's	£000's	£000's
Revaluation	370	29	(31)	368

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
Notes to the Financial Statements
For the Year ended 31 March 2023

25. OPERATING LEASES

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

	2023	2022
	£000's	£000's
Not later than one year	66	54
Within two to five years	91	102
Later than five years	-	-
	157	156

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

Operating lease expenditure charged in the year was £139,000 (2022: £118,000)

26. NET DEBT RECONCILIATION

2023	Balance at 1 April 2022	Cash flows	Balance at 31 March 2023
	£000's	£000's	£000's
Cash at bank and in hand	5,770	(1,557)	4,213

2022	Balance at 1 April 2021	Cash flows	Balance at 31 March 2022
	£000's	£000's	£000's
Cash at bank and in hand	4,060	1,710	5,770

27. LEGACIES

	2023	2022
	£000's	£000's
Legacies receivable in year	1,035	1,347

In 2023, legacies were receivable from 42 legators (2022: 44)

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.

28. SUBSEQUENT EVENTS

There were no subsequent events.