

Children 1st
Annual Report and Financial Statements
2016-17

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Foreword

It gives me great pleasure to introduce the Annual Report from Children 1st, my first since taking over from Graeme Bissett. I would want first to thank Graeme for an outstanding nine years committed to the growth of Children 1st and the maintenance and development of a diversity of support for Scotland's vulnerable children and families. His steering of the organization through the most difficult of financial times has been exemplary. This report then is very much a legacy of that commitment and leadership. It was an enormous privilege and honour to be asked to take over from Graeme. I noted with interest in his last report the three constants of the continuing need for the charity's services, the funding constraints and the ability of the staff at all levels to respond to these challenges. That litmus test still applies.

It is no surprise that high on the government's agenda is the need to address the plight of thousands of young people and their families through poverty and a range of traumatic circumstances. It has absolutely set its mind to trying to give as many as possible the best start in life despite these circumstances. In this they are acutely aware of the work of Children 1st and appreciate its commitment countrywide to alleviate such distress and improve outcomes for these young people. As you will see from this Report, the views of our staff are sought out regularly as policy is developed and on the ground the impact of our workers is recognised and deeply appreciated, firstly by families themselves as they experience the support first hand, and also by local authorities, schools and government as the positive outcomes contribute to the overall wellbeing of society.

In the Report I hope you are hugely encouraged by the range of services provided, the number of lives touched and the incredible flexibility of the staff to adapt to rapidly changing circumstances while never losing sight of the overall vision of putting a smile on every child's face and giving them reasons to prosper. It has been again a challenging year, in particular with a number of key staff changes. My thanks to all who have helped us in the past, who continue with us, often with a changed remit, and who have recently joined us to take up key positions. I am very confident the team in place will continue to take the charity forward positively while addressing the range of challenges at all levels that face us in these days. The impact of strength based, relational and restorative approaches at the heart of all our work is clearly seen from the range of positive outcomes evidenced across the range of services, national and local.

None of this would be possible without the continuing financial support from a wide range of sources, private, public and personal, and my thanks to everyone who has helped us to fulfil our objectives despite difficult funding times. Likewise our over 550 volunteers are testament to both the commitment of individuals to this worthy cause as well as to their own personal fulfilment. Recent further recognition from Investors in People confirms that for all of us, volunteers and employed staff, Children 1st is a great place to serve not least because of the impact and outcomes noted in the Report. My thanks personally for all the goodwill and tolerance I have been shown in my first year as Chair from everyone throughout the charity but in particular, on behalf of every child or family who has been helped, my thanks for all your commitment, skill and resilience day to day. Because of you, Children 1st is in a good place.

On behalf of the Board of Management

Dr Ken Cunningham CBE
Chair

Report of the Board of Management

The Board of Management presents the annual report and financial statements for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts 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 Corporation as set out in the Royal Charter are:

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

In furtherance of the foregoing objects the Corporation shall work:

- (i) To build the strengths of children who are vulnerable.
- (ii) To enhance the lives of such children by supporting parents.
- (iii) To champion the rights and interests of such children.
- (iv) To do all such other lawful things as are considered expedient for or consistent with the attainment of the objects of the Corporation.

Vision

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

Mission

By working together with, and listening to children, young people, their families and communities; and by influencing public policy and opinion, we help to change the lives of vulnerable children and young people for the better.

Values

1. **Involving others in our work** *We believe that the best possible outcomes are achieved with the active participation and inclusion of children, young people, their families and our staff and volunteers.*
2. **Treating everyone with respect** *We are committed to treating everyone with respect and fairness- children, young people, their families, our staff and volunteers are all different and equally valued.*
3. **Being the best at what we do** *Scotland's children and young people deserve the best quality support. We strive for the highest possible standards in all areas of our work - having a can-do approach.*
4. **Being responsible and accountable** *We are committed to providing quality services by using our resources wisely. We take responsibility for our actions and are open and transparent in all we do.*

Strategic Plan

Our 2013-18 strategy was constructed with the key aim of seeking to improve the lives of Scotland's children. There are two key strands to the strategy:-

- To provide excellent services which promote the safety and wellbeing of vulnerable children and young people.
- To be a strong public voice for vulnerable children and young people to positively influence public policy and opinion.

The progress we have made towards these goals is detailed in the Achievements and Performance section below.

Achievements and Performance

Children 1st measures and evaluates its work against the Scottish Government's health and wellbeing indicators - Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible and Included (SHANARRI).

We help Scotland's families to put children first with practical advice and support in difficult times. When the worst happens we support survivors of abuse, neglect and other traumatic events in childhood to recover. We listen to Scotland's children and families. When government or society fails to hear them or respect their rights we speak out. We help Scotland's communities to play their part, looking out for and protecting children.

We cannot succeed alone. We work in partnership with a large range of local and national organisations and agencies across the Country. These include national and local Government, Education, Health and Social work, the Police, other charities and community groups – whoever shares our aim to put children first. Our aim is to work with as many of Scotland's vulnerable children as we can. This year we have worked with **10,832** children, young people and their family members.

During the year Children 1st continued to deliver services in 17 local authority areas. In addition we continued to run four national services, ParentLine Scotland, National Kinship Care, Safeguarding in Sport and the National Safeguarders Panel.

The main reasons individuals and families were referred to our services were:

- Strengthening family relationships (22%)
- Preventing and recovering from abuse & trauma (20%)
- Supporting positive parenting (19.5%)
- Promoting children and young people's participation in decisions that affect them (10%)
- Reducing the impact of substance misuse (9%)

Strategic Aim 1 - Providing excellent services which promote the safety and wellbeing of vulnerable children and young people.

Our work towards this aim is wide and varied and some key highlights of this work are described below:

Family Support Services

At Children 1st we put strength based, relational and restorative approaches at the heart of all our work. Most of the distress we see in our work with families across Scotland is caused by the impact of material and relational poverty and unresolved childhood adversity and trauma. It is not surprising that under these pressures family relationships become fraught and challenging.

Our staff get right alongside families building strong, trusting, high support, high challenge relationships to support parents to tackle their challenges so that they can provide the nurture, care and love that children need to grow up safe, happy and healthy.

“What I really liked about Children 1st...nothing was done without asking for my input” (Parent)

“They made me understand properly what’s happening and going on” (Parent)

“As a family we are all more settled and happier with a better routine and boundaries” (Parent)

Support to families was provided in all our local service areas. We have been working to integrate our service strands to provide a holistic model of support for children and families. We further developed our Systemic Family Therapy work with families, seeing real positive change in relationships between family members.

Our money advice service to families has expanded, understanding that this type of support works best when the advisor is known and trusted by the family and that it can be difficult for families to focus on relationships and emotional challenges whilst in the midst of debt or poverty.

We worked with families to support them to engage with supports in their local community and further developed our partnership with International Futures Forum and introduced 6 schools to Kitbag.

We introduced group sessions for young parents at the Chill Out Zone in West Lothian and hosted seminars on Family Group Conferencing and Family Finding to further promote our belief that families, when supported, can make the best decisions for their children.

“Thank you for teaching me how to love my baby” (Parent)

We worked in partnership with Dr Suzanne Zeedyk to increase the knowledge of our staff in relation to the science of attachment and the impact of trauma, delivering sessions to all of our staff across the whole organisation.

Our work with kinship carers continues to be a priority. We continue to offer trauma informed support to kinship care families and our partnership with Dr Suzanne Zeedyk enabled us to hold events with kinship carers on the impact of trauma and the importance of attachment. In some areas we are undertaking assessments of kinship carers.

“Children don’t have people they can talk to about the situation, Children 1st gave my grandson someone he could speak to which was really important for us”. (Kinship Carer)

Abuse and Trauma Recovery

Supporting children, young people and families to recover from the impact of abuse and trauma continues to be one of our key priorities. In 2016-17 we supported children and adults who had been affected by physical, emotional and sexual abuse, neglect, domestic abuse, loss and bereavement.

“My daughter is more confident and independent than she was previously. I feel that she now has a voice.” (Parent)

“It helped to have someone to talk to who wouldn’t judge me” (Young Person)

We helped families to reduce the long term impact of abuse and trauma through offering a range of support including art and play based sessions, as well as life story work, helping families to make sense of their experiences, deal with their feelings and improve relationships. As well as our abuse and trauma recovery services being fully embedded within our family support, we continue to deliver our schools programme in some areas, this has included delivering training to staff on trauma informed practice.

National Helpline Services

In addition to our work in local areas, we continued to run our National helpline-based services. ParentLine is Scotland’s free helpline, email and web chat service for anyone caring or concerned about a child.

“Phoning ParentLine, I was inspired with a new hope.” (Parent)

“Thank you barely covers it. I know you see it as a job, but to us this is our life. To know there are people like you on the other end of the phone is invaluable. We wouldn’t be together and where we are today if I hadn’t had your support.” (Parent)

The Kinship Care Line supports carers or extended family across Scotland who care for children who can no longer live with their parents, We have increased the total numbers of calls/webchats and emails despite having to reduce the number of hours the service is open due to funding constraints.

Over the last year we supported **2,225** parents, carers and concerned people who were helped by our National Helpline Services; overall we recorded **4,229** contacts with these services (as one person can be in contact multiple times):

“Things feel a little easier because I picked up the phone to ParentLine and talked it through. It was helpful not having to start at the beginning again.” (Parent)

Safeguarding in Sport

Safeguarding in Sport supports 54 Sports Governing Bodies to effectively implement safeguarding procedures and practice to keep children and young people safe. In addition, we provide advice and guidance to sport governing bodies, clubs and parents and our role increased during the recent revelations of sexual abuse.

“Our project worker has been a fantastic support. I am new to the child protection aspect of sport so there is a lot to get up to speed with but I have received excellent support, guidance and training from my project worker and the team along the way. It is also reassuring to know that I can always contact the team if there is any specific case I need support with and they are only a phone call away.” (New Governing Body Child Protection Officer)

This year we have supported governing bodies to undertake “health checks” where there has not been a review in the past year; this allows them to confirm they are able to support clubs in the community to keep children safe and look after their wellbeing. We have continued to run our well attended Network Group meetings contributing to informed and skilled Child Protection Officers in local areas.

The rights of children have been a key focus over the past year through piloting our new Standards for Child Wellbeing and Protection in Sport which focuses clubs and governing bodies to think and practice in terms of including and consulting children and young people in their clubs. The new standards will ensure a long term and robust impact on the wellbeing and protection of children in sport.

“I have found the support from the Safeguarding in Sport team to be professional and responsive. They are extremely supportive and have helped our SGB to improve our processes and awareness of how to ensure that our sport is safe and fun for all. I look forward to working with them again over the coming year.” (Child Protection Officer)

Advocacy Support

We continued to provide advocacy support to children. These services are vital to ensure that children's voices are at the heart of formal decisions that are made about them. Our staff accompanied and supported children to attend Children's Hearings, child protection case conferences and other formal meetings to discuss their future. In addition, we have improved our work to ensure that parents are likewise supported and empowered.

"Children look forward to advocacy. They think it's been great and the children said they trust their advocate."(Parent)

Community Engagement

In March 2017 the Glasgow Supporting Families Team launched Women 1st, a service user representation group open to all parents, kinship carers and family members who have received or currently receive support from Children 1st in Glasgow. Nine women attended the inaugural meeting and identified a range of relevant outcomes that they felt were priority areas. The themes included social isolation, training and influencing on the issues that affect children, young people and families.

National Safeguarders Panel

"The framework and standards have moved Safeguarders practice on considerably in the last few years, with there now being much more structure and guidance, and that the standardised approach gives more focus for Safeguarders" (Safeguarder)

Children 1st manages the National Safeguarders Panel on behalf of the Scottish Government. This year we have collaborated with Scottish Government and others to support the new Regulatory context for the operation of the National Safeguarders Panel. We have implemented the new Standards, setting a clear minimum expectation of performance, practice and conduct required of every Safeguarder.

We have implemented the Performance Support and Monitoring Framework for Safeguarders which contains the combined processes and mechanisms used to support and measure Safeguarders practice and conduct against the Standards. This has meant most Safeguarders have received two mandatory training days, three individual support sessions and each had two reports sampled this year. Information from these elements, in addition to information from feedback and complaints, is combined to form a growing evidence bank in relation to each Safeguarder's practice. This is providing a more transparent and accountable Safeguarder Panel for children.

Safeguarder about the Framework: "the process gives an overview (for Children 1st) on how the system is working nationally and indeed how the whole Hearings system for children is working in Scotland and that these experiences are used to inform training, policy development, system change, program reform and practice guidance"

Please note that children benefiting from the allocation of a Safeguarder are not included in totals of children supported by Children 1st.

Strategic Aim 2 - Being a strong public voice for vulnerable children and young people to positively influence public policy and opinion

Every child deserves to be heard and have their rights respected. So when we find that society, law or government are failing to put children first we do our utmost to change that. We share with politicians what children and families tell us, calling for improvements to law, public policy and practice on their behalf.

Children 1st raised awareness of and successfully influenced policy change about a number of key issues that affect the children and families we support, including growing levels of financial hardship; the continued prevalence of domestic violence and a decrease in the availability of early support services for children and families during 2016-17.

As a result of our policy and communications activity, often in partnership with others, we achieved:-

- The introduction of a Child Poverty Bill to the Scottish Parliament;
- Changes to the proposed Domestic Abuse Bill, prior to its introduction to the Scottish Parliament to recognise the impact of domestic abuse on children and young people;
- Increased awareness among the Scottish Government, politicians, professionals and civic organisations about the harmful impact of physical punishment on children;
- Growing understanding among local government election candidates about best practice in children's services planning, through the design and delivery of the Coalition of Care Providers Scotland #Plan4children campaign;
- Commitments to make further improvements to Scotland's care and justice system, to support child victims and witnesses to give their best evidence without suffering further trauma, enable them to recover from their experiences and move on with their lives.
- Better understanding among politicians, professionals, and other organisations about the crucial difference relationship-based, restorative approaches to family support can make in keeping children safe and happy within their families.

To raise awareness of best practice in supporting child victims and witnesses, we held a Justice for Children conference in October 2016 for Scottish Government officials, justice, social work and health professionals and third sector organisations. Colleagues from Stockholm's Barnahus joined us from Sweden to share their experience of developing a more child-centred, rights based approach to supporting child victims, witnesses and their families. During 2017-18, Children 1st will continue to work across government, professional and civic Scotland to ensure that learning from the development of Barnahus' across Europe shapes the development of the radical changes we need to the way we support child victims and witnesses in Scotland.

Children 1st aims to be a strong voice not just for children and families, but speaking alongside children and families. During 2016-17 we have begun working more closely with the children and families we support to empower them to influence the policy changes that can make the greatest difference to their lives. One of our families spoke out about their experiences of poverty at our fringe meeting at the Scottish National Party conference – as part of a panel which also included the Cabinet Secretary for Social Security Angela Constance. Children and families also showed the difference that our restorative based approach to family support has made to them, through a performance at Children 1st's parliamentary reception in January. Developing this approach will be a priority for us in 2017-18.

Stop to Listen, a multi-agency initiative led by Children 1st, brings key partners in 4 local authority areas together to improve and develop child centred responses across services to child sexual abuse. Through this work and our expertise and knowledge in this area, we were invited to the PROMISE Learning Exchange which has allowed us to learn and share models of best practice from other European countries in responding to children affected by abuse and violence.

The Justice for Children Conference 'Getting it Right for Child Witnesses' has been pivotal in raising the issues faced by child witnesses in Scotland and in sharing learning about the Barnahus Children's house model. This has been hugely influential in promoting multi-disciplinary approaches to support for children and young people affected by trauma and abuse. We will continue to promote this model through our policy work and campaign for changes to our justice system to ensure that this is truly child centred.

This year pathfinder areas have begun to implement a range of activities including:

- a whole school approach to awareness of sexual abuse
- developments to joint interview processes

Fundraising

In the year ended March 2017 Children 1st raised £4,109,341 in donations and legacies against a budgeted objective of £3,922,267.

Our supporters and volunteers are true children's heroes, selflessly going the extra mile month in, month out to help raise the funds so that we can reach and support more children and their families. Alongside hundreds of individuals who have fundraised or donated, Children 1st is fortunate to have 20 committed local action groups who each year deliver their own programme of events. These groups help to not only raise significant income of £206,285 but as importantly they raise awareness amongst their communities about the help available for vulnerable children and families.

The players of the People's Postcode Lottery donated £700,000 to support our services across the length and breadth of Scotland. We are indebted to the ongoing support we receive which now totals £4.8million since their first donation in 2008.

2016-17 marked the fifth anniversary of our corporate challenge Dragons' Glen where teams devise and pitch their business plan to turn £500 into £5000+ over five months. The 12 teams this year raised £75,000 taking the total raised over the past five years to £358,000. We have also secured a number of strategic corporate partnerships including Edinburgh Airport and Deloitte which in addition to raising funds are providing pro-bono support.

Legacy donations provide a key funding pillar for our services representing one third of our voluntary raised income. In 2016-17 thanks to foresight and generosity of many people when writing their wills we received £1,327,913.

Charitable trust and grant making foundations provide stability for delivering our core service programme, with some becoming key partners for developing new pilots that ensure Children 1st leads the way in trauma informed recovery for children and families. Large or small, we are grateful to the contribution of each charitable trust who has supported us this year including Cattanach Trust, Dinning Trust, Northwood Trust, Castansa Trust, Robertson Trust and Garfield Weston Foundation, Openwork Foundation, Comic Relief and BBC Children in Need. Thank you to STV Children's Appeal for funding services in Aberdeenshire, Glasgow and Midlothian; to the Big Lottery Fund for supporting our national kinship care support service in Ayrshire, East Lothian, Moray and the national helpline; to Lloyds TSB Foundation Partnership Drugs Initiative for supporting our Midlothian domestic abuse service and to the Northwood Trust for their increased commitment to our Dundee service. Again we thank RS Macdonald Charitable Trust for their continued support of our Stop to Listen pilot and their ongoing commitment to our core service programme.

Children's Champions

Our funding heroes, known as Children's Champions are those individuals, trusts and companies who have made a significant contribution to help Children 1st support children and families. We particularly wish to thank:-

Aberdeen Douglas Hotel	Marathon Oil
Ambassador Theatre Group	Morgan Stanley Foundation
Anderson Anderson & Brown LLP	Northwood Charitable Trust
Barratt Homes	NoteMachine
BBC Children in Need	Openwork Foundation
Big Lottery Fund - Investing in Communities	People's Postcode Lottery
bp	Richard Burns
Burness Paull	Robertson Trust
Castansa Trust	Rigmar
Cattanach Trust	RS Macdonald Charitable Trust
Comic Relief	RSM
Dales Engineering Services Ltd	Search Consultancy
Deloitte	SPAR
Dinning Charitable Trust	SSE
Dr Malcolm Appleby OBE	Stork
Dril-Quip	STV Children's Appeal
Edinburgh Airport	The Balmoral Hotel
EY	The Dragonfly Agency
Garfield Weston Foundation	Thorntons Law
Howdens Joinery	Traveleads
Jamieson & Carry	University of Edinburgh Business School
Lloyds TSB Foundation for Scotland -	Walker Group
Partnership Drugs Initiative	Wood Group
Microsoft Scotland	

And other generous individuals who have chosen to remain anonymous.

We would also like to thank our celebrity ambassadors for their ongoing commitment to help us raise awareness about the charity and the issues we are working to address:

Kaye Adams, Damian Barr, Colin McCredie and Cathy MacPhail

Our Supporter Promise

Our work with thousands of children in Scotland each year wouldn't be possible without support from people like you. We know that you want to make a positive difference to children's lives in Scotland and expect us to spend your money wisely.

By donating to Children 1st you can expect:

- To be told how you are helping to change children's lives and about our finances so you know how your money is being spent and the value of your volunteering.
- To be communicated with in a way that suits you. If you tell us you would prefer to hear from us less, or you don't want to hear from us again, we will respect your wishes.
- We value your support and promise to respect your privacy and keep your details safe in accordance with the Data Protection Act (1998).
- We will never sell data to any one else and only keep and use data for the purposes of Children 1st's work. We may analyse your data for research purposes to improve our services, or to try to understand your preferences in order to contact you in the most appropriate and relevant way.
- Your contact data will be stored securely on Children 1st servers. Our website donations are processed by WorldPay and our regular giving set ups by GoCardless, a five star rated, record processing organisation which is governed by the FSA (Financial Standards Authority).
- We adhere to all industry guidelines and regulations. We are a relatively small organisation so rarely have the resource to use external suppliers but if we do we only work with others whose practice is to the same standards as our own. We regularly monitor the activities of our suppliers, including for the protection of vulnerable people.

Within the resources we have available, we strive to give you a rewarding supporter experience. It is easy to contact us if you want to discuss anything. Call 0131 446 2300 (Mon-Fri 9am-5pm) or email: fundraising@children1st.org.uk

Volunteers

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

There are 20 Volunteer Children 1st action groups across Scotland

West	Glasgow Events Committee Lockerbie Langholm & Canonbie Dumfries Campbeltown Glasgow Friends Glasgow Action Group	East	East Neuk Linlithgow Perth Selkirk St Andrews Stirling
Aberdeen	Deeside Action Group Buchan Barn Dance Committee Touch of Touch Committee Aberdeen Fundraising Committee	Inverness	Elgin and Moray Forres Action Group Inverness Friends Group

During the year we were supported by 340 fundraising volunteers, who raised £206,285.25 in the year.

Although not reflected in the financial statements, during the year volunteers gave approximately 10,810 hours which equates to £91,346 in value (based on a living wage of £8.45 per hour).

Financial Review

Voluntary income increased 8% on the previous year boosted by legacies and the People's Postcode Lottery. Grant income reduced by 22% as the squeezes in both central and local government spending continued to be felt.

Investments produced a return of 17% in the year. The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk.

Expenditure on raising funds shows an increase however this was due to communications being grouped under fundraising costs in 2016-17. Expenditure on charitable activities fell reflecting the drop in income.

The net movement this year has been achieved against a backdrop of continuing economic uncertainty with a rationalisation exercise in early 2016 bearing fruit. The results represent a consolidation of the financial position and are testament to the efforts of all our staff and management to ensure the charity operates within its means.

As at 31st March 2017, the charity's balance sheet is valued at £4,307,979 with free reserves of £1,560,697. The Board is satisfied that the financial position of the charity remains strong, with positive net current assets and unrestricted reserves which would support a minimum of three months operating costs. 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 free 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 2013-2018; and
- maintain the appropriate level of liquidity of the underlying reserves.

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

Unrestricted Funds

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

Our current free reserves are £1,560,697. This is an increase of £174,585 compared to last year's position. The Board has set a target to maintain free reserves equal to approximately three months costs. Free reserves at the year end represent approximately three months of relevant costs.

Designated Funds

Designated funds totalling £1,870,880 are unrestricted funds which have been assigned by the charity for specific purposes in the future. These are comprised of four distinctive strands. The Fixed Assets designated reserve comprises £1,040,880 to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. This year the Board has designated three additional funds to ensure the future sustainability of the Charity. These funds are to be used to improve the efficiency of operational support, enhance service delivery and to invest in strategic opportunities as they arise.

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 £628,299 and include: £233,054 from local authorities across Scotland for service delivery in their regions; £17,431 from the Scottish Government; £377,814 from other funders for specific service provision. Endowment funds totalled £50,961.

Investment Policy and Objectives

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

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

The charity's investment policy is to protect capital value and maximise real long term capital returns over time subject to holding a portfolio of cash, bond and equity fund investments in order to diversify risk and reduce inflationary risk.

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 investment portfolio is invested across a broad range of assets to ensure diversification of both income and potential capital gains. At the year end, the portfolio had 17% in fixed income, 74% in equities, with the balance split between alternative investments, commercial property and cash. The portfolio delivered a pleasing total return of 17% over the year to 31 March 2017, well in excess of the uplift in inflation over the period thus protecting the capital value of the funds. The trustees have requested the avoidance of direct investment in any company that has been involved in the production of tobacco or that has involvement in pornography. However, the Trustees accept that some companies may be involved to a small extent in the sale of tobacco and would like to exclude companies where more than 5% of revenue comes from this area. The Trustees acknowledge that exclusion of companies involved in the above areas is not possible when investing through collective 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.

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.

Risk Management

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

1. Financial risks of reduction in statutory or voluntary income, whether due to the current economic climate or due to changes in statutory spending priorities: if our statutory or voluntary income reduces our service delivery will be impacted. We aim to mitigate this by careful forecasting and regular financial monitoring as well as maintaining regular contact with our funding providers and regular reviews of our voluntary fundraising impact.
2. Risks associated with change and change management: we operate in a rapidly evolving operating environment which impacts the charity in a variety of ways. The charity must manage ongoing operations whilst simultaneously addressing external drivers for change: business planning and performance monitoring together with strong communications and a continuous improvement framework to mitigate against this risk. In particular, the new data protection legislation is being monitored to ensure any necessary changes to policies and procedures are implemented.
3. Reputational risk: we aim to mitigate reputational risk by ensuring clear policies and standards are in place and regularly reviewed and appropriate training is given to the relevant staff and volunteers.
4. 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.

Future Plans

We are aware that the coming years will continue to be challenging with continued public spending restrictions and less disposable income available to the general public. 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 two strategic aims and the underpinning operational aims.

Structure, Governance and Management

Children 1st was founded in 1884 under the title of the Royal Scottish Society for Prevention of Cruelty to Children (RSSPCC). Incorporated by Royal Charter in 1922, the charity is registered with HM Revenue and Customs and with the office of the Scottish Charity Regulator (OSCR) under SCO16092. Amendments of the Royal Charter initiated at the 2002 Annual General Meeting in order to update the objects and governance of the charity were approved under seal by the Privy Council in October 2004.

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 175 members of the charity at 31 March 2017.

Children 1st operates solely in Scotland but maintains close links with other children's charities and organisations across the UK. During the year we have worked in partnership with Department for Work and Pensions, Dundee Early Intervention Team (which is made up of staff from Aberlour, Action for Children and Barnados). Elsewhere we have also worked this year with Shelter, Home Start, Circle, One Parent Families Scotland, The Scottish Child Law Centre and Govan Law Centre.

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

The interests of the voluntary supporters of the charity are represented by five members of the Board elected on a regional basis by the membership.

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. 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 three subcommittees of the Board: Finance, Audit and Risk, and Governance. Terms of reference for each subcommittee set out their roles and responsibilities.

The organisational management team comprises the Chief Executive and three Directors, who manage the strategic 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.

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	To be announced
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 Dr Michael Kelly, CBE

Board of Management

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

Chair	Graeme Bissett BA CA (<i>Until 20 September 2016</i>)
Chair	Dr Ken Cunningham CBE (<i>Appointed 20 September 2016</i>)
Vice Chair	Sandy MacDonald BSc
Hon. Treasurer	Stephanie Rose BSc ACA
Hon. Law Agent	Caroline Gilchrist Carol Brown MA(Hons), DipEd Jane Bruce (<i>Until 20 September 2016</i>) Elizabeth Buie Craig Burnside (<i>Co-opted December 2016</i>) Brian Davidson MA CA (<i>Co-opted December 2016</i>) Allan Doig (<i>Died 3 June 2016</i>) Stella Everingham Moira Green Kenneth Lewandowski Iain Mackay David McMillan Helen Webster BSc FFA

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

Chief Executive	Alison Todd
Director of Children and Family Services and External Affairs	Mary Glasgow
Director of Finance and Corporate Services	Howard Vaughan (to 11 January 2017)
Director of Finance and Corporate Services	Elizabeth Sams (from 1 May 2017)
Director of Fundraising and Communications	Barbara Kidd

Professional Advisors

Auditor	Scott-Moncrieff Exchange Place 3, Semple Street Edinburgh, EH3 8BL
Banker	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
Insurance Broker	Clark Thomson Chartered Insurance Brokers 24 Whitefriars Street, Perth, PH1 1PP
Pension Advisor	Argyle Consulting Limited 43 Northumberland St Edinburgh EH3 6JQ
Solicitor	Morisons Solicitors LLP 53 Bothwell Street Glasgow, G2 6TS
Solicitor	Lindsays Caledonian Exchange 19a Canning Street Edinburgh EH3 8HE
Investment Advisor	Brewin Dolphin Atria One, 144 Morrison Street Edinburgh, EH3 8EX

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Royal Charter and the law applicable to charities in Scotland requires that the Board prepares Financial Statements for each financial year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Board is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charity and enables it to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Royal Charter. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditor

As far as the trustees are aware:

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

Approved by the Board and signed on its behalf by:



Dr Ken Cunningham CBE
Chair

Date: 25 JULY 2017

Independent Auditor's report to the Trustees of Children 1st

Year Ended 31 March 2017

We have audited the financial statements of Children 1st for the year ended 31 March 2017 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. 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.

This report is made solely to the charity's board of trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's board of 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board of Management and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 22, the Board of Trustees is responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

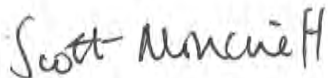
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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



Scott-Moncrieff
Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 25 July 2017

Children 1st
Statement of Financial Activities (Incorporating Income and Expenditure Account)
For the Year ended 31 March 2017


	Notes	2017					Total £	2016 Total £
		Unrestricted General Funds £	Unrestricted Revaluation Reserve £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds		
Income and endowments from:								
Donations and legacies	4	3,085,575	-	-	1,023,766	-	4,109,341	3,813,918
Charitable activities	5	50,320	-	-	5,222,896	-	5,273,216	6,826,009
Other Trading activities		-	-	-	-	-	-	5,426
Investments		80,778	-	-	-	510	81,288	71,094
Other Income		-	-	-	-	-	-	3,222
Total income		3,216,673	-	-	6,246,662	510	9,463,845	10,719,669
Expenditure on:								
Raising funds	6	1,284,709	-	-	-	-	1,284,709	1,087,330
Charitable activities	5	1,192,787	-	-	6,644,707	510	7,838,004	9,543,841
Total expenditure		2,477,496	-	-	6,644,707	510	9,122,713	10,631,171
Total income less expenditure		739,177	-	-	(398,045)	-	341,132	88,500
Net gains/ (losses) on investments		-	169,359	-	-	-	169,359	(130,393)
Net income/(expenditure)		739,177	169,359	-	(398,045)	-	510,491	(41,894)
Transfer between funds	21-23	(564,592)	(94,580)	659,172	-	-	-	-
Net movement in funds		174,585	74,779	659,172	(398,045)	-	510,491	(41,894)
Reconciliation of funds:								
Total funds brought forward		1,386,112	122,363	1,211,708	1,026,344	50,961	3,797,488	3,839,383
Total funds carried forward	19-23	1,560,697	197,142	1,870,880	628,299	50,961	4,307,979	3,797,488

The notes on pages 28 to 43 form part of these financial statements.

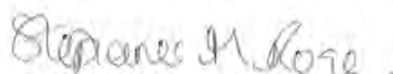
Children 1st
Balance Sheet
As at 31 March 2017

		Year Ended 31 March 2017	Year Ended 31 March 2016
Notes		£	£
Fixed Assets			
Tangible Assets	11	1,040,880	1,211,708
Investments	12	<u>1,677,174</u>	<u>1,441,248</u>
		2,718,054	2,652,956
Current Assets			
Debtors	13	798,015	1,039,553
Cash at bank and in hand	15	<u>1,541,210</u>	<u>1,126,346</u>
		2,339,225	2,165,899
Liabilities			
Creditors: Amounts falling due within one year	16	<u>607,755</u>	816,726
Net current assets		1,731,470	1,349,173
Total assets less current liabilities		4,449,524	4,002,129
Creditors: Amounts falling due after one year	17	<u>141,545</u>	204,640
Total net assets		<u><u>4,307,979</u></u>	<u><u>3,797,489</u></u>
The funds of the charity			
Restricted Funds	19	628,299	1,026,344
Endowment Fund	20	50,961	50,961
Unrestricted Funds	21	1,560,697	1,386,112
Designated Funds	22	1,870,880	1,211,708
Revaluation Reserve	23	<u>197,142</u>	<u>122,363</u>
Total unrestricted funds		3,628,719	2,720,184
Total charity funds		<u><u>4,307,979</u></u>	<u><u>3,797,489</u></u>

The financial statements were authorised for issue by the Trustees on 25 July 2017 and signed on their behalf by:



Dr Ken Cunningham CBE
Chair



Stephanie Rose BSc ACA
Hon. Treasurer

The notes on pages 28 to 43 form part of these financial statements.

Children 1st
Statement of Cash Flows
For the Year ended 31 March 2017

	Notes	Year Ended 31 March 2017 £	Year Ended 31 March 2016 £
Net cash flows from operating activities	25	<u>479,376</u>	<u>670,012</u>
Cash flows from investing activities			
Investment income		81,288	71,094
Proceeds from the sale of property, plant and equipment		-	3,222
Purchase of property, plant and equipment		(20,758)	(105,804)
Proceeds from sale of investments		230,368	7,008
Purchase of investments		(293,503)	(21,730)
Net cash used in investing activities		<u>(2,605)</u>	<u>(46,210)</u>
Cash flows from financing activities			
Repayments of borrowing		(58,475)	(54,159)
Cash inflows from new borrowing		-	-
Net cash used in financing activities		<u>(58,475)</u>	<u>(54,159)</u>
Change in cash and cash equivalents in the reporting period		418,296	569,643
Cash and cash equivalents at the beginning of the reporting period		1,142,913	573,270
Cash and cash equivalents at the end of the reporting period	15	<u><u>1,561,209</u></u>	<u><u>1,142,913</u></u>

The notes on pages 28 to 43 form part of these financial statements.

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)". They are prepared on the historical cost basis, except for investments which have been included at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Children 1st meets the definition of a public benefit entity under FRS102.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

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

Having prepared budgets and cashflow projections, the trustees anticipate that both the balance sheet value and the cash position at the end of the coming financial year will be broadly in line with this year's figures.

The trustees are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future and accordingly, have prepared the financial statements on the going concern basis.

c) Recognition and allocation of income

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

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

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

Interest receivable is recognised using the effective interest rate applicable to the asset. Dividend income is recognised when the right to receipt is established and is measured at fair value, generally the transaction value.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

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.

Other trading activities relate to income generated by the charity's shop and the Action Groups which fundraise on the charity's behalf. Income is recognised in the period in which it is generated and therefore receivable by the charity.

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, and includes the charity's shop, 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.

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.

f) Pensions

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

g) Taxation

No taxation is provided for given the charitable status.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

h) Tangible fixed assets

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

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

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

Quoted investments are stated at fair 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.

j) 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 instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102, with the exception of concessionary loans which follow the alternative provisions for public benefit entities in accordance with paragraph PBE34, P1 (b), as noted at accounting policy m). At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure.

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

k) 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.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

l) 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.

m) 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.

n) 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 of Management. 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 measure 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.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

3. COMPARATIVE STATEMENTS OF FINANCIAL ACTIVITIES

	2016					Total £
	Unrestricted General Funds £	Unrestricted Revaluation Reserve £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds	
Income and endowments from:						
Donations and legacies	2,787,257	-	-	1,026,661	-	3,813,918
Charitable activities	253,769	-	-	6,572,240	-	6,826,009
Other Trading activities	5,426	-	-	-	-	5,426
Investments	71,094	-	-	-	-	71,094
Other Income	3,222	-	-	-	-	3,222
Total income	3,120,768	-	-	7,598,901	-	10,719,669
Expenditure on:						
Raising funds	1,087,330	-	-	-	-	1,087,330
Charitable activities	1,837,459	-	-	7,706,381	-	9,543,841
Total expenditure	2,924,789	-	-	7,706,381	-	10,631,170
Total income less expenditure	195,979	-	-	(107,480)	-	88,499
Net gains/ (losses) on investments	-	(130,393)	-	-	-	(130,393)
Net income/(expenditure)	195,979	(130,393)	-	(107,480)	-	(41,894)
Transfer between funds	144,389		(144,389)	-	-	-
Net movement in funds	340,368	(130,393)	(144,389)	(107,480)	-	(41,894)

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

4. DONATIONS AND LEGACIES

	2017 £	2016 £
Central Income – Individuals	418,901	455,832
Central Income - Trusts, Organisations and Corporate Bodies	1,201,599	1,268,202
Regional Income - Excluding shops	<u>460,928</u>	<u>519,484</u>
	2,081,428	2,243,518
People's Postcode Lottery	700,000	600,000
Legacies (see note 26)	1,327,913	970,400
Total donations and legacies	<u><u>4,109,341</u></u>	<u><u>3,813,918</u></u>

Central Income represents income from Central or Head Office initiatives comprising: mailshots and appeals to individuals; trusts and companies; commercial promotions; advertising and other fundraising activities.

Regional Income includes all income from the charity's regional teams and volunteers fundraising.

5. CHARITABLE ACTIVITIES

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

INCOME	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Grants:				
Scottish Government	-	2,699,050	2,699,050	3,615,305
Council grants	-	2,096,024	2,096,024	2,481,054
Other grants	-	273,637	273,637	468,352
	<u>-</u>	<u>5,068,711</u>	<u>5,068,711</u>	<u>6,564,711</u>
Services income	50,320	154,185	204,505	261,298
TOTAL	<u><u>50,320</u></u>	<u><u>5,222,896</u></u>	<u><u>5,273,216</u></u>	<u><u>6,826,009</u></u>

In the year, the charity received funding of £2,699,050 from the Scottish Government. Of this, £1,561,547 (2016 - £1,667,278) was the reimbursement of fees and expenses incurred by the members of the National Safeguarders' Panel.

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

Note 5 (continued)

Services to Children & Families- Expenditure

	Direct Costs	Support Costs (Note 7)	Total 2017	Total 2016
2017	£	£	£	£
Employment costs	4,185,119	698,932	4,884,051	6,136,895
Vehicle and travel costs	163,050	10,944	173,994	190,723
Property costs	340,444	42,153	382,597	477,131
Services costs	1,870,175	1,888	1,872,063	1,995,464
Office costs	135,058	359,864	494,922	579,521
Publicity costs	5,534	6,712	12,246	109,978
Other costs	510	-	510	29,626
Governance costs (note 8)	-	17,621	17,621	24,503
Total	6,699,890	1,138,114	7,838,004	9,543,841

6. EXPENDITURE ON RAISING FUNDS

	Direct Costs	Support Costs (Note 7)	Total 2017	Total 2016
2017	£	£	£	£
Employment costs	794,842	56,950	851,792	764,066
Vehicle and travel costs	21,430	1,942	23,372	23,970
Property costs	68,112	7,479	75,591	58,082
Services costs	502	335	837	1,854
Office costs	26,499	63,847	90,346	96,081
Publicity costs	76,879	1,191	78,070	20,360
Other costs	164,701	-	164,701	122,917
Total	1,152,965	131,744	1,284,709	1,087,330

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2017

7. SUPPORT COSTS

	Raising Funds	Services to Children & Families	Governance Costs (Note 8)	Total 2017	Total 2016
2017	£	£	£	£	£
Employment costs	56,950	698,932	-	755,882	919,023
Vehicle and travel costs	1,942	10,944	-	12,886	17,197
Property costs	7,479	42,153	-	49,632	97,946
Services costs	335	1,888	2,709	4,932	12,810
Office costs	63,847	359,864	14,912	438,623	461,827
Publicity costs	1,191	6,712	-	7,903	7,980
Other costs	-	-	-	-	-
Total	131,744	1,120,493	17,621	1,269,858	1,516,783

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

	2017	2016
Fundraising	22	22
Support	24	34
Children and Family Services	124	145
Total	170	201

8. GOVERNANCE COSTS

	Services to Children & Families	Total 2017	Total 2016
2017	£	£	£
Auditor's remuneration:			
- Audit fees	12,036	12,036	11,772
- Accountancy and other financial services	-	-	2,400
Other costs	5,585	5,585	10,331
Total	17,621	17,621	24,503

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9. EMPLOYEE BENEFIT EXPENSES

	2017	2016
	£	£
Wages and Salaries	4,780,358	5,663,388
Social Security Costs	386,318	451,474
Pension Costs - Defined Contribution Schemes	401,259	459,400
Other Employment Costs	167,908	385,592
	5,735,844	6,959,854

Redundancy costs of £27,866 (2016 - £107,998) were incurred in the year and are included within other employment costs.

There were two employees whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2016 - 1). One employee's emoluments fell within the £80,000 to £90,000 band and pension costs of £8,033 were paid. The other employee's emoluments fell within the £60,000 to £70,000 band and pension costs of £5,106 were paid.

The key management personnel of the charity comprises of Chief Executive, Director of Children and Family Services and External Affairs, Director of Finance and Corporate Services and Director of Fundraising and Communications. The employee benefits for key management totalled £276,995 (2016 - £264,569).

The average headcount for the year was 236 (2016 - 244) and the average full-time equivalent was 170 (2016- 201).

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 565 volunteers carrying out 580 roles, as follows:

Children & Family Services	110
ParentLine	97
Fundraising	340
Board Members	18

10. BOARD OF MANAGEMENT REMUNERATION AND EXPENSES

The Board of Management (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 £2,478 (2016 - £2,848) were reimbursed to four Board members in the year.

Other than the above, and the employee benefits for key management described at note 9, there were no transactions with related parties in either the current or previous year.

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Notes to the Financial Statements
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11. FIXED ASSETS – TANGIBLE ASSETS

	Leasehold Land & Buildings £	Freehold Land & Buildings £	Fixtures & Office Equipment £	Computers £	Total £
2017					
Cost					
At 1 April 2016	155,020	1,358,471	465,891	920,535	2,899,917
Disposals	(68,728)	-	(9,200)	-	(77,928)
Additions	-	-	17,758	3,000	20,758
At 31 March 2017	<u>86,292</u>	<u>1,358,471</u>	<u>474,449</u>	<u>923,535</u>	<u>2,842,747</u>
Depreciation					
At 1 April 2016	85,987	387,050	460,469	754,704	1,688,210
On disposals during the year	(68,728)	-	(9,200)	-	(77,928)
Charge for the year	17,258	27,170	904	146,253	191,585
Impairment	-	-	-	-	-
At 31 March 2017	<u>34,517</u>	<u>414,220</u>	<u>452,173</u>	<u>900,957</u>	<u>1,801,867</u>
Net book value					
At 31 March 2017	<u>51,775</u>	<u>944,251</u>	<u>22,276</u>	<u>22,578</u>	<u>1,040,880</u>
Net book value					
At 31 March 2016	<u>69,033</u>	<u>971,421</u>	<u>5,422</u>	<u>165,832</u>	<u>1,211,708</u>

12. INVESTMENTS

	2017 £	2016 £
Quoted Investments		
Market value as 1 April 2016	1,424,681	1,540,352
Disposals during the year	(230,368)	(7,008)
Additions during the year	293,503	21,730
Unrealised gains/ (losses) on investments	169,359	(130,393)
Market value at 31 March 2017	<u>1,657,175</u>	<u>1,424,681</u>
Cash as part of portfolio	19,999	16,567
Balance carried forward at 31 March 2017	<u>1,677,174</u>	<u>1,441,248</u>

13. DEBTORS

	2017 £	2016 £
Trade debtors	252,023	453,376
Sundry debtors	132,476	260,804
Prepayments	158,621	109,912
Accrued income	254,895	215,461
	<u>798,015</u>	<u>1,039,553</u>

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14. FINANCIAL ASSETS AND LIABILITIES

	2017	2016
	£	£
Financial assets at fair value	1,657,175	1,424,681
Financial assets at amortised cost	2,200,603	2,072,554
Financial liabilities at amortised cost	(608,655)	(837,247)
	3,249,123	2,659,988
	3,249,123	2,659,988

Financial assets at fair value comprise quoted investments.

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

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

15. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at bank and in hand	1,541,210	1,126,346
Cash as part of the investment portfolio	19,999	16,567
	1,561,209	1,142,913
	1,561,209	1,142,913

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	192,878	196,652
Pensions creditor	35,355	45,094
Other creditors	99,267	125,495
Accruals and deferred Income	76,515	206,891
Short term concessionary loans	63,095	58,475
Taxation and social security	140,645	184,119
	607,755	816,726
	607,755	816,726

Short term concessionary loans and concessionary loans payable after more than one year are in respect of the Catalyst project. Included within these amounts is a loan with a total balance of £75,207, as at 31 March 2017, with interest payable at 7%.

A second concessionary loan, with a total balance of £129,433 at 31 March 2017, had an initial non-repayment period of five years, during which interest chargeable at 8% was waived as the stipulated public benefit conditions were met. Repayments over a further five year period commenced from April 2015, with interest payable at 8%. This loan is secured by Social Investment Scotland over the property at 83 Whitehouse Loan, included within freehold land and buildings at a net book value of £735,796 at 31 March 2017.

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17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Concessionary loans payable within 1 to 2 years	68,082	63,095
Concessionary loans payable within 3 to 5 years	73,463	141,545
	141,545	204,640

18. ANALYSIS OF NET ASSETS BY FUNDS

The fund balances at 31 March 2017 are represented by

	Unrestricted General Funds	Unrestricted Revaluation Funds	Unrestricted Designated Funds	Restricted Income Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	-	1,040,880	-	-	1,040,880
Investments	1,429,071	197,142	-	-	50,961	1,677,174
Unrestricted net current assets	131,626	-	830,000	628,299	-	1,589,925
As at 31 March 2017	1,560,697	197,142	1,870,880	628,299	50,961	4,307,979

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19. RESTRICTED FUNDS

Name	Balance at 1 April 2016	Income	Expenditure	Balance at 31 March 2017
	£	£	£	£
Local Authority Funds - various	403,613	2,096,022	2,266,581	233,054
Scottish Government - Argyll & Bute PSP	8,425	-	8,425	-
Scottish Government - Renfrewshire	16,067	-	-	16,067
Scottish Government - Kinship Care	-	140,000	140,000	-
Scottish Government - National Safeguarders	-	600,000	600,000	-
Scottish Government - National Safeguarders Fees & Exps	2,403	1,561,547	1,563,918	32
Scottish Government - TSEIF Strand 1	-	272,000	272,000	-
Scottish Government - Moray VAW	-	14,454	14,454	-
Scottish Government - Borders VAW	-	99,610	99,610	-
Scottish Government - Survivor Scotland - Borders	16,808	7,779	23,255	1,332
Inspiring Scotland	-	3,660	808	2,852
Department of Work & Pensions	33,999	-	33,999	-
STV Appeal	8,396	100,755	109,151	-
Miss Helen Campbell	11,953	-	11,953	-
SportScotland - Child Protection in Sport	-	125,000	125,000	-
Big Lottery Fund - Kinship Care Service	153,880	330,279	309,817	174,342
Scottish Legal Aid Board	25,571	58,127	76,098	7,600
Scottish Legal Aid Board	11,510	46,932	58,442	-
Lloyds TSB Foundation for Scotland - Midlothian DAS	41,789	99,758	129,509	12,038
Lloyds TSB Foundation for Scotland - Highland FGC	21,557	-	21,557	-
Lloyds TSB Foundation for Scotland - Glasgow	45,787	-	45,787	-
Shelter Scotland	-	43,578	43,578	-
The RS Macdonald Charitable Trust	-	15,000	15,000	-
The RS Macdonald Charitable Trust	34,050	58,371	92,421	-
Cattanach Trust	-	19,205	10,000	9,205
Castansa Trust	7,500	10,000	17,500	-
Robertson Trust	20,000	15,000	35,000	-
Shared Care Scotland - Midlothian	968	10,553	3,762	7,759
Northwood Charitable Trust	-	48,500	48,500	-
Edinburgh Children's Holiday Fund	24,893	14,000	14,477	24,416
Comic Relief	-	28,333	28,333	-
BBC Children In Need	22,056	44,554	44,554	22,056
Garfield Weston Foundation	-	15,000	15,000	-
Anonymous	10,375	-	10,375	-
Anonymous	-	14,464	14,464	-
Anonymous	-	24,000	24,000	-
Openwork	-	10,000	10,000	-
Morgan Stanley Foundation	30,000	30,000	30,000	30,000
Other Funds	74,744	290,181	277,379	87,546
TOTAL RESTRICTED FUNDS	1,026,344	6,246,662	6,644,707	628,299

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19 RESTRICTED FUNDS (Continued)

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

Scottish Government National Safeguarders

Funds received for the operation and management of the National Safeguarders Panel on behalf of the Scottish Government

Scottish Government TSEIF

Funding to build on existing work of developing services and influence policy and practice for children, including Parentline, local participation work, increased community capacity and increased organisational capacity around quality management and overall sustainability.

Big Lottery Fund

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

20. ENDOWMENT FUNDS

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers In / (out) £	Balance at 31 March 2017
MacLagan Bequest	50,961	510	510	-	50,961
Total Endowment Funds	<u>50,961</u>	<u>510</u>	<u>510</u>	<u>-</u>	<u>50,961</u>

The endowment fund earned interest of £510 (2016 - £510) which was spent on providing services to vulnerable children and their families. The bequest was received in 1992 with the terms being that Children 1st were to hold the funds in trust for the sole purpose of generating income.

21. GENERAL FUNDS

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers In / (out) £	Balance at 31 March 2017
General Funds	<u>1,386,112</u>	<u>3,216,673</u>	<u>2,477,496</u>	<u>(564,592)</u>	<u>1,560,697</u>

The net transfer out of £564,592 represents £94,580 from Revaluation and £659,172 to Designated reserves.

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22. DESIGNATED FUNDS

	Balance at 1 April 2016	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2017
	£	£	£	£	£
Fixed Assets	1,211,708	-	-	(170,828)	1,040,880
Investment in Operational Support Services	-	-	-	166,000	166,000
Investment in Developing Services to Children	-	-	-	278,000	278,000
Investment in Strategic Development Projects	-	-	-	386,000	386,000
Total Designated Funds	1,211,708	-	-	659,172	1,870,880

The Fixed Assets designated reserve comprises £1,040,880 to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The transfer to general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges.

This year the Board has designated funds to ensure the future sustainability of the Charity. These funds are to be used to improve the efficiency of operational support, enhance service delivery and to invest in strategic opportunities as they arise.

23. GENERAL FUNDS - REVALUATION

	Balance at 1 April 2016	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2017
	£	£	£	£	
Revaluation	122,365	169,359	-	(94,580)	197,142

The Revaluation fund represents the unrealised gains/losses on the Investment portfolio. Whilst classed as general funds they are not capable of being deployed unless realised. The transfer of £94,580 to General funds represents the correction of gains on sales of investments in relation to previous years.

24. OPERATING LEASES

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

	2017	2016
	£	£
Not later than one year	136,555	97,207
Within two to five years	254,778	144,442
Later than five years	-	-
	391,333	241,649

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25. RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net Income /(Expenditure) for the period (Per SoFA)	510,491	(41,894)
Adjustments for		
Depreciation charges	191,585	245,507
(Gains) on Disposal of Fixed Assets	-	(3,222)
(Gains) / Losses on Investments	(169,359)	130,393
Dividends, interest and rents from investments	(81,288)	(71,094)
Decrease in Debtors	241,538	416,429
(Decrease) in Creditors	(213,591)	(6,107)
Net Cash Flows from Operating Activities	<u>479,376</u>	<u>670,012</u>

26. LEGACIES

Legacies of £10,000 and over

	£
Margaret C Black	125,000
Florence Murray	117,841
Kenneth R Thomson	110,000
Duncan M Birse	90,000
Marjorie B Wood	88,281
Margaret W Mott	85,116
Duncan A Grieve	72,164
Dr Margaret Black	65,000
Janet N Denholm	49,301
Evelyn Baxter	47,896
Joyce D Little	43,183
Kenneth R Thomson	40,517
Catherine Warner	36,796
Chrystall O Din	35,491
James McGowan	32,000
Jean L Bowie	30,000
Mary C Houston	30,000
Donald Nelson	27,621
Margaret H Thompson	17,830
Elizabeth Greenhorn	17,805
James Wilson	17,622
James C Glass	15,299
Irene Robertson	14,505
Jean W Young	14,000
Janet Weir	10,471
Janet N Denholm	10,400
Agnes McNab	10,000
Other legacies of less than £10,000 (53)	73,774
	<u>1,327,913</u>

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Over recent years, income from bequests from supporters and sympathisers, or through money in trust for the benefit of the Charity, is significant. In the period covered by the report, legacies amounted to 14% of total income. In the absence of directions to the contrary, legacies are used for the maintenance of the Charity's work generally throughout all of Scotland.

For the guidance of those who may desire to bequeath legacies to the Charity and to guard against the danger of any uncertainty and litigation arising, the form of bequest given below may be used but it is recommended that advice on making a Will and bequests to the Charity should be obtained from your solicitor.

FORM OF BEQUEST

I leave and bequeath to Royal Scottish Society for Prevention of Cruelty to Children, operating under the name of CHILDREN 1st, the sum of (sum to be inserted here in words)

.....
to be paid free of all Inheritance Tax to the Treasurer for the time being of the said Charity, whose receipt or discharge for the same shall be sufficient.

To donate online please visit www.children1st.org.uk