



# ANNUAL REPORT

## 2015-16

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## FOREWORD

In recent years, the Annual Report from Children 1st has highlighted three fundamental themes. The first is the continuing need for the charity's services. The second is the continuing pressure on our ability to provide those services through funding constraints. The third – and hugely positive – theme has been the ability of the charity's management, staff and volunteers to adapt, do things differently and to continue to help those in great need. This year is no exception.

*"A child without childhood is like a rainbow without colour. You know something wonderful and beautiful is missing, and it will keep hurting for a whole lifetime."  
Adult Survivor of Abuse*

It is unfortunately the case that the support we can give to children, young people and families in the most difficult of circumstances was in ever-increasing demand in 2015-16. Ideally, it would be possible to pinpoint the underlying causes which give rise to the need for our services, but there is no single villain. Those in need are not to be classified in any neat way, whether according to geography, economics or personal background. However, it is possible to point to a number of influences. Poverty remains the prevailing, debilitating reality for far too many families in Scotland in 2016. Domestic violence, sexual abuse and the impact of trauma are malevolent forces. As is drugs and alcohol misuse. But a further influence is the simple reality that many parents find parenthood difficult, sometimes lacking help from within their own families, often trying to defend children against the difficulties brought by poverty, violence or substance misuse. This is not easy but it is where the people of Children 1st can help. That's why the deceptively simple description of "working with families" is so important. This help is often essential at the time but is also the early intervention which prevents far more serious problems in later years.

The increasingly difficult funding backdrop through public spending cuts is well-documented and all I can do in this report is to ask that those tasked with making those decisions are as fully aware of the implications as they can be. I have no doubt whatever about the integrity of those in command of these decisions; it is unenviable to be asked to prioritise limited resources between competing demands which are highly deserving. But I am biased. The welfare of our children and young people is such a fundamental part of society's well-being that any decision which damages that welfare must be very carefully taken.

Children 1st is redoubling its efforts to compensate for public funding shortfalls with increased income from other sources. The positive effect of our services fits well with the objectives of many trusts and with companies who see it as part of their mission to support the communities in which they do business. Throughout 2015-16 there has been heightened scrutiny by government, the media and the public about fundraising practices of large UK-wide charities. It is the case that Children 1st has always adopted fundraising practices which are donor led and we will continue to adhere fully to all regulations. Our

new branding, with the determination that each child in Scotland has reasons to smile, captures the ethos of Children 1st and our aspirations for the children and young people in this country of ours. With the continuing support of our many funders, from the public and private sectors, organisations and individuals, from all over Scotland, we will keep working to ensure that each child has reasons to smile.

This is my last Statement on behalf of the Board before I hand over to my successor, Ken Cunningham, at our AGM in September. It has been a privilege to serve this outstanding charity for nine years, through some very difficult times. I've mentioned the first two of three prevailing themes above, but it is the third that is in many ways the most powerful. The work done by our staff and volunteers to bring positive outcomes to children, young people and families in such difficult circumstances, their ability to find light in the gloom, to adapt to the needs of the families they work with and to the resources available, is truly inspiring. The reality is that there will not be any easier times ahead, but with supportive funders, an outstanding new Chair, Board members and management team, and such dedicated and skilled staff and volunteers, I am absolutely confident that Children 1st will be a huge force for good in the lives of children, young people and families in Scotland for many, many years to come.

Finally it was with great sadness that we learned of the passing of Allan Doig at the beginning of June. Allan was a great colleague and a man who put Scotland's children first. For twenty eight years Allan was a leading figure in the delivery of the Touch of Tartan Ball, one of our largest and most successful fundraising events and for the past two years Allan has been a member of the Children 1st Board playing a key role in our governance. The thoughts of all of us at Children 1st are with Allan's family and friends and on behalf of all the children and families Allan helped us to support and champion we remember him with great respect. He will be hugely missed.

#### **On behalf of the Board of Management**

A handwritten signature in black ink, appearing to read 'Graeme Bissett', is written over a long, thin horizontal line that extends across the width of the signature.

**Graeme Bissett BA CA**  
**Chair**

## REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents the annual report and financial statements for the year ended 31 March 2016. 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) (effective 1 January 2015).

## OBJECTIVES 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.

The Children 1st strategic plan for 2013-2018 has two aims:

- 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 organisation has refreshed its strategic plan during the year introducing a logic model to clearly show the resources, activities, outputs and outcomes of the charity and enable more robust planning and evaluation.

## Purpose

- To improve the lives of Scotland's children by**
- Being a strong public voice for vulnerable children and young people to positively influence public policy and opinion
  - Providing excellent services which promote the safety and wellbeing of vulnerable children and young people

## Aims

- To support families and communities to put children first
- To help children recover from abuse, trauma and violence
- To protect children from harm and neglect
- To champion the rights and interests of children
- To enable us to do more we will use volunteers across all our services & functions
- To ensure long-term sustainability and impact

## Outcomes

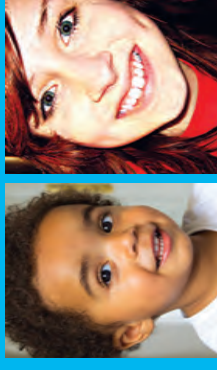
- Improve the safety and wellbeing of children across Scotland
- More resilient families and communities in which children are nurtured and loved
- Improved policy and practice and influencing to ensure that the voice of children and families is heard, respected and acted on
- Reduce inequality and harm caused by the issues that affect the children and families we support

## Activities

- Develop integrated family support service hubs across Scotland that protect children in their families and communities with a focus on early years and early intervention
- Develop high quality trauma recovery support to adults and children
- Deliver excellent national helplines and services to reach families who need support on a range of issues affecting the safety and wellbeing of children
- Work in purposeful partnerships with others to share knowledge, practice and resources in the best interests of children
- Work to ensure that the rights of children are respected and protected in policy, legislation and practice
- Develop models of delivery that have children and families decisions at the centre

## Enablers

- People
- Culture and values
- Governance
- Adaptability and creativity
- Impact
- Independent
- Fundraising



# STRATEGIC PLAN 2013-18 LOGIC MODEL



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).

## ACHIEVEMENTS AND PERFORMANCE

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 in looking out for and protecting children.

We cannot succeed alone. We work in partnership with local organisations and agencies including childcare professionals, the government, police and community groups – whoever shares our aim to put children first. We also work with other charities combining our expertise with theirs to better support and speak out for children and families at a local and national level.

Our aim is to work with as many of Scotland's vulnerable children as we can. Previously we have been able to reach more children through our valuable group work in schools. However due to changes in our funding over the past year we have had to reduce this work. Accordingly this year we have worked with **10,500** 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 five national services, **ParentLine Scotland, National Kinship Care, Family Decision Making** (to October 2015), **Safeguarding in Sport** and the **National Safeguarders Panel**.

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

- for support to develop positive parenting (**26** percent);
- to strengthen family relationships (**21** percent);
- to prevent, and support recovery from, abuse and trauma (**19** percent);
- to reduce the impact of substance misuse (**12** percent) and
- to promote children and young people's participation in decisions that affect them (**9** percent).

We have two key strategic aims:

- **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.**

## 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

Every family needs a little help from time to time. But some face challenges so severe that the safety, happiness and health of their children are in jeopardy. We give practical and emotional support to families living with stress and pressure caused by poverty, mental ill health and emotional trauma. We support families to tackle their challenges in order to be able to be strong enough to nurture and care for their children in safe, loving and connected families.

*“Working with you has been a benefit. I have been able to make sense of things. I have learned to take control of difficult situations. More than anything I have learned how to talk and stay safe. I trust you with things I have told you. I am not judged.”*

*Parent*

During 2015/16:

- Support to families was provided in all our local service areas.
- Our staff was trained in Systemic Family Therapy, an approach to working with families that is holistic and helps address deep rooted and long term problems and issues.
- Our new Tackling Money Worries project, a partnership with Govan Law Centre, funded by the Scottish Legal Aid Board, enabled families to access expert financial advice and support.
- We began weekly outreach at a Boots pharmacy and a community centre in collaboration with Dundee Alcohol and Drug Partnership. This has enabled us to deliver services and support at a truly local level.
- We continued to provide two dedicated support services for young people; in Midlothian for young carers and in West Lothian at the Chill Out Zone.

*“It’s a place to go where young parents feel accepted, and where they can develop positively as parents and as people.”*

*Worker at Gilmerton Early Years Centre*

- Our pioneering Family Group Conferencing brings together families, other helpful adults and helping agencies when there are concerns for children and when decisions and plans need to be made with them and for them. We successfully campaigned to make this a requirement for families in the Children and Young People (Scotland) Act 2014. We developed and continued to deliver the ‘Signs of Safety’ technique which puts families at the heart of decision making.



## 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. The Kinship Care Line supports carers or extended family across Scotland who care for children who can no longer live with their parents.

Over the last year we supported **2,423** parents, carers and concerned individuals through ParentLine Scotland, the National Kinship Care Service and the Family Decision Making Service in every single local

authority across Scotland. The Family Decision Making Service, provided in partnership with Scottish Child Law Centre and One Parent Families Scotland, helped separating or separated parents deal with issues such as contact, maintenance and residence. Parents were supported to access free legal and benefits advice, online resources and family group meetings to reduce conflict and ensure the needs of children and young people were considered at the most challenging of times for families. One of the successes of the service was that **40%** of our service users were men, compared to around **15%** in our other helpline services.

Also in the year

- We ran a number of events to support kinship carers which were led by Dr Suzanne Zeedyk, focusing on love, attachment and staying connected with children and young people through the teenage years.
- ParentLine Scotland hosted Education Secretary Angela Constance as she launched the first TV campaign in the UK to focus on child sexual exploitation, highlighting ParentLine as a key support for concerned parents and carers.
- We published a series of informational videos for kinship carers. Featuring informal discussion between BBC Scotland's Gary Robertson and kinship carers, these addressed attachment, family conflict and coping with stress.

As one Kinship Carer said of our service:

*"It's an invaluable service. Sometimes all you need is someone to talk to. It's like a big dark cloud has been lifted. In a way it has saved the placement."*

*"Just having her on the other end of the phone and having someone listen was invaluable. I'd definitely advocate to anyone if they ever need, they should get in touch with ParentLine. I will do and have recommended it to anyone who needs support. I didn't know where I'd be without the calls with the helpline."*

*Parent*

## SAFEGUARDING IN SPORT

Safeguarding in Sport, in partnership with sportscotland supports volunteers and staff in sports organisations across Scotland to keep children safe by providing advice, consultancy and training.

*"I always receive a professional, prompt and informed service from Safeguarding in Sport."*

*Matt Hubert. Lead Child Protection Officer, Tennis Scotland*

During the year the service has engaged with **56** Sports Governing Bodies in Scotland to support them to embed and develop good practice in keeping children safe and promoting their wellbeing in sport.

*"I wish that none of Scotland's children had to experience domestic abuse or violence but for those that have I wish they had easy access to support and someone to talk to."*

*Adult*

## 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 2015/16 we supported children and adults who had been affected by physical, emotional and sexual abuse, neglect, domestic abuse, loss and bereavement. 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.

*"I can let my wall down more now as you have helped me."*

*Child*

*"I have a voice. It was heard. Thank you."*

*Child*

## 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.

## COMMUNITY ENGAGEMENT

Our Community Engagement services supported neighbourhoods, organisations and businesses to play their part in looking-out for and protecting children. Our Communities Putting Children First sessions got people talking about how we can all play a part in keeping children safe, and gave tips and help on what to do. In each session, which is led by a trained volunteer, participants are encouraged to see what's going on around them, to hear what children say, to speak up when they know something's wrong and to act to keep children safe.

"Thank you for helping me increase my confidence. I feel a better role model for my children. I used to sit at home all day but now they see me getting involved and they also want to be involved in activities for our community."

Parent

- We received Scottish Government funding to pilot approaches to supporting parents and children to engage in community planning processes. This has enabled local parents to work together to make the community a better place for children and families.
- We published and disseminated a new guide to child protection for individuals and communities, on our website and as a wallet-sized publication.

## NATIONAL SAFEGUARDERS PANEL

Children 1st manages the national Safeguarders Panel on behalf of the Scottish Government. The team has continued its strong performance in the effective operation of the Panel to make sure children who require a Safeguarder are allocated one without delay and also that Safeguarders are more supported in their complex role. This year we allocated **1,478** Safeguarders to support **2,114** children.\*

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

Additionally this year has seen some very significant developments for the national Safeguarders Panel. The Panel team collaborated with a group of Safeguarders to develop Practice Standards. We then worked with the Scottish Government to produce a comprehensive Framework for supporting and monitoring Safeguarders' performance against these Standards. This means all Safeguarders will be required to demonstrate their fitness to practice.

This work has been vital in the modernisation of the Panel envisaged by the Children's Hearing (Scotland) Act 2011 and crucially supports the vision of an excellent, respectful, transparent and accountable service for every child or young person who is appointed a Safeguarder.

## 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.

Our influencing activity for the year includes:

Submitting evidence and responding to consultations with the views and experiences of the children and families we support.

Consultations and evidence submission opportunities we responded to included:

- Statutory guidance on the Children and Young People (Scotland) Act
- Draft Victims' Rights (Scotland) Regulations
- Scottish Courts and Tribunals Service Evidence and Procedure Review
- Standards of Service for Victims and Witnesses
- Scottish Parliament Welfare Reform Committee
- National Strategy for Survivors of Childhood Sexual Abuse
- National Inquiry into Historical Child Abuse - Terms of Reference
- Stage 1 of the Abusive Behaviour and Sexual Harm (Scotland) Bill
- Proposals to reform the criminal law to address domestic abuse and sexual offences
- European Union Guidance on Integrated Child Protection Systems
- Finance Committee Call for Evidence on Prevention
- Health and Sport Committee's Inquiry into Teenage Pregnancy

We briefed MSPs for parliamentary business including:

- Stage 3 debate on Criminal Justice (Scotland) Bill
- Stage 1 debate on the Carers (Scotland) Bill
- Member's debate on the National Strategy for Survivors of Childhood Sexual Abuse
- Education and Culture Committee consideration of cyber-bullying

We published two manifestos in preparation for the 2016 Scottish Parliamentary election. Our general manifesto specified changes that we believe are necessary to ensure that every child in Scotland has the best possible start in life, and can live free from abuse, neglect and violence. A second manifesto highlighted changes we think are necessary in order for the needs of Scotland's kinship care families to be met in full. We asked Scotland's political parties to adopt the proposed changes in our manifestos into their own.

We jointly commissioned a review of research into the physical punishment of children with Barnardo's Scotland, NSPCC Scotland and the Children and Young People's Commissioner in Scotland. The review, entitled 'Equally Protected?' found strong and consistent evidence from **98** pieces of international research that physical punishment is harmful to children and ineffective as a form of discipline.

We continue to chair a coalition for Justice for Children, campaigning for improvements and changes to the way vulnerable children are treated in court and calling for better ways for them to give their evidence.

**In 2015/16 we established Stop to Listen**, a multi-agency initiative led by Children 1st, which brings key partners in **four** local authority areas together to improve and develop child centred responses across services to child sexual abuse. Within the current system we will aim to:

- Target prevention and early identification of need;
- Slow down the pace of how we work with children and young people, and involve them and their families in the decisions that affect them;
- Make our processes to protect children genuinely child-centred and child-friendly;
- Work in close collaboration across agencies;
- Improve staff knowledge, skills, confidence and provide them with excellent support to work with sexual abuse and exploitation;
- Provide high-quality trauma and recovery services.

## FUNDRAISING

In the year ended 31 March 2016 Children 1st raised **£3,813,918** in donations and legacies, against a budgeted objective of **£3,880,745**.

Throughout the year members of the public and our **22** volunteer Action Groups have worked tirelessly, spreading the word and raising funds through a whole host of enticing sporting challenge events, balls, lunches, fairs and street collections. Collectively they have raised **£310,007**.

We benefit from a large number of individuals who live across the length and breadth of Scotland, and sometimes further afield, making one off and regular direct debit gifts, with growth in the number of these donations being made online.

Charitable trusts and grant making foundations form key partners to support many aspects of our children and family services. We were grateful once again to be a beneficiary of the STV Children's Appeal which funds services in **Glasgow, Midlothian** and **Aberdeen**. We were also pleased to receive continued support from Lloyds TSB Foundation for Scotland – Partnership Drugs Initiative towards our services in **Midlothian** and **Glasgow** and from the Big Lottery Fund – Investing in Communities Fund for our services to support Kinship Carers in **Moray, East Lothian** and **Ayrshire**. We received new grants from the Crerar Hotels Trust and the Castansa Trust and were delighted to be awarded **£116,473** from our long term supporter The RS Macdonald Charitable Trust to contribute towards the development of the Stop to Listen pilot project. We are also thankful for the continued support of all of our trust supporters including BBC Children in Need, Cattanach Trust, Comic Relief, Robertson Trust, Northwood Charitable Trust and the Volant Charitable Trust.

2015 saw the fourth year of our annual corporate Dragons' Glen Challenge with **17** teams taking part. Each team was tasked to turn **£500** into **£5,000+** in five months. Collectively they raised over **£150,000**, an outstanding performance by all those who took part making it the biggest annual total yet for the challenge.

Players of People's Postcode Lottery continue to make a significant impact to the lives of children we support. In 2015-16 they contributed **£600,000** and supported our impact reporting programme which is helping to attract further new funding support from other organisations and individuals.

## CHILDREN'S CHAMPIONS

Our funding heroes, known as Children's Champions, are those individuals, trusts and companies who have donated **£10,000** and above to Children 1st during the last year. We particularly wish to thank:

Aberdeen Asset Management PLC  
Ambassador Theatre Group  
Big Lottery Fund - Investing in Communities  
Big Lottery Fund - Young Start  
BBC Children in Need  
Castansa Trust  
Comic Relief  
Crerar Hotels Trust  
Cattanach Trust  
Dinning Charitable Trust  
Entier Ltd  
Lifescan Scotland Limited  
Lloyds TSB Foundation for Scotland - Partnership Drugs Initiative  
Marathon Oil UK Limited  
Moffat Charitable Trust  
Morgan Stanley Foundation  
Northwood Charitable Trust  
The Players of People's Postcode Lottery  
Richard Burns  
Robertson Trust  
RS Macdonald Charitable Trust  
Scottish and Southern Energy PLC  
Skyscanner Ltd  
Simmons & Company International  
STV Children's Appeal  
The Morrisons Foundation  
The Schuh Trust  
Thorntons Solicitors  
Volant Charitable Trust  
Wood Group PSN

And other generous individuals who have chosen to remain anonymous.

We would also like to thank our celebrity ambassadors:

Kaye Adams      Damian Barr      Colin McCredie      Cathy McPhail

We acknowledge the support of the Scottish Government through the Third Sector Early Intervention Fund, managed on behalf of the Scottish Government by the Big Lottery Fund in Scotland and Lloyds TSB Foundation for Scotland (since January 2016).

## OUR SUPPORTER PROMISE

Our work with thousands of children in Scotland each year wouldn't be possible without donations from those who support us. We know they want to make a positive difference to children's lives in Scotland and expect us to spend their money wisely.

By donating to Children 1st our supporters can expect:

- To be told how they are helping to change children's lives and about our finances so they know how their money is being spent and the value of their volunteering.
- To be communicated with in a way that suits them. If they tell us they would prefer to hear from us less, or don't want to hear from us again, we will respect their wishes.
- We value their support and promise to respect their privacy and keep their 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 supporter data for research purposes to improve our services, or to try to understand supporter preferences in order to contact them in the most appropriate and relevant way.
- Supporter contact data will be stored securely on Children 1st servers. Our website donations are processed by PayPoint 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 donors a rewarding supporter experience. It is easy for people to contact us if they want to discuss anything relating to fundraising by calling **0131 446 2300** (Mon-Fri 9am-5pm) or email: [fundraising@children1st.org.uk](mailto:fundraising@children1st.org.uk)

## PUBLIC AWARENESS

In 2015/2016 we reviewed and refreshed our brand identity to ensure it best represents our aim of helping Scotland's families put children first, and to increase the effectiveness of our efforts to fundraise and attract support. The refresh included a change in our visual identity and organisational language style.



## 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.

During the year we were supported by **717** volunteers.

**54%** of our volunteers were engaged in fundraising and raised **£316,397** in the year, an increase of **18%** on the amount raised in 2014/15.

Elsewhere in the organisation volunteers gave approximately **14,000** hours which equates to **£115,461** in value (based on living wage of **£8.25** per hour).

## FINANCIAL REVIEW

The net movement of funds during the year was (**£41,894**); 2015 (**£909,113**). The large outflow of funds during 2015 was due to expenditure on the delivery of the Public Social Partnerships in that year. Due to accounting rules on restricted funds the income for this work, received in 2014, was however recognised in the 2014 accounts.

The net movement this year has been achieved with increased legacies enabling us to meet our overall income target for the year. Against a backdrop of continuing economic austerity, 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 2016, the charity's balance sheet is valued at **£3,797,489** with unrestricted funds of **£2,720,184**. 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 **£1,508,476**. This is an increase of **£209,975** 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 **£1,211,708** are unrestricted funds which have been assigned by the charity for specific purposes in the future. The current amount is to cover the book value of fixed assets used by the charity in its work.

## Restricted Funds

Restricted funds can only be used for specific purposes agreed with the donor or funder and at the year-end. These funds totalled **£1,026,344** and include: **£403,613** from local authorities across Scotland for service delivery in their regions; **£43,703** from the Scottish Government; and **£579,028** from other funders for specific service provision.

## 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. Whilst the market value of the investment portfolio has reduced in the year, 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 current investment principles adopted by the trustees are as follows:

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 **16%** in bonds and bond funds with a mixture of conventional and index linked products to give some inflation protection. The remaining **84%** is invested in equities with a diversified mix of UK, European, USA and Far Eastern Fund investments. There are no direct single equity investments in order to help reduce the risk. Where possible, we invest in Ethical funds where the return and risk are acceptable. The charity avoids direct investment in any company that has been involved in the exploitation of children, the production of tobacco or the manufacture of arms. However the Board accepts 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.

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 assessment

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. 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.
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 as outlined in the logic model on page 6.

## 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 **192** members of the charity at 31 March 2016.

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.

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](http://www.children1st.org.uk)

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

<b>Chair</b>	Graeme Bissett BA CA
<b>Vice Chair</b>	Martin Donachy BA CQSW ( <i>Resigned 15 September 2015</i> ) Sandy MacDonald BSc
<b>Hon. Treasurer</b>	Stephanie Rose BSc ACA
<b>Hon. Law Agent</b>	Caroline Gilchrist
<b>Hon. Law and Social Care Agent</b>	Prof. Rosaleen Beattie ( <i>Resigned 15 March 2016</i> ) Carol Brown MA(Hons), DipEd Jane Bruce Elizabeth Buie Graham Curran ( <i>Resigned 15 September 2015</i> ) Allan Doig ( <i>Died 3 June 2016</i> ) Stella Everingham ( <i>Elected 15 September 2015</i> ) Moir Green Kenneth Lewandowski Iain Mackay ( <i>Elected 15 September 2015</i> ) David McMillan Helen Webster BSc FFA Dr Ken Cunningham CBE ( <i>co-opted from 15 March 2016</i> )

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

<b>Chief Executive</b>	Alison Todd
<b>Director of Children and Family Services and External Affairs</b>	Mary Glasgow
<b>Director of Finance and Corporate Services</b>	Howard Vaughan
<b>Director of Fundraising and Communications</b>	Kate Smith <i>(Maternity Leave from 17 March 2016)</i>
<b>Interim Director of Fundraising and Communications</b>	Barbara Kidd <i>(Covering Maternity Leave from 17 March 2016)</i>
<b>Auditors</b>	Scott-Moncrieff Exchange Place 3, Semple Street Edinburgh, EH3 8BL
<b>Bankers</b>	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
<b>Solicitors</b>	Morisons Solicitors LLP 53 Bothwell Street Glasgow, G2 6TS
<b>Stockbrokers</b>	Brewin Dolphin Atria One, 144 Morrison Street Edinburgh, EH3 8EX

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustee's 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 application 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, and
- Meet statutory responsibilities under Scottish Government terms and conditions of grant.

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 Act 1993, the Charity (Accounts and Reports) 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:



**Graeme Bissett BA CA**  
**Chair**

Date: 2nd August 2016



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHILDREN 1ST YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of Children 1st for the year ended 31 March 2016 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 Report of the Board of Management set out on page 5, 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](http://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 2016 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

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: 2 August 2016

Children 1st  
Statement of Financial Activities  
(incorporating Income and Expenditure Account)  
Year ended 31 March 2016

Year Ended  
31 March  
2015

Year Ended 31 March 2016


	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Total Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £	Total £
<b>Income and endowments from:</b>								
Donations and legacies	4	2,787,257	-	2,787,257	1,026,661	-	3,813,918	3,690,532
Charitable Activities	5	253,769	-	253,769	6,572,240	-	6,826,009	6,828,935
Other Trading Activities	6	5,426	-	5,426	-	-	5,426	5,000
Investments		71,094	-	71,094	-	-	71,094	35,574
Other Income		3,222	-	3,222	-	-	3,222	2,600
<b>Total income</b>		<b>3,120,768</b>	<b>-</b>	<b>3,120,768</b>	<b>7,598,901</b>	<b>-</b>	<b>10,719,669</b>	<b>10,562,641</b>
Expenditure on:								
Raising funds	7	1,087,330	-	1,087,330	-	-	1,087,330	1,149,682
Charitable activities	5	1,837,459	-	1,837,459	7,706,381	-	9,543,841	10,406,494
<b>Total expenditure</b>		<b>2,924,789</b>	<b>-</b>	<b>2,924,789</b>	<b>7,706,381</b>	<b>-</b>	<b>10,631,170</b>	<b>11,556,176</b>
		<b>195,979</b>	<b>-</b>	<b>195,979</b>	<b>(107,480)</b>	<b>-</b>	<b>88,499</b>	<b>(993,535)</b>
Net (losses)/gains on investments		(130,393)	-	(130,393)	-	-	(130,393)	84,422
<b>Net income/(expenditure)</b>		<b>65,586</b>	<b>-</b>	<b>65,586</b>	<b>(107,480)</b>	<b>-</b>	<b>(41,894)</b>	<b>(909,113)</b>
<b>Transfer between funds</b>	20	<b>144,389</b>	<b>(144,389)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>209,975</b>	<b>(144,389)</b>	<b>65,586</b>	<b>(107,480)</b>	<b>-</b>	<b>(41,894)</b>	<b>(909,113)</b>
<b>Reconciliation of funds:</b>	20							
Total funds brought forward		1,298,501	1,356,097	2,654,598	1,133,824	50,961	3,839,383	4,748,496
<b>Total funds carried forward</b>		<b>1,508,476</b>	<b>1,211,708</b>	<b>2,720,184</b>	<b>1,026,344</b>	<b>50,961</b>	<b>3,797,489</b>	<b>3,839,383</b>

The notes on pages 30 to 45 form part of these financial statements.

**Children 1st  
Balance Sheet  
As at 31 March 2016**

	Notes	Year Ended 31 March 2016 £	Year Ended 31 March 2015 £
<b>Fixed Assets</b>			
Tangible Assets	12	1,211,708	1,351,411
Investments	13	<u>1,441,248</u>	<u>1,569,489</u>
		<b>2,652,956</b>	<b>2,920,900</b>
<b>Current Assets</b>			
Debtors	14	1,039,553	1,455,982
Cash at bank and in hand	16	<u>1,126,346</u>	<u>544,133</u>
		<b>2,165,899</b>	<b>2,000,115</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	17	<u>816,726</u>	<u>818,546</u>
Net current assets or liabilities		<u>1,349,173</u>	<u>1,181,569</u>
<b>Total assets less current liabilities</b>		4,002,129	4,102,469
Creditors: Amounts falling due after one year	18	204,640	263,086
Total net assets		<u>3,797,489</u>	<u>3,839,383</u>
<b>The funds of the charity</b>			
Endowment Fund	19	50,961	50,961
Restricted Funds		1,026,344	1,133,824
Unrestricted Funds		1,386,111	1,045,743
Designated Funds		1,211,708	1,356,097
Revaluation Reserve		<u>122,365</u>	<u>252,758</u>
Total unrestricted funds		2,720,184	2,654,598
Total charity funds		<u>3,797,489</u>	<u>3,839,383</u>

The financial statements were authorised for issue by the Trustees on 02/08/2016 and signed on their behalf by:

  
.....  
**Graeme Bissett BA CA**  
Chair

  
.....  
**Stephanie Rose BSc ACA**  
Hon. Treasurer

Registered company number SC081620

The notes on pages 30 to 45 form part of these financial statements.

Children 1st  
Statement of Cash Flows  
Year ended 31 March 2016

		Year Ended 31 March 2016	Year Ended 31 March 2015
	Notes	£	£
<b>Net cash flows from operating activities</b>	22	<u>670,012</u>	<u>(1,273,428)</u>
<b>Cash flows from investing activities</b>			
Investment income		71,094	35,574
Proceeds from the sale of property, plant and equipment		3,222	2,600
Purchase of property, plant and equipment		(105,804)	(78,309)
Proceeds from sale of investments		7,008	906,445
Purchase of investments		(21,730)	(1,205,967)
<b>Net cash used in investing activities</b>		<u>(46,210)</u>	<u>(339,657)</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(54,159)	(18,931)
Cash inflows from new borrowing		-	-
<b>Net cash used in financing activities</b>		<u>(54,159)</u>	<u>(18,931)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>569,643</b>	<b>(1,632,016)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>573,270</b>	<b>2,205,286</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	16	<u><b>1,142,913</b></u>	<u><b>573,270</b></u>

The notes on pages 30 to 45 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 transition 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.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS102, as issued by the Financial Reporting Council, and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and referred to below as "previous UK GAAP". The financial effects of the transition to FRS102 are set out in note 23 below.

### 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.

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.

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.

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.

#### 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 statements 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. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from 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.

**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 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.

As a result of the transition to FRS102, the previous two years results have been restated to incorporate the estimated untaken annual holiday entitlement. In the current year, the actual figure has been used.



### 3. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

Year Ended 31 March 2015

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Total Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
<b>Income and endowments from:</b>							
Donations and legacies	4	2,476,736	-	2,476,736	1,213,796	-	3,690,532
Charitable Activities	5	131,936	-	131,936	6,696,999	-	6,828,935
Other Trading Activities	6	5,000	-	5,000	-	-	5,000
Investments		35,574	-	35,574	-	-	35,574
Other Income		2,600	-	2,600	-	-	2,600
<b>Total income</b>		<b>2,651,846</b>	<b>-</b>	<b>2,651,846</b>	<b>7,910,795</b>	<b>-</b>	<b>10,562,641</b>
<b>Expenditure on:</b>							
Raising funds	7	1,149,682	-	1,149,682	-	-	1,149,682
Charitable activities	5	1,944,597	-	1,944,597	8,461,897	-	10,406,494
<b>Total expenditure</b>		<b>3,094,279</b>	<b>-</b>	<b>3,094,279</b>	<b>8,461,897</b>	<b>-</b>	<b>11,556,176</b>
		<b>(442,433)</b>	<b>-</b>	<b>(442,433)</b>	<b>(551,102)</b>	<b>-</b>	<b>(993,535)</b>
Net gains on investments		84,422	-	84,422	-	-	84,422
<b>Net expenditure</b>		<b>(358,011)</b>	<b>-</b>	<b>(358,011)</b>	<b>(551,102)</b>	<b>-</b>	<b>(909,113)</b>
<b>Transfer between funds</b>		<b>302,391</b>	<b>(302,391)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(55,620)</b>	<b>(302,391)</b>	<b>(358,011)</b>	<b>(551,102)</b>	<b>-</b>	<b>(909,113)</b>

#### 4. DONATIONS AND LEGACIES

	2016 £	2015 £
Central Income - Individuals	455,832	552,819
Central Income - Trusts, Organisations and Corporate Bodies	1,268,202	1,368,873
Regional Income - Excluding shops	519,484	530,488
	<u>2,243,518</u>	<u>2,452,180</u>
People's Postcode Lottery	600,000	575,000
Legacies (see note 24)	970,400	663,352
<b>Total donations and legacies</b>	<u><b>3,813,918</b></u>	<u><b>3,690,532</b></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 2016	Total 2015
	£	£	£	£
Grants:				
Scottish Government	-	3,615,305	3,615,305	3,644,137
Council grants	-	2,481,054	2,481,054	2,317,671
Other grants	-	468,352	468,352	697,350
	<u>-</u>	<u>6,564,711</u>	<u>6,564,711</u>	<u>6,659,158</u>
Services income	253,769	7,529	261,298	169,777
<b>TOTAL</b>	<u><b>253,769</b></u>	<u><b>6,572,240</b></u>	<u><b>6,826,009</b></u>	<u><b>6,828,935</b></u>

In the year, the charity received funding of £1,667,278 (2015 - £1,853,730) from the Scottish Government, being the reimbursement of fees incurred by the members of the National Safeguarders' Panel.

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

EXPENDITURE	Direct Costs £	Support Costs £	Total 2016 £
<b>2016</b>			
<b>Services to children and families</b>			
Employment costs	5,278,987	857,908	6,136,895
Vehicle and travel costs	175,813	14,910	190,723
Property costs	392,212	84,919	477,131
Services costs	1,991,036	4,428	1,995,464
Office costs	193,683	385,838	579,521
Publicity costs	103,059	6,919	109,978
Other costs	29,626	-	29,626
Governance costs (note 9)	-	24,503	24,503
<b>Total</b>	<u>8,164,416</u>	<u>1,379,425</u>	<u>9,543,841</u>

2015	Direct Costs £	Support Costs £	Total 2015 £
<b>Services to children and families</b>			
Employment costs	5,497,531	1,024,879	6,522,410
Vehicle and travel costs	173,165	13,430	186,595
Property costs	356,695	71,944	428,639
Services costs	2,428,672	7,781	2,436,453
Office costs	271,245	432,160	703,405
Publicity costs	88,388	10,280	98,668
Other costs	9,063	-	9,063
Governance costs (note 9)	-	21,261	21,261
Total Resources Expended	<u>8,824,759</u>	<u>1,581,735</u>	<u>10,406,494</u>

## 6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Shops	5,426	-	5,426	5,000
Other non-material items	-	-	-	-
<b>Total</b>	<u>5,426</u>	<u>-</u>	<u>5,426</u>	<u>5,000</u>

## 7. EXPENDITURE ON RAISING FUNDS

	Direct Costs £	Support Costs £	Total 2016 £
<b>2016</b>			
Employment costs	702,951	61,115	764,066
Vehicle and travel costs	21,683	2,287	23,970
Property costs	45,055	13,027	58,082
Services costs	1,175	679	1,854
Office costs	36,892	59,189	96,081
Publicity costs	19,299	1,061	20,360
Other costs	122,917	-	122,917
<b>Total</b>	<b>949,972</b>	<b>137,358</b>	<b>1,087,330</b>

	Direct Costs £	Support Costs £	Total 2015 £
<b>2015</b>			
Employment costs	727,346	74,718	802,064
Vehicle and travel costs	21,824	1,973	23,797
Property costs	50,132	10,570	60,702
Services costs	3,863	1,143	5,006
Office costs	51,148	63,495	114,643
Publicity costs	59,302	1,510	60,812
Other costs	82,658	-	82,658
Total Resources Expended	996,273	153,409	1,149,682

## 8. SUPPORT COSTS

	Raising Funds £	Services to Children & Families £	Governance Costs (Note 9) £	Total 2016 £
<b>2016</b>				
Employment costs	61,115	857,908	-	919,023
Vehicle and travel costs	2,287	14,910	-	17,197
Property costs	13,027	84,919	-	97,946
Services costs	679	4,428	7,703	12,810
Office costs	59,189	385,838	16,800	461,827
Publicity costs	1,061	6,919	-	7,980
Other costs	-	-	-	-
<b>Total</b>	<b>137,358</b>	<b>1,354,922</b>	<b>24,503</b>	<b>1,516,783</b>

	Raising Funds £	Services to Children & Families £	Governance Costs (Note 9) £	Total 2015 £
<b>2015</b>				
Employment costs	74,718	1,024,879	-	1,099,597
Vehicle and travel costs	1,973	13,430	-	15,403
Property costs	10,570	71,944	-	82,514
Services costs	1,143	7,781	2,119	11,043
Office costs	63,495	432,160	-	495,655
Publicity costs	1,510	10,280	-	11,790
Other costs	-	-	19,142	19,142
Total Resources Expended	153,409	1,560,474	21,261	1,735,144

Allocation of Support Costs is based on the average full-time equivalent number of employees during the year, as follows:

	2016	2015
Fundraising	22	23
Support	34	35
Children and Family Services	145	157
<b>Total</b>	<b>201</b>	<b>215</b>

## 9. GOVERNANCE COSTS

2016	Services to Children & Families £	Total 2016 £
Auditors' remuneration:		
- Audit fees	11,772	11,772
- Accountancy and other financial services	2,400	2,400
Other costs	10,331	10,331
<b>Total</b>	<b><u>24,503</u></b>	<b><u>24,503</u></b>

2015	Services to Children & Families £	Total 2015 £
Auditors' remuneration:		
- Audit fees	11,400	11,400
- Accountancy and other financial services	4,572	4,572
Other costs	5,289	5,289
<b>Total</b>	<b><u>21,261</u></b>	<b><u>21,261</u></b>

## 10. EMPLOYEE BENEFIT EXPENSE

	2016 £	2015 £
Wages and Salaries	5,663,388	5,988,277
Social Security Costs	451,474	474,029
Pension Costs - Defined Contribution Schemes	459,400	493,485
Other Employment Costs	385,592	356,688
	<b><u>6,959,854</u></b>	<b><u>7,312,479</u></b>

Redundancy costs of £107,998 (2015 - £69,214) were incurred in the year and are included within other employment costs.

There was one employee whose annual emoluments, excluding Employer's pension contributions, were £60,000 or more (2015 - 1). This employee's emoluments fell within the £70,000 to £80,000 band and pension costs of £7,842 (2015 - £7,652) were paid in respect of that employee.

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 £264,569 (2015 - £258,620).

The average headcount for the year was 244 (2015 - 266) and the average full-time equivalent was 201 (2015 - 215).

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 717 volunteers carrying out 757 roles, as follows:

Children & Family Services	206
ParentLine	120
Fundraising	406
Board Members	21
Other	4

The fundraising volunteers raised £316,397 in the year, an increase of 18% on 2014-15. In addition, volunteers provided approximately 14,000 hours to the organisation in the year. Whilst this value is not reflected in the financial statements, based on the Living Wage Foundation's recommended living wage rate of £8.25 per hour, this equates to £115,461.

## 11. 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 £2,848 (2015 - £2,119) were reimbursed to four Board members in the year.

Other than the above, and the employee benefits for key management described at note 10, there were no transactions with related parties in either the current or previous year.

## 12. FIXED ASSETS - TANGIBLE ASSETS

	Leasehold Land & Buildings £	Freehold Land & Buildings £	Motor Vehicles £	Fixtures & Office Equipment £	Computers £	Total £
<b>2016</b>						
<b>Cost</b>						
at 1 April 2015	194,288	1,358,471	34,825	490,406	1,048,478	3,126,468
Disposals during the year	(125,560)	-	(34,825)	(24,515)	(147,454)	(332,354)
Additions during the year	86,292	-	-	-	19,512	105,804
At 31 March 2016	<u>155,020</u>	<u>1,358,471</u>	<u>-</u>	<u>465,891</u>	<u>920,536</u>	<u>2,899,918</u>
<b>Depreciation</b>						
at 1 April 2015	187,416	359,880	34,825	480,716	712,220	1,775,057
On disposals during the year	(125,560)	-	(34,825)	(24,515)	(147,454)	(332,354)
Charge for the year	24,131	27,170	-	4,268	189,938	245,507
Impairment						
At 31 March 2016	<u>85,987</u>	<u>387,050</u>	<u>-</u>	<u>460,469</u>	<u>754,704</u>	<u>1,688,210</u>
<b>Net book value:</b>						
At 31 March 2016	<u>69,033</u>	<u>971,421</u>	<u>-</u>	<u>5,422</u>	<u>165,832</u>	<u>1,211,708</u>
<b>2015</b>						
<b>Cost</b>						
at 1 April 2014	194,288	1,358,471	34,825	490,406	970,169	3,048,159
Additions during the year	-	-	-	-	78,309	78,309
At 31 March 2015	<u>194,288</u>	<u>1,358,471</u>	<u>34,825</u>	<u>490,406</u>	<u>1,048,478</u>	<u>3,126,468</u>
<b>Depreciation</b>						
at 1 April 2014	180,543	332,711	34,825	475,603	470,018	1,493,700
Charge for the year	6,873	27,169	-	5,113	242,202	281,357
At 31 March 2015	<u>187,416</u>	<u>359,880</u>	<u>34,825</u>	<u>480,716</u>	<u>712,220</u>	<u>1,775,057</u>
<b>Net book value:</b>						
At 31 March 2015	<u>6,872</u>	<u>998,591</u>	<u>-</u>	<u>9,690</u>	<u>336,258</u>	<u>1,351,411</u>

### 13. INVESTMENTS

	2016 £	2015 £
Quoted investments:		
Market value at 1 April 2015	1,540,352	1,156,408
Disposals during the year	(7,008)	(905,420)
Additions during the year	21,730	1,205,967
Unrealised gains on investments	(130,393)	83,397
<b>Market value at 31 March 2016</b>	<b>1,424,681</b>	<b>1,540,352</b>
Cash as part of portfolio	16,567	29,137
Balance carried forward at 31 March 2016	<u>1,441,248</u>	<u>1,569,489</u>

### 14. DEBTORS

	2016 £	2015 £
Trade debtors	453,376	589,197
Sundry debtors	260,804	530,014
Prepayments	109,912	81,678
Accrued income	215,461	255,093
	<u>1,039,553</u>	<u>1,455,982</u>

### 15. FINANCIAL ASSETS AND LIABILITIES

	2016 £	2015 £
Financial assets at fair value	1,424,681	1,540,352
Financial assets at amortised cost	2,055,987	1,918,437
Financial liabilities at fair value	(162,450)	(150,417)
Financial liabilities at amortised cost	(632,607)	(674,900)
	<u>2,685,611</u>	<u>2,633,472</u>

Financial assets at fair value comprise of quoted investments.

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

Financial liabilities at fair value comprise of the short term loan discounted to net present value.

Financial liabilities at amortised cost comprise of all creditors falling due within one year (excluding taxation and social security).

### 16. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	1,126,346	544,133
Cash as part of investment portfolio	16,567	29,137
<b>Total cash equivalents</b>	<u>1,142,913</u>	<u>573,270</u>

#### 17. CREDITORS: amounts falling due within one year

	2016 £	2015 £
Trade creditors	196,652	237,755
Pension creditor	45,094	45,652
Other creditors	125,495	117,812
Accruals & Deferred Income	206,891	219,493
Short term concessionary loans	58,475	54,188
Taxation and social security	184,119	143,646
	<u>816,726</u>	<u>818,546</u>

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 £96,974, as at 31 March 2016, with interest payable at 7%.

A second concessionary loan, with a total balance of £166,141 at 31 March 2016, 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 £757,183 at 31 March 2016.

	2016 £	2015 £
Deferred income:		
Balance as at 1 April 2015	-	112,191
Amounts released in relation to previous periods	-	<u>(112,191)</u>
Balance as at 31 March 2016	<u>-</u>	<u>-</u>

#### 18. CREDITORS: amounts falling due after more than one year

	2016 £	2015 £
Concessionary loans payable within one to two years	63,095	58,468
Concessionary loans payable within three to five years	141,545	204,618
	<u>204,640</u>	<u>263,086</u>

#### 19. ANALYSIS OF NET ASSETS AMONG FUNDS

The fund balances at 31 March 2016 are represented by:

	Unrestricted General funds £	Unrestricted Designated funds £	Restricted income funds £	Endowment funds £	Total £
Fixed Assets	-	1,211,708	-	-	1,211,708
Investments	1,390,287	-	-	50,961	1,441,248
Net current assets	118,189	-	1,026,344	-	1,144,533
As at 31 March 2016	<u>1,508,476</u>	<u>1,211,708</u>	<u>1,026,344</u>	<u>50,961</u>	<u>3,797,489</u>



## 20. FUNDS

	Balance at 1 April 2015 £	Income £	Expenditure £	Balance at 31 March 2016 £
<b>Restricted Funds</b>				
Local Authority Funds - various	217,212	2,481,054	2,294,653	403,613
Scottish Government - Dundee PSP	10,447	(10,282)	165	-
Scottish Government - Glasgow PSP	1,066	228,725	229,791	-
Scottish Government - Aberdeenshire PSP	2,512	152,192	154,704	-
Scottish Government - East Lothian PSP	-	227,645	227,645	-
Scottish Government - Argyll & Bute PSP	982	49,168	41,725	8,425
Scottish Government - Renfrewshire	16,067	-	-	16,067
Scottish Government - Kinship Care	4,920	192,000	196,920	-
Scottish Government - National Safeguarders	-	434,595	434,595	-
Scottish Government - National Safeguarders Fees & Exps	-	1,667,278	1,664,875	2,403
Scottish Government - Parenting Across Scotland	-	167,631	167,631	-
Scottish Government - Parenting Across Scotland FFWS	-	20,000	20,000	-
Scottish Government - TSEIF Strand 1	2,721	269,166	271,887	-
Scottish Government - Moray VAW	-	56,656	56,656	-
Scottish Government - Borders VAW	-	97,122	97,122	-
Scottish Government - Aberdeenshire VAW	3,906	-	3,906	-
Scottish Government - Glasgow Community Engagement	-	41,000	41,000	-
Scottish Government - Survivor Scotland - Borders	24,750	22,410	30,352	16,808
Department of Work & Pensions	60,823	166,376	193,200	33,999
STV Appeal	28,934	98,820	119,358	8,396
Miss Helen Campbell	74,027	-	62,074	11,953
Sportscotland - Child Protection in Sport	-	125,000	125,000	-
Big Lottery Fund - Moray Cedar Project	14,976	-	14,976	-
Big Lottery Fund - Young Start	25,000	25,000	50,000	-
Big Lottery Fund - Kinship Care Service	110,631	314,261	271,012	153,880
Scottish Legal Aid Board	9,787	63,526	47,742	25,571
Scottish Legal Aid Board	10,806	55,509	54,805	11,510
Lloyds TSB Foundation for Scotland - Midlothian DAS	108,663	-	66,874	41,789
Lloyds TSB Foundation for Scotland - Edinburgh Befriending Consortium	4,910	-	4,910	-
Lloyds TSB Foundation for Scotland - Highland FGC	41,605	-	20,048	21,557
Lloyds TSB Foundation for Scotland -Glasgow	34,899	38,678	27,790	45,787
Lloyds TSB Foundation for Scotland -Aberdeenshire	-	28,352	28,352	-
Social Investment Scotland	98,896	-	98,896	-
Shelter Scotland	9,141	45,441	54,582	-
The RS Macdonald Charitable Trust	-	15,000	15,000	-
The RS Macdonald Charitable Trust	-	58,372	24,322	34,050
Cattanach Trust	13,389	10,000	23,389	-
Castansa Trust	-	10,000	2,500	7,500
Robertson Trust	24,086	20,000	24,086	20,000
SPIFOX	10,000	-	10,000	-
SPIFOX	7,589	-	536	7,053
Volant Charitable Trust	-	20,000	11,000	9,000
Shared Care Scotland - Midlothian	10,841	-	9,873	968
Northwood Charitable Trust	-	22,000	22,000	-
The Thomas Paine Initiative	-	12,500	12,500	-
Royal Bank of Scotland Community Grant	11,454	-	5,205	6,249
Edinburgh Children's Holiday Fund	19,443	15,500	10,050	24,893
Comic Relief	-	27,777	27,777	-
BBC Children In Need	10,811	22,056	10,811	22,056
Anonymous	-	13,400	13,400	-
Anonymous	-	10,375	-	10,375
James Milne	-	24,000	24,000	-
Edinburgh Alcohol & Drugs Partnership	7,322	-	7,322	-
The Crerar Hotels Trust	15,384	15,000	30,384	-
Foundation Scotland	1,472	-	1,472	-
Morgan Stanley Foundation	-	30,000	-	30,000
Morrisons Foundation	-	17,070	17,070	-
Other Funds	84,352	198,528	230,438	52,442
<b>TOTAL RESTRICTED FUNDS</b>	<b>1,133,824</b>	<b>7,598,901</b>	<b>7,706,381</b>	<b>1,026,344</b>

### Restricted Funds continued...

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

#### Scottish Government PSP's

Funds received from the Scottish Government to work in partnership with other children's charity's, local authority's, NHS Trusts and other organisations to provide family support services across five geographical areas in Scotland.

#### Scottish Government National Kinship Care

Funds received from the Scottish Government to continue the development, promotion and delivery of the Kinship Care National Training and Outreach service to improve the life chances for children, young people and families at risk (National Outcome 8)

#### 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.

#### Department of Work and Pensions (DWP)

Funding received from DWP towards supporting separating and separated parents to ensure the wellbeing of their children throughout the separation process.

#### 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.

	Balance at 1 April 2015 £	Income £	Expenditure £	Net transfer of funds £	Balance at 31 March 2016 £
<b>Designated Funds</b>					
Catalyst costs	4,686	-	-	(4,686)	-
Tangible Fixed Assets	1,351,411	-	-	(139,703)	1,211,708
<b>Total designated funds</b>	<u>1,356,097</u>	<u>-</u>	<u>-</u>	<u>(144,389)</u>	<u>1,211,708</u>

Designated reserves comprise £1,211,708 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. Catalyst project is now complete and balance of funds transferred back to general reserve.

	Balance at 1 April 2015 £	Income £	Expenditure £	Net transfer of funds £	Balance at 31 March 2016 £
<b>Endowment Funds</b>					
MacLagan Bequest	50,961	-	-	-	50,961
	<u>50,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,961</u>

The endowment fund earned interest of £510 (2015 - £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.

#### Unrestricted Funds

##### General Reserve

Balance at 1 April 2015	1,045,743
Net (outgoing) resources before transfers	195,979
Transfers to designated funds	144,389
	<u>1,386,111</u>

##### Revaluation Reserve

Balance at 1 April 2015	252,758
Realised gain on sale of investments	0
Unrealised loss on investments	(130,393)
	<u>122,365</u>

#### Balance at 31 March 2016

1,508,476

## 21. OPERATING LEASES

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

	2016 £	2015 £
Not later than one year	97,207	173,053
Within two to five years	144,442	56,080
Later than five years	-	59,500
	<u>241,649</u>	<u>288,633</u>

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

	2016 £	2015 £
<b>Net expenditure for the reporting period (as per the statement of financial activities)</b>	<b>(41,894)</b>	<b>(909,113)</b>
<b>Adjustments for:</b>		
Depreciation charges	245,507	281,357
(Gains) on Disposal of Fixed Assets	(3,222)	(2,600)
Losses/(Gains) on investments	130,393	(84,422)
Dividends, interest and rents from investments	(71,094)	(35,574)
Decrease/(increase) in debtors	416,429	(487,139)
Decrease in creditors	(6,107)	(35,937)
<b>Net cash flows from operating activities</b>	<b><u>670,012</u></b>	<b><u>(1,273,428)</u></b>

### 23. TRANSITION TO FRS102

These financial statements for the year ended 31 March 2016 are the charity's first financial statements that comply with the FRS 102. The charity's date of transition to FRS 102 is 1 April 2014. The charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

The transition to FRS 102 has resulted in some changes in the charity's accounting policies compared to those used when applying previous UK GAAP. At the date of transition, an accrual has been made to incorporate the value of untaken holiday entitlement at the year end. A corresponding entry in each of the past two years has been made based on the estimated figure for each year.

This resulted in reserves at 1 April 2014 being decreased by £92,793 and the net expenditure expenditure for the year ended 31 March 2015 being increased by £11,995, overall reducing reserves at 31 March 2015 by £104,788. No other restatements were required.

The following tables reconcile amounts presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening balance sheet (i.e. at 1 April 2014).

Adjustments to opening balances at 1 April 2014 are as follows:

	Previous UK GAAP £	Effect of transition £	FRS 102 £
General unrestricted reserve	1,278,578	(92,793)	1,185,785
Accruals & deferred income	198,931	92,793	291,724

Adjustments to the amounts shown in the year ended 31 March 2015 are as follows:

	Previous UK GAAP £	Effect of transition £	FRS 102 £
Employment costs - note 5	6,510,415	11,995	6,522,410
Accruals & deferred income - note 17	114,705	11,995	126,700

These adjustments affect the closing reserves at 31 March 2015 as reported in these financial statements as follows:

	Previous UK GAAP £	Effect of transition £	FRS 102 £
General unrestricted reserve	1,150,531	(104,788)	1,045,743
Accruals & deferred income	114,705	104,788	219,493

## 24. LEGACIES

### Legacies of £10,000 and over

	£
Muriel B Capek (Thomas S. Veitch & Son)	105,413
Dorothy E Hay (Shirley Pinder - Executor)	80,500
Robert Taylor (Murray Beith Murray)	80,000
Constance Isobel Mitchell (Malcolm Jack & Matheson)	76,667
Mona E Currie (Rae, Reid & Stephen W.S)	71,147
William H Anderson (Deans Properties)	70,770
Robert B Clunie (Morgans)	54,396
Alison Fiona Gemmell (Sheppard and Wedderburn)	50,000
Alexandra I Cuthbert (The Kellas Partnership)	47,343
Eileen Fyfe Graham (Hugh James)	39,000
Jean T Allan (Lloyds Bank)	37,202
Daisy Ellen Fiddes (Laurie & Company)	31,834
Bathia Curruthers (Blackadders Solicitors)	30,000
Dennis Brough (McAndrew & Co)	30,000
Thomas M Hiddleston (Robert Wilson and Son)	25,000
Agnes W MacKay (Morton Fraser)	20,000
Elise R McLaughlan (Lindsays WS)	20,000
Eliza Muirhead (Craig Benner Solicitor)	20,000
Elizabeth M Kay (Wright Johnston and Mackenzie)	13,788
Jean W Young (Wright and Crawford)	10,000
Other legacies of less than £10,000 (50)	57,340
	<u>970,400</u>

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 9% 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.

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## 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](http://www.children1st.org.uk)



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

