Annual Report and Financial Statements

Year ended 31st March 2026

Contents

Reference and Administrative Details

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

Registered Scottish Charity No	SC016092
Registered Office	83 Whitehouse Loan, Edinburgh, EH9 1AT
Patron and President	Vacant
Vice Presidents	The Rt. Hon. The Lord Provost of Edinburgh
	The Rt. Hon. The Lord Provost of Glasgow
	The Lord Provost of Aberdeen
	The Lord Provost of Dundee

Leadership

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

Interim Chair	Joy Barlow MBE
Interim Vice Chair	Rosemary McGinness
Hon. Treasurer	Antony Sinclair (from September 2025)
Hon. Treasurer	Brian Davidson MA, CA (until September 2025)
Hon. Law Agent	Maria Galli (from September 2025)
Hon. Law Agent	Melissa Rutherford LLB (Hons) (until June 2025)
Board Members	Paul Embleton
	Anne Hughes BA Hons (until September 2025)
	Lloyd Gwishiri
	Farah Mohammed
	Malcolm Graham
	Lindsay Gardiner (from September 2025)

Executive management is delegated to the chief executive and four directors

Chief Executive	Mary Glasgow
Director of Children and Family Services	Linda Jardine
Director of Finance and Corporate Services	Mairi McReynolds
Director of Fundraising, Marketing & Comms	Michelle Supple
Director of People and Culture	Jennifer Allan

Professional Advisors

Auditor	BDO LLP 30 Semple Street Edinburgh EH3 8BL
Banker	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
Insurance Broker	Marsh Commercial Chartered Insurance Brokers G1 Building 5 George Square Glasgow G2 1AR
Pension Advisor	Argyle Consulting Limited 10 Charlotte Square Edinburgh EH2 4DR
Solicitor	Shoosmiths LLP 9 Haymarket Square Edinburgh EH3 8RY
Solicitor	Blackadders LLP 53 Bothwell Street

	Glasgow G2 6TS
Solicitor	Morton Fraser MacRoberts LLP 9 Haymarket Square Edinburgh EH3 8RY
Investment Advisor and Manager	LGT Wealth Management Capital Square, 58 Morrison Street Edinburgh, EH3 8BP

Trustees' Report

Foreword from the interim chair

As Scotland's national children's charity, Children First exists to protect children from harm, support recovery from trauma and abuse and secure a brighter future for every child.

Over the past year, children and families across Scotland have faced unprecedented pressures. Through our national support line, local services and campaigns for change, we were there when families needed us most.

Demand for our help rose sharply. Calls to our support line from parents and caregivers increased by more than 50 percent, a stark reflection of the challenges families are facing and the urgent need for accessible, compassionate support.

Our support line remains a vital lifeline. In 2025/2026, close to 13,870 people across Scotland benefited from confidential advice, practical help and emotional support. We also worked with nearly 4,120 families to improve their financial wellbeing, putting almost £2.6 million back into families' pockets and supporting them to manage £878,000 in debt.

In January 2026, our support line was awarded £1.5 million from the Scottish Government to support families experiencing poverty.

In under three months, we supported more than 3,000 families and around 6,000 children, distributing cash and vouchers to provide immediate relief from poverty. Families have told us how life-changing this support has been.

It was a huge challenge for everyone at Children First, but we rose to it, and I am immensely proud of how everyone came together to deliver this support at pace and in line with our values of love, purpose and strength.

We know demand for this kind of support is not going to reduce. That is why we are working to secure sustainable funding to strengthen our support line as a national front door to help families across Scotland.

Throughout the year, we strengthened services that keep families together, when it is safe to do so. Having supported kinship families for over 30 years, we were proud to be awarded the Scottish Government contract to deliver the Kinship Care Advice Service for Scotland. Since September 2025, this service has supported 531 kinship families with practical, emotional, financial and legal advice, and helped to shape policy that better supports kinship families.

Alongside families we continued to campaign for the systemic change children urgently need and last summer we celebrated the opening of the Aberdeenshire Bairns Hoose. This fantastic partnership allowed us to expand access to trauma-responsive specialist support in rural communities and strengthen learning about how the Bairns Hoose model can work in new settings.

CHILDREN FIRST Protecting Scotland's Children

In the autumn, we launched our manifesto ahead of the 2026 Scottish elections, calling on the next Scottish Government to put children first when it comes to the provision of family support, mental health, justice, online safety and when tackling child poverty.

We also worked closely with children, families and colleagues to shape new strategic priorities for Children First, grounded in children's voices and experiences. Launched in spring 2026, these priorities reflect our purpose and inform our mission to prevent harm, protect children and support recovery over the next five years.

As we look ahead, our determination is unwavering. We will continue striving for a Scotland where every child is safe and loved and where their right to a happy childhood is protected, respected and fulfilled.

On behalf of the Board, I would like to thank our Children First colleagues, whose compassion, skill and commitment change lives every day. I am so grateful to our donors, campaigners, volunteers, fundraisers and partners. Your support makes our work possible.

Together, we can and must secure a brighter future for Scotland's children.

Joy Barlow MBE, Interim Chair, Children First 15th September 2026.

1 Summary of our impact in 2025/2026

Children First supported over 15,300 children and more than 12,000 adults in over 7,800 families in 2025/2026.

We believe when families do well, children do well. We support family members of all ages by providing practical, emotional and financial support. We work alongside families to protect children from harm and to help them to recover from abuse.

We work with family members individually and together to build strong, safe relationships to help improve children's lives so they can have a brighter future.

This is reflected in the range of people we supported during the financial year – 55 percent of all those we supported were children aged 18 or under and the rest were adult family members.

In total, we reached 27,384 people from Shetland to the Scottish Borders in 2025/2026.

1.1 Delivering our strategic priorities

Our strategic priorities to 2026 focus on three core areas of work: prevention, protection and recovery. Our new strategic priorities from 2026-2031 remain rooted in these key areas which strongly reflect our purpose at Children First.

1.2 Preventing harm

Campaigning

In 2025/2026, we continued to champion children's rights and protect childhood, campaigning on the issues children and young people tell us matter most.

Working with partners, decision-makers and politicians, our expert team drove change to better protect children. We campaigned to tackle online harm, improve mental health support, reform the justice system and strengthen support for families.

We helped influence progress on reducing child poverty, improving children's experiences within the justice system and maintaining momentum on keeping The Promise, so that care-experienced children grow up loved, safe and respected. We also secured commitments to strengthen national policy and legislation to better support kinship carers.

Children's mental health remains under immense pressure. Every day, we support children in deep distress, in some cases at risk of suicide, with devastating consequences for children and families.

An independent evaluation published in December 2025 showed that our family wellbeing model, which provides early, relational support to the whole family, reduced repeat GP visits for children's mental health by more than 86 percent. This evidence shows what is possible when families can access compassionate, flexible support delivered early, before challenges escalate into crisis.

With greater political backing and sustained investment, this life-saving approach could be rolled out across Scotland.

In December, we brought this message to the Scottish Parliament, hosting a roundtable with decision-makers to make the case for a more preventative, community-based approach to children's mental health.

We also continued our campaign to ensure family group decision making is available to every family in Scotland. We published new research highlighting how unequal provision is slowing progress towards keeping The Promise by 2030. We called on the Scottish Government to address this gap through sustainable funding and clear legislative duties.

In March 2026, the passing of the Children (Care, Care Experience and Services Planning) (Scotland) Bill showed the impact of our campaigning in this area, giving family group decision making a consistent place in legislation, strengthening early help and preventative support and improving support for kinship carers.

If fully implemented, the measures in the Bill can help prevent families being left without early help, ensure their voices are heard in decision-making and reduce pressure on the care system.

We will now champion robust investment and close scrutiny of implementation of the Bill to ensure there is no gap between policy intent and the everyday experiences of children and families across Scotland.

Diversity and ethnicity

In 2025/2026, 84 percent of the children and family members Children First supported identified as being White. Two percent of the children and families we supported were Asian, Scottish Asian or British Asian. One percent of the children and families we supported were African, Scottish African or British African, Caribbean or Black or from mixed or multiple ethnic groups or from other ethnic groups. These figures exclude our national support line where the nature of the support we offer is of a personal nature.

The ethnicity information for nine percent of children and family members we supported was unknown.

Helping families across Scotland

Our support line remains a vital lifeline for families.

The support line provided emotional, practical and financial support to over 13,000 people and close to 5,200 families in 2025/2026 by phone call, online chat and email.

Many people who spoke to Children First's support line did so through an incoming call (48 percent of total callers), while 22 percent of total callers contacted us via online chat.

The top five challenges families contacted the Children First support line about were: poverty / money worries (60 percent), child emotional wellbeing (33 percent), family relationships (22 percent), parental mental health/wellbeing (22 percent) and family separation (14 percent).

Alongside this, we worked with nearly 4,120 families to improve their financial wellbeing, putting close to £2.6 million back into families' pockets and supporting them to manage more than £878,000 in debt.

In January 2026, our support line was awarded £1.5 million from the Scottish Government to support families experiencing poverty.

Through a huge collective effort across Children First, we delivered this support in under three months, reaching more than 3,000 families and around 6,000 children, providing immediate relief from poverty at a time of acute need.

Families have told us what a lifeline this support has been for them. We know demand for this kind of help will not reduce. That is why we are working to secure sustainable funding to strengthen our support line as a national front door to support for families across Scotland.

Kinship Care Advice Service for Scotland

Having supported kinship families for more than 30 years, we were proud to be selected by the Scottish Government to deliver the Kinship Care Advice Service for Scotland. In 2025/2026, the service supported 531 kinship families with practical, emotional, financial and legal advice, while also helping to shape policy to improve support for kinship families.

In March 2026 we organised Kinship Care Week, an annual celebration of the crucial role kinship carers play in bringing up Scotland's children.

Close to 580 people attended a series of events for kinship families and practitioners throughout the week.

Kinship carers enjoyed a valuable session with the Minister for Children, Young People and the Promise where they shared their views with the MSP on how support for their families could be improved.

Developing family support services in local communities

Children First offered community-based support to children and their families in 17 local authorities in Scotland in 2025/2026, as well as to all children in Scotland through our five national services.

Giving children a brighter future

Every day across Scotland, our teams stand beside children and families who are distressed and facing unimaginable trauma. We help them stay safe, heal and rebuild their lives. We work alongside babies, children, young people and their families for as long as they need us.

In 2025/2026 our local services supported thousands of families, helping them find strength and hope again. Two examples of how these teams are making an impact in practice are shred below.

With the support of our partners, funders and supporters, we're creating a brighter future for Scotland's children.

Midlothian

Our Midlothian service provides whole family support, specialising in working alongside families affected by substance use. Our expert team makes sure the children affected are safe and their wellbeing is supported; they are there for the whole family for as long as it takes. When families do well, children do well, so we offer support ranging from parenting advice to peer support groups for adults recovering from addiction.

The team also has expertise in supporting young people with their mental health and working with kinship carers, ensuring they have the help they need to provide secure and loving homes for the children in their care.

In 2025/2026 our Midlothian team reached 921 people.

"Without your support I wouldn't be here and the children would be in foster care." Ann, kinship carer.

Aberdeen

Fit Like, our family wellbeing service in Aberdeen, provides expert, whole-family support to help children and families address challenges before they reach crisis point. Working alongside families as early as possible, the service responds to a wide range of needs in a supportive and preventative way as part of a wider collaborative of organisations.

Families can get help in many ways including group work, events, family group decision making, peer support and direct family support. The team takes time to understand each family's unique circumstances, working in partnership with them to build on strengths, increase resilience and support children and families to achieve brighter, more positive futures.

In 2025/2026 our Aberdeen service reached 515 people.

Reducing the impact of poverty

We supported families by offering money advice, preventing children from experiencing the worst impact of poverty and supporting them to secure financial gains totalling close to £2.6 million due to them in 2025/2026.

The delivery of the Scottish Government funding to help reduce poverty amongst families struggling the most in Scotland has been a key piece of work in this area.

Our financial wellbeing team worked with families in their own homes and communities to offer emotional support with the impact of money worries on families' mental health as well as the practical aspects of applying for entitlements, managing debt and building financial resilience. The support line team achieved an eight percent increase in financial gain for families compared to the previous year.

1.3 Protection

Working with communities and partners to protect children

Three of our five national services, Child Wellbeing and Protection in Sport (CWPS), the Case Management Support Service and the Safeguarders Panel Team, work with specific partners and communities to protect children from harm.

Child Wellbeing and Protection in Sport and our Case Management Support Service are national partnerships with sportscotland, working to make sport safer for children and young people across Scotland.

The Child Wellbeing and Protection in Sport team supports sport's governing bodies to strengthen wellbeing and protection policies in line with national standards. Child Wellbeing and Protection in Sport worked on 373 enquiries relating to keeping children safe in sport in 2025/2026. The majority of *partners they worked with were from sports' governing bodies (55 percent). Other partners Child Wellbeing and Protection in Sport worked with were sports clubs (10 percent) and parents and carers (nine percent).*

Launched in 2024, our Case Management Support Service helps sport's governing bodies manage disciplinary concerns fairly and effectively. In 2025/2026, the service supported 32 governing bodies, handled 135 cases, delivered training on investigations and hearings, published new guidance and partnered with the Ann Craft Trust to develop an Adult Wellbeing and Protection in Sport course for coaches and volunteers across Scotland.

Children First Safeguarders Panel Team is contracted by the Scottish Government to recruit, train and manage the appointments and performance of safeguarders across Scotland. In 2025/2026 Children First allocated 107 safeguarders to 1,563 children. All of these allocations were made within two working days.

Impactful participation

Children and young people's voices

Children and young people's voices are at the heart of our work. We empower them to share their views, feelings and wishes on the issues that affect their lives, influencing key decision -makers and driving change.

This year, many children and young people connected to Bairns Hoose have shared their personal stories and perspectives through animations, poems, posters, drawings and even a book. These are all showcased in our Bairns Hoose Practical Guide.

Shaping the future of Children First together

We asked children and young people to share their hopes and dreams for the future with us. Understanding what matters most to them is helping guide our mission to give every child in Scotland a safer future.

Their views have shaped our new strategic priorities from 2026 onwards and some powerful examples of children's views are shared below:

"All children should have a home, a safe place to live." Luka, age 9.

"I want to be a happy boy." James, age 7.

"Having things in my town that me and my family can use." Harris, age 9.

Expanding access to family group decision making

Family group decision making can empower a child's wider family to come together to discuss and agree a family plan when facing a life-changing decision about the care of their child. This approach helps keep children safe and can prevent children being taken into care.

Children First supported 517 families to take part in family group decision making before a life changing decision was made about their child's future in 2025/2026. We held 249 family meetings during the year, an increase of 34% on 2024/2025.

In 2025/2026 we provided family group decision making services to over 2,490 people across Scotland.

1.4 Recovery

Offering support to recover from trauma

We continued to develop our local services to strengthen how they support children to recover from trauma, as part of our core purpose to prevent harm, protect children and support them to recover and enjoy a brighter future.

This was a particular area of focus for our Bairns Hoose services in the Children First North Strathclyde Bairns Hoose, Aberdeen city, Aberdeenshire, West Lothian, Glasgow, the Scottish Borders and North, South and East Ayrshire.

Our model recognises that children need a holistic response, bringing together rights, advocacy, participation and recovery. Children First Bairns Hoose rights, advocacy and recovery workers coordinate the child's journey through the Bairns Hoose, from the point of disclosure to navigating the justice system and supporting them in the recovery process.

During the year we supported over 3,000 children and adults to recover from trauma across all our services.

Bairns Hoose
Life-changing support for child victims

Our Bairns Hoose teams support children who have been victims or witnesses of abuse or violence, helping them recover from trauma and harm. We work alongside children and their families, making sure they receive the care, protection and support they need to navigate Scotland's health, child protection and justice systems.

Last year, our North Strathclyde Bairns Hoose celebrated its second birthday, reflecting continued growth and learning in delivering this model.

In September 2025 we were proud to support the opening of a new Bairns Hoose in Aberdeenshire. This provides more children who have experienced serious harm with a safe and welcoming place to begin their recovery. Designed with local young people and developed through partnership between the local authority, Children First and key agencies, the Aberdeenshire Bairns Hoose brings health, care and justice services together under one roof.

Collaborative work like this, is helping ensure more children receive expert support from the moment they disclose they have been harmed.

In 2025/2026 Children First Bairns Hoose services across Scotland supported 1,272 children, 955 adults and 636 families.

Continuous learning and developing trauma recovery practice

Throughout the year, we have been working hard to continue to develop and strengthen our expertise and knowledge in trauma recovery by working collaboratively with partners across Scotland and internationally.

We have helped shape a stronger international multi-agency response to online child abuse and harm. Our work towards this has ranged from sharing perspectives and learning with Shetland Islands Council, to presenting our research and online animations co-created with young people with EU Commissioners and our European Barnahus partners.

The research and animations were developed as part of the European Union funded ELPIS research project, which promotes excellence in international practice in responding to online child sexual abuse.

We have continued to share, test and refine the emerging learning from the first Bairns Hoose to inform the development of the Scottish Government Pathfinder projects and the wider approach to Bairns Hoose across Scotland. Children First's support offer within Bairns Hoose partnerships continues to be highly valued by the children and young people we work alongside.

This year, we launched our Bairns Hoose Practical Guide to support partnerships at the start of their journey. The guide provides a clear and consistent framework for delivery, keeping children's rights and needs at the centre. It is designed to share our learning so that every child in Scotland can access the care, protection, justice and recovery support they need, in a safe and child-friendly space.

Within Children First, we have also developed a trauma training plan for colleagues. This forms part of our strategic approach to strengthen consistency in how we support children and families affected by trauma. Over the coming year, we will build on this further, developing our training offer to better support colleagues working with children, young people and families experiencing complex trauma.

Supporting children and young people to influence change

Participation has been a fundamental part of developing Bairns Hoose with children, young people and families. The drive to implement Bairns Hoose across Scotland is rooted in the voices and experiences of children, young people and the professionals that support them.

We offer a range of ways for children and young people to share their experiences, for example through individual and family work, coming together with peers in groups and using creative projects to share their story.

The Bairns Hoose Practical Guide, which is available on our website, showcases the range of innovative ways that we have worked with children, young people and families to support them to tell their stories about their experiences of Bairns Hoose and the justice system. This includes examples of our work with some of our 'Changemakers' - groups of courageous children and young people at each of our Bairns Hoose services.

The young people in these groups are passionate about making a difference for all children who connect with the care and justice system. Our work with the 'Changemakers' groups empower children and young people to influence the development of their local Bairns Hoose.

2 Fundraising and volunteers

It has been uplifting to see the continued generosity and commitment of our supporters. Despite the ongoing pressures of the cost-of-living crisis, people across Scotland have continued to donate, fundraise and take part in events to help protect children and be there for families when they need it most.

From marathons to abseils, supporters have gone above and beyond to raise vital funds. Our six Children First Action Groups continue to organise local fundraising activities and raise awareness of our work in communities across Scotland. We are sincerely grateful to them and to everyone who gives their time, money and energy so generously.

Gifts in Wills remain a crucial source of income. We are humbled that donors trust us to use their gifts wisely. These legacies mean we can be there for babies, children and young people today, tomorrow and into the future.

We are supported by companies, charitable trusts and foundations who share our values and ambition for Scotland's children.

Since 2008, players of the Postcode Lottery have raised an incredible £13,878,466 for Children First. This vital support helps us protect children from harm, support recovery from trauma and abuse and campaign to protect childhood, enabling us to sustain essential services and respond to children's most urgent needs.

Funding from SGN and British Gas Energy Trust has enabled us to provide targeted energy and financial wellbeing support, helping families manage rising costs, access essential household items and stay safe, warm and well in their homes.

We are also grateful to the many other trusts and grant-making foundations who have supported our work during the year, including the Garfield Weston Foundation, Essentia Foundation, Armed Forces Covenant Fund Trust, The National Lottery Community Fund, William Grant Foundation and Energy Saving Trust.

In 2025/2026, 125 dedicated volunteers across Scotland played a vital role in helping us keep children safe, loved and well. They generously gave their time to support families through Children First's support *line, providing direct support through our local services and helping to raise essential funds. We are incredibly thankful for the care and commitment they bring to so many areas of our work.*

Our sincere thanks go to all our donors, funders, partners and volunteers, without whom we would not be able to protect children from harm and support families when they need it most.

3 People and Culture

At Children First, our ability to deliver for children and families depends on a skilled, empowered and supported workforce. During 2025/2026, we continued to strengthen our people and culture, placing greater emphasis on voice, inclusion, wellbeing and learning.

This year, we refreshed our approach to Employee Voice, ensuring that the views, experiences and insights of our colleagues are meaningfully heard and embedded at the heart of decision-making. This strengthened approach supports a culture of openness, accountability and continuous improvement across the organisation.

We also redefined our approach to Diversity, Equity and Inclusion, moving towards more joined-up, transparent and consistent practices.

We launched a new Wellbeing Hub, providing colleagues with accessible resources, guidance and support to promote health, resilience and work–life balance.

Investment in learning and leadership remained a key priority. We launched our management and leadership programme, strengthening leadership capability across the organisation, and introduced Children First Learn, our new on-line learning system. Through this platform, we successfully rolled out our mandatory learning offer, improving accessibility, consistency and compliance.

Together, these developments represent a significant step forward in creating a positive, inclusive and high-performing workplace. By continuing to invest in our people, we are better placed to deliver safe, compassionate and effective support for children and families across Scotland.

4 Financial Review

Income from donations and legacies has increased by 45.1% on the previous year from £3,234,000 to £4,693,000, this is largely due to an increase in legacy income which is inherently volatile. In 2025/2026 donated services were £54,000 (2025: £56,000). Grant income increased by 17% from £10,610,000 to £12,417,000. Over £166,000 of this increase was due to the increase in the reimbursement to Safeguarders for fees and expenses under our management contract with the Scottish Government. In addition, we received £1.5 million from the Scottish Government to support families experiencing poverty, £1.3 million of which is included in the increase in income.

The value of our investment portfolio increased by £228,000 (+11.3%) over the year to £2,244,000 from £2,016,000). The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk strategy.

Expenditure on charitable activities increased by 4.4%, this includes the rise of £166,000 in fees and expenses paid to Safeguarders mentioned above. The increase was also due to the additional Scottish Government funding mentioned above. In addition, we made savings across the organisation as we worked towards a break-even position. This was achieved and with the increase in legacies in the year we moved to a surplus position.

The percentage paid to staff, as a percentage of overall expenditure was 65.1%. (2024/25 – 66.9%). Staff numbers fell to 223 FTE a decrease of 37 FTE on the previous year. (2024/25 260 FTE).

The results for the year have been achieved as the Charity has focused on achieving a break-even position prior the start of its new strategic priorities plan.
The funds raised by fundraising colleagues allowed our Children and Family services to spend on practical support at this difficult time due to the ongoing cost-of-living crisis. We have also seen the increased expansion of other services, allowing us to spend more on those we support. Overall, the results represent a consolidation of our financial position and are testament to the efforts of all our staff and management to ensure the charity operates within its means.

As at 31 March 2026, the charity's net assets on the balance sheet are £7,959,000 compared to £6,763,000 at 31 March 2025. The Board is satisfied that the financial position of the charity remains strong, with positive net current assets. The Board is also satisfied that the charity has a diverse income stream with no over-reliance on any single income source. The design of the charity's wide offering of services also would allow flexibility in the eventuality that any single source of income is cut or withdrawn.

4.1 Reserves Policy

The reserves policy of Children First is to retain sufficient reserves to:

- *ensure that commitments made to providing services to children in the form of contractual commitments to staff, premises and funding partners can be made with confidence;*
- *have sufficient available reserves to meet the short term committed expenditure in the event of adverse circumstances; and*
- *underpin the strategic aims of the period 2026-2031; 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.
The Board regularly monitors reserves adequacy in relation to the identified risks attaching to the main sources of income and their relationship to underlying expenditure.

4.2 Unrestricted Funds

Our current unrestricted general reserves are £5,084,000 an increase of £1,026,000 compared to last year's position. This is largely due to the strong increase in legacies received.

The Board has set a target to maintain unrestricted general and designated reserves (excluding the Fixed Asset Designated Reserve) to not less than three months relevant costs. This was deemed to be £3,248,000 from the budgeted expenditure figure, and the year-end total of unrestricted and designated funds (excluding the Fixed Asset Designated Reserve) equals £5,252,000 equating to 5 months of expected expenditure. Consequently, the year-end position exceeds this policy by £2,004,000. The Board agrees that this is above its acceptable range of tolerance and have discussed potential additional investments in operational activities over the next two financial years.

4.3 Designated Funds

Designated funds totalling £2,158,000 are unrestricted funds which have been assigned by the charity for specific purposes in the future and includes the Fixed Assets designated reserve (£1,990,000) to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The transfer to general funds represents the net movement of fixed assets, arising from additions, disposals, and depreciation charges in the budget for 2025/2026. It also includes the net movement in investments to develop services arising from expenditure during the year and additional investments agreed by the Board for 2026/27.

4.4 Restricted and Endowment Funds

Restricted funds can only be used for specific purposes agreed with the donor or funder. At the year-end these funds totalled £355,000 and include funds from local authorities across Scotland for service delivery in their regions and from other funders for specific service provision. Endowment funds totalled £52,000.

4.5 Investment Policy and Objectives

The Board has adopted an investment policy which enshrines the principles of prudence, caution, due care and attention, written authority, and regular review. The objective of the policy is to maintain and enhance the real long-term value of the invested funds and to create income to assist the charity in carrying out its purposes. The market value of the investment portfolio has increased by £228,000. (2024/25 increase of £8,000). The Board remains confident in the suitability of its investment strategy.

The investment portfolio was maintained with LGT Wealth Management from October 2024; they are investment advisors to the Board of Trustees. Investment decisions are reviewed by the Finance, Audit and Risk Committee, and it meets periodically with the Investment Advisors to review the overall performance of the portfolio.
The investment portfolio is invested across a broad range of assets to protect capital value and maximise real long-term capital returns over time through the diversification of both income and potential capital gains. At the year end, the portfolio had 26% in fixed income, 66% in equities, with the balance split between alternative investments and cash.

It is also the charity's intention to hold sufficient working cash levels to meet fluctuating needs. These cash funds are not held as part of the investment portfolio maintained by our investment advisors.
The Trustees have advised that it is important that the holdings within the portfolio are sensitive to the objectives and mission of Children First. The Trustees are committed to conducting their financial affairs

in a responsible manner consistent with the ethical obligations of stewardship and relevant legal requirements.

Instruction has therefore been given to the investment manager to avoid direct investment in any company that has been involved in the sale and production of tobacco, or tobacco-based products or that is involved in pornography. However, the Trustees accept that some companies may be involved to a small extent in the sale of tobacco and would like to exclude companies where more than 5% of revenue comes from this area. Due to the approach of our investment managers, they are unable to invest in coal and armaments.
In addition, the Trustees wish to avoid direct investment into companies that have attracted critical and high allegations related to child labour or forced labour within their own operations or supply chain. The Trustees also wish to avoid direct investment into companies that have been accused of significant or minor allegations related to child labour and forced labour where the response from the company has been reactive or uncommunicative.

The Trustees acknowledge that the exclusion of companies involved in the above areas is not possible when investing through pooled funds, although consideration will be given to the underlying holdings in any such collective fund, at the time of purchase and periodically so that any substantial exposures may be identified, and appropriate action taken.

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

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

4.6 Going Concern

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

The Trustees have always been mindful of the need to have sufficient reserves and cash reserves to ensure the continued financial sustainability of the charity. At the year end the Charity had cash balances of £2.3 million plus investments of over £2.2 million that can be easily liquidated if required. Of the balances held, £168,000 relates to funds for designated projects that have not yet been carried out. The Trustees have based their opinion on the following work undertaken by the charity:

- *Regular (quarterly) review of management accounts.*
- *Regular (quarterly) review of rolling annual cashflow projections.*
- *Review of at least two full year reforecasts during a financial year.*
- *Approval of the annual budget of the charity which includes long-term financial projections to the end of the period of the Strategic Priorities of 31 March 2031.*
- *Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.*

The Trustees are also aware that for a number of service contracts and fundraising income streams there can be a high degree of uncertainty projecting forward beyond the next twelve months from the date of the signing of the financial statements, however experience shows that where we may see reductions in income streams in some areas we then see increases offsetting these in other areas. Due to the factors and actions highlighted above, the Trustees have concluded that they believe that the charity remains a going concern and that it is appropriate to prepare the financial statements on that basis.

5 Risk Management

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

The five principal risks highlighted in the risk register are:

- ***Failure to safeguard children and young people and vulnerable adults***
  The risk that Children First fails to recognise, respond to, escalate, or manage safeguarding concerns, resulting in preventable harm or reduced safety for children and families we support.
- ***Financial Performance and Sustainability***
  The risk that Children First may be unable to secure, maintain, and effectively manage the financial resources needed to deliver its mission, support children and families, and sustain long-term organisational stability.
- ***Cyber Security Threat***
  The risk that Children First's digital systems, data, or online services are compromised through malicious activity, technical failure, or human error. Such threats may lead to unauthorised access, loss, alteration, or disclosure of sensitive information about children, families, supporters, and staff. This risk also includes disruption of critical systems and supply chain vulnerabilities needed to deliver safe, effective, and reliable services.
- ***Failure in Governance***
  The risk that Children First's governance structures, decision-making processes, oversight mechanisms, and controls do not operate effectively, leading to poor organisational stewardship, weakened accountability, non-compliance, or strategic misdirection.
- ***Delivery of Strategic Priorities***
  The risk that Children First is unable to achieve its long-term strategic aims, commitments, and transformation goals due to internal or external barriers and context. This includes risks that organisational programmes, change initiatives, or strategic projects are delayed, under-resourced, poorly coordinated, or negatively affected by external conditions.

6 Structure, Governance and Management

Children First was founded in 1884 under the title of the Royal Scottish Society for Prevention of Cruelty to Children (RSSPCC). Incorporated by Royal Charter in 1922, the charity is registered with HM Revenue and Customs and with the Office of the Scottish Charity Regulator (OSCR) under SCO16092. Amendments of the Royal Charter initiated at the 2021 Annual General Meeting in order to update the requirements surrounding membership of the charity were approved under seal by the Privy Council in February 2022.

Children First 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 142 members of the charity as at 31 March 2026.

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

The charity is governed by a Board of up to 15 elected members appointed at the Annual General Meeting, with the possibility of additional co-options during the year if required. The Board normally meets 4 times a year.

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

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

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

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

7 Future Plans

Our 2026-2031 strategy sets out how we will achieve our purpose of protecting children from harm, preventing abuse and supporting recovery from trauma.

Over the next five years, our focus will be on delivering our strategic priorities:

- *Strengthen family support and therapeutic services to help families keep children safe, loved and well.*
- *Campaign for transformational change so that children's rights, through UNCRC incorporation and The Promise, are fully realised across family support, health, child protection and justice systems.*
- *Invest in our national support line as a trusted digital front door to support for families across Scotland.*
- *Advocate for sustained investment in prevention and early support.*
- *Grow our Bairns Hoose advocacy, rights and recovery services for children in need of care, protection and justice.*
- *Lead calls to reclaim childhood and prevent online harm.*
- *Expand family group decision making services so families can play a central role in planning for children's safety and wellbeing.*

These priorities reflect a challenging operating environment, rising demand from families for our support and increasing concerns about the safety and wellbeing of Scotland's children. They will guide our planning, investment and decision making over the coming years.
Through careful stewardship of our resources, we are confident we can deliver on these priorities while maintaining the charity's financial sustainability.
We remain passionately committed to our vision of a Scotland where every child is safe and loved, with their right to a happy childhood protected, respected and fulfilled. Guided by our values of acting with love, purpose and strength, we will continue working towards a brighter future for all children in Scotland.

8 Statement of Trustees' Responsibilities

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

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

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

- *select suitable accounting policies and then apply them consistently;*

- *make judgements and accounting estimates that are reasonable and prudent;*

- *state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*

- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.*

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

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

Approved by the Board and signed on its behalf by:

Joy Barlow MBE
Interim Chair
15th September 2026

9 Independent Auditor's Report to the Trustees of Children First

Opinion on the financial statements

In our opinion, the financial statements:

- *give a true and fair view of the state of the Charity's affairs as at 31 March 2026 and of its incoming resources, application of resources and cash flows for the year then ended;*
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended.*

We have audited the financial statements of Children First ("the Charity") for the year ended 31 March 2026 which comprise the following:

Charity
Statement of financial activities
Balance sheet
Statement of cash flows
Notes to the Charity financial statements
a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report to the Trustees of Children First (continued)

Conclusions related to going concern

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

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Independent Auditor's Report to the Trustees of Children First (continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charity and management.

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

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

Independent Auditor’s Report to the Trustees of Children First (continued)

Non-compliance with laws and regulations

Based on:

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

We considered the significant laws and regulations to be the applicable accounting framework (UK GAAP and the Charities SORP), the Charities and Trustee Investment Act 2005, the Charities Accounts (Scotland) Regulations 2006, Employment Taxes and the Bribery Act 2010.

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

Our procedures in respect of the above included:

- *Enquires of management whether there were any litigations and claims;*
- *Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;*
- *Review of financial statement disclosures and agreeing to supporting documentation;*
- *Review of legal expenditure accounts to understand the nature of expenditure incurred; and*
- *Review of confirmations received from the entity’s solicitor.*

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- *Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;*
- *Obtaining an understanding of the Charity’s policies and procedures relating to:*
  - *Detecting and responding to the risks of fraud; and*
  - *Internal controls established to mitigate risks related to fraud.*
- *Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;*

- *Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and*

Independent Auditor's Report to the Trustees of Children First (continued)

- *Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;*

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and existence of grant income around the year end.

Our procedures in respect of the above included:

- *Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;*
- *Testing a random sample of journals from the residual population, by agreeing to supporting documentation; and*
- *Testing a sample of grant income recognised in Q4 of the financial year and assessing that the income was recorded in the correct period by agreeing to supporting documentation.*

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Independent Auditor's Report to the Trustees of Children First (continued)

BDO LLP, statutory auditor
Edinburgh, UK
XX September 2026

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

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

CHILDREN FIRST Protecting Scotland's Children

Statement of Financial Activities (Incorporating Income and Expenditure Account) for the year ended 31 March 2026

	Notes	2026 Unrestricted General Funds £000's	2026 Unrestricted Designated Funds £000's	2026 Unrestricted Revaluation Reserve £000's	2026 Restricted Funds £000's	2026 Endowment Funds £000's	2026 Total £000's	2025 Total £000's
Income and endowments from:								
Donations and legacies	4	3,831	-	-	862	-	**4,693**	3,234
Charitable activities	5	5,356	-	-	7,061	-	**12,417**	10,610
Investments		106	-	-	-	-	**106**	93
Other income		-	-	-	-	-	**-**	-
Total income		9,293	-	-	7,923	-	**17,216**	13,937
Raising funds	7	489	5	-	845	-	**1,339**	1,289
Charitable activities	6	7,913	138	-	6,852	-	**14,903**	14,273
Total expenditure		8,402	143	-	7,697	-	**16,242**	15,562
Total income less expenditure		891	(143)	-	226	-	**974**	(1,625)
Net gains (losses) on investments		12	-	210	-	-	**222**	5
Net income (expenditure)		903	(143)	210	226	-	**1,196**	(1,620)
Transfer between funds	22-24	123	(123)	-	-	-	**-**	-
Net movement in funds		1,026	(266)	210	226	-	**1,196**	(1,620)
Reconciliation of funds:								
Total funds brought forward		4,058	2,424	100	129	52	**6,763**	8,383
Total funds carried forward	19-24	5,084	2,158	310	355	52	**7,959**	6,763

The notes on pages 32 to 55 form part of these financial statements.

CHILDREN FIRST Protecting Scotland's Children

Balance Sheet

As at 31 March 2026

	Notes		31 March 2026 £000's		31 March 2025 £000's
Fixed Assets					
Tangible Assets	12		1,820		1,848
Intangible Assets	13		170		343
Investments	14		2,244		2,016
			4,234		4,207
Current Assets					
Debtors	15		2,810		1,650
Fixed term deposit	16		240		187
Cash at bank and in hand	16		2,324		2,479
			5,374		4,316
Liabilities					
Creditors: amounts falling due within one year	17		1,649		1,760
Net current assets			3,725		2,556
Total net assets			**7,959**		**6,763**
The funds of the charity					
Restricted Funds	20		355		129
Endowment Fund	21		52		52
Unrestricted Funds	22	5,084		4,058	
Designated Funds	23	2,158		2,424	
Revaluation Reserve	24	310		100	
Total unrestricted funds			7,552		6,582
Total charity funds			**7,959**		**6,763**

The financial statements were authorised for issue by the Trustees on 15th September 2026 and signed on their behalf by:

Joy Barlow MBE
Interim Chair

Antony Sinclair
Hon. Treasurer

CHILDREN FIRST Protecting Scotland's Children

Statement of Cash Flows for the year ended 31 March 2026

	Notes	Year Ended 2026 £000's	Year Ended 2025 £000's
Net income (expenditure) for the period		1,196	(1,620)
Adjustments for:			
Depreciation charge	12	147	111
Amortisation charge	13	209	197
Losses / (gains) on Investments		(222)	131
Dividends, interest and rents from investments		(106)	(93)
Decrease / (increase) in debtors	15	(1,160)	2,260
(Decrease) / increase in creditors	17	(111)	(280)
Net cash flows from operating activities		**(47)**	**706**
Cash flows from investing activities			
Investment income		106	93
Purchase of property, plant and equipment	12	(119)	(93)
Purchase of intangible assets	13	(36)	(62)
Proceeds from sale of investments		1,191	1,118
Purchase of investments	14	(1,197)	(1,257)
Redemption/(Purchase) of term deposits	16	(53)	578
Net cash used in investing activities		**(108)**	**377**
Change in cash and cash equivalents in the reporting period		**(155)**	**1,083**
Cash and cash equivalents at the beginning of the reporting period		**2,479**	**1,396**
Cash and cash equivalents at the end of the reporting period	16	**2,324**	**2,479**

Notes to the Financial Statements

1 Accounting Policies

1.1 Basis of preparation

Children First is the working name of the Royal Scottish Society for Prevention of Cruelty to Children. The financial statements are denominated in pounds sterling (GBP). The financial statements are rounded to the nearest £1,000. The principal activity of the charity is the provision of services to children and families. The charity is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR). The charity number and registered office are listed on p2.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', effective 1 January 2019, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Children First meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 Going concern

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

- *Regular (quarterly) review of management accounts.*
- *Regular (quarterly) review of rolling annual cashflow projections.*
- *Review of at least two full year reforecasts during a financial year.*
- *Approval of the annual budget of the charity to the end of the period of the Strategic Priorities of 31 March 2031.*
- *Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes*

the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.

1.3 Recognition and allocation of income

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

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

Where there are terms placed on income that limit the charity's discretion over how that income can be used, that income is shown as restricted income in the financial statements.
Interest receivable is recognised using the effective interest rate applicable to the asset. Dividend income is recognised when the right to receipt is established and is measured at fair value, generally the transaction value.

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

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

1.4 Recognition and allocation of expenditure

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

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

Charitable expenditure comprises those costs incurred by the charity in the delivery of its charitable activities and services (Children and Family Services). Expenditure is apportioned to various Children and Family Services activities to reflect the value each activity derives from the expenditure. Employee termination benefits include statutory payments and agreements made with individual employees. The amounts paid are recognised as an expense in the statement of financial activities when they fall due.

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

1.5 Leases

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

1.6 Pensions

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

1.7 Taxation

No taxation is provided for given the charitable status.

1.8 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:

- *Freehold Land & Buildings – 2% straight line*
- *Leasehold Land & Buildings – straight line over term of lease*
- *Fixtures and Office Equipment – 10% straight line*
- *Computers – 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.

1.9 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on all intangible fixed assets at a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

- *Computer Software – 25% straight line*

1.10 Investments

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

1.11 Financial assets and financial liabilities

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

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

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

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

1.12 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.

1.13 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.

1.14 Fixed term deposits
Fixed term deposits consist of investments with a short term maturity of three months or more from date of investment.

1.15 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.

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

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

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

2 Critical Judgments and Estimates

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

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

- *Legacy income is measured at fair value, but where part of a legacy left to the charity includes property or shares to be sold, judgement is used to estimate the amount receivable. This judgement is usually based on the estimate of solicitors involved in the distribution of the estate.*
- *Depreciation and amortisation of fixed assets are calculated based on a rate calculated to write off the cost less estimated residual value of each asset over its expected useful life.*

Consideration is given to any potential impairment of fixed assets.

3 Comparative statements of financial activities

	2025					
	Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Reserve £000's	Restricted Funds £000's	Endowment Funds £000's	Total £000's
Income and endowments from:						
Donations and legacies	2,221	-	-	1,013	-	**3,234**
Charitable activities	5,947	-	-	4,663	-	**10,610**
Investments	93	-	-	-	-	**93**
Other income	-	-	-	-	-	**-**
Total income	8,261	-	-	5,676	-	**13,937**
Expenditure on:						
Raising funds	341	14	-	934	-	**1,289**
Charitable activities	8,917	449	-	4,907	-	**14,273**
Total expenditure	9,258	463	-	5,841	-	**15,562**
Total income less expenditure	(997)	(463)	-	(165)	-	**(1,625)**
Net gains/(losses) on investments	136	-	(131)	-	-	**5**
Net income/(expenditure)	(861)	(463)	(131)	(165)	-	**(1,620)**
Transfer between funds	907	(907)	-	-	-	**-**
Net movement in funds	46	(1,970)	(131)	(165)	-	**(1,620)**

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4 Donations and legacies

	2026 £000's	2025 £000's
Individuals and Community	668	685
Trusts, Organisations and Corporate Bodies	2,061	1,898
Legacies	1,910	595
Donated Services	54	56
Total donations and legacies	**4,693**	**3,234**

5 Charitable activities

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

	Restricted £000's	Unrestricted £000's	2026 £000's	2025 £000's
Scottish Government	2,526	1,728	4,254	2,870
Local Authorities	2,274	3,385	5,659	4,285
Other Bodies	2,261	216	2,477	3,436
Services Income	-	27	27	19
Total	**7,061**	**5,356**	**12,417**	**10,610**

In the year the charity received funding of £4,254,000 (2025: £2,870,000) from the Scottish Government. Of this, £1,728,000 (2025: £1,562,000) was the reimbursement of fees and expenses incurred by the members of the National Safeguarder's Panel. There were no unfulfilled conditions relating to Government grant income received. Service income represents income from training and other income from services provided.

6 Expenditure on charitable activities

2026	Direct Costs £000's	Support Costs (Note 8) £000's	Total 2026 £000's	Total 2025 £000's
Employment costs	8,166	1,643	9,809	9,729
Other employment costs	114	47	161	248
Vehicle and travel costs	177	20	197	240
Property costs	234	150	384	562
Services costs	3,280	4	3,284	2,403
Office costs	133	644	777	675
Publicity costs	45	20	65	19
Professional fees	56	123	179	368
Other costs	-	15	15	(2)
Governance costs (note 9)	-	32	32	31
Total	**12,205**	**2,698**	**14,903**	**14,273**

Donated services of £54,000 are included within services costs and office costs.

2025	Direct Costs £000's	Support Costs (Note 8) £000's	Total 2025 £000's
Employment costs	8,432	1,297	9,729
Other employment costs	151	97	248
Vehicle and travel costs	222	18	240
Property costs	311	251	562
Services costs	2,394	9	2,403
Office costs	166	509	675
Publicity costs	3	16	19
Professional fees	189	179	368
Other costs	2	(4)	(2)
Governance costs (note 9)	-	31	31
Total	**11,870**	**2,403**	**14,273**

Donated services of £56,000 are included within services costs.

7 Expenditure on Raising Funds

	Direct Costs £000's	Support Costs (Note 8) £000's	Total 2026 £000's	Total 2025 £000's
2026				
Employment costs	655	105	760	684
Other employment costs	3	3	6	13
Vehicle and travel costs	6	1	7	7
Property costs	-	10	10	17
Services costs	5	-	5	8
Office costs	48	41	89	75
Publicity costs	376	1	377	410
Professional fees	14	8	22	64
Other costs	62	1	63	11
Total	**1,169**	**170**	**1,339**	**1,289**

	Direct Costs £000's	Support Costs (Note 8) £000's	Total 2025 £000's
2025			
Employment costs	630	54	684
Other employment costs	9	4	13
Vehicle and travel costs	6	1	7
Property costs	7	10	17
Services costs	8	-	8
Office costs	54	21	75
Publicity costs	409	1	410
Professional fees	56	8	64
Other costs	11	-	11
Total	**1,190**	**99**	**1,289**

8 Support Costs

2026	Services to Children & Families £000's	Raising Funds £000's	Governance Costs (Note 9) £000's	Total 2026 £000's	Total 2025 £000's
Employment costs	1,643	105	-	1,748	1,351
Other employment costs	47	3	-	50	101
Vehicle and travel costs	20	1	-	21	19
Property costs	150	10	-	160	261
Services costs	4	-	-	4	9
Office costs	644	41	-	685	530
Publicity costs	20	1	-	21	17
Professional fees	123	8	-	131	187
Other costs	15	1	32	48	27
Total	**2,666**	**170**	**32**	**2,868**	**2,502**

2025	Services to Children & Families £000's	Raising Funds £000's	Governance Costs (Note 9) £000's	Total 2025 £000's
Employment costs	1,297	54	-	1,351
Other employment costs	97	4	-	101
Vehicle and travel costs	18	1	-	19
Property costs	251	10	-	261
Services costs	9	-	-	9
Office costs	509	21	-	530
Publicity costs	16	1	-	17
Professional fees	179	8	-	187
Other costs	(4)	-	31	27
Total	**2,372**	**99**	**31**	**2,502**

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9 Governance Costs

2026	Services to Children & Families £000's	Total 2026 £000's	Total 2025 £000's
Auditor's remuneration: Audit fees	32	32	31
Total	**32**	**32**	**31**

10 Employee Benefit Expenses

	2026 £000's	2025 £000's
Wages and salaries	8,569	8,654
Social security costs	1,107	860
Pension costs – defined contribution schemes	867	844
Other employment costs	25	54
Total	**10,568**	**10,412**

Redundancy and termination costs of £NIL (2025: £12,790) were incurred in the year and are included within other employment costs. £NIL of these costs were accrued at year end (2025: £NIL).

There were eleven employees whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2025: 7). Five employee's emoluments fell within the £60,000 to £70,000 band (2025: 6), five employees fell within the £70,001 to £80,000 bracket (2025: 0), no employees emoluments fell within the £80,001 to £90,000 bracket (2025: 1) and one employees emoluments fell within the £90,001 to £100,000 bracket (2025: 0)

The key management personnel of the charity comprise of the Chief Executive, Director of Children and Family Services, Director of Finance and Corporate Services, Director of Fundraising, Marketing &

Communications, Director of People and Culture. The employee benefits for key management totalled £438,056 (2025: £406,058).

The average headcount for the year was 272 (2025: 283) and the average full-time equivalent was 223 (2025: 260).

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

	2026	2025
Fundraising	10	10
Support	40	40
Children and Family Services	173	210
Total	**223**	**260**

Throughout the year, volunteers have continued to play a vital role in helping Children First carry out its work. This year we had 93 volunteers contributing to the following services:

	2026	2025
Children and Family Services	17	18
Support Line	48	50
Fundraising	17	16
Board Members	9	9
Specialist	2	2
Total	**93**	**95**

11 Board Remuneration and Expenses

The Board (or any persons connected with them) were not paid, nor did they receive any other benefits from employment with the charity, nor did they receive payment for professional or other services supplied to the charity. Expenses of £540 (2025: £723) were reimbursed to 3 Board members in the year (2025: 3).

There were no transactions with related parties in either the current or previous year.

12 Tangible Assets

	Freehold land & buildings £000's	Leasehold land & buildings £000's	Fixtures & office equipment £000's	Computers £000's	Total £000's
Cost					
At 1 April 2025	2,305	150	155	271	**2,881**
Additions	69	-	-	50	**119**
Transfers	(25)	-	22	3	**-**
Disposal	-	-	-	(35)	**(35)**
At 31 March 2026	2,349	150	177	289	**2,965**
Depreciation					
At 1 April 2025	668	115	87	163	**1,033**
Charge for the Year	59	15	10	63	**147**
Disposals	-	-	-	(35)	**(35)**
At 31 March 2026	727	130	97	191	**1,145**
Net Book Value					
At 31 March 2026	1,622	20	80	98	**1,820**
At 31 March 2025	1,637	35	68	108	**1,848**

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13 Intangible Assets

	Computer Software £000's	Total £000's
Cost		
At 1 April 2025	1,268	**1,268**
Additions	36	**36**
At 31 March 2026	1,304	**1,304**
Amortisation		
At 1 April 2025	925	**925**
Charge for the year	209	**209**
At 31 March 2026	1,134	**1,134**
Net Book Value		
At 31 March 2026	170	**170**
At 31 March 2025	343	**343**

14 Investments

	2026 £000's	2025 £000's
Quoted investments		
Market value as at 1 April 2025	2,016	2,008
Disposals during the year	(1,179)	(1,118)
Additions during the year	1,197	1,257
Unrealised gains / (losses) on investments	210	(131)
Market value at 31 March 2026	2,244	2,016
Cash as part of portfolio (note 16)	118	61
Balance carried forward at 31 March 2026	**2,362**	**2,077**

1 investment (2025: 1) individually exceeds 5% of the portfolio

Capital Group Global Corporate Bond – 5.49% (2025: Volare Offshore Strategy Fund Ltd – 10.5%)

Investments were split as follows:

Asset Allocation	**2026 £000's**	**%**	**2025 £000's**	**%**
Fixed income	616	26	582	28
Equities	1,563	66	1,286	62
Alternatives	65	3	148	7
Cash	118	5	61	3
Total	**2,362**		**2,077**	

	2026 £000's	**2025 £000's**
Historical costs of investments	1,996	1,977
Cash held for investments	118	61
Total	**2,114**	**2,038**

15 Debtors

	2026 £000's	**2025 £000's**
Trade debtors	1,210	543
Sundry debtors	-	5
Prepayments	371	151
Accrued income	1,229	951
Total	**2,810**	**1,650**

16 Cash and cash equivalents

	2026 £000's	2025 £000's
Cash at bank and in hand	2,206	2,418
Cash as part of the investment portfolio	118	61
	2,324	2,479
Fixed Term Deposits	240	187
Total	**2,564**	**2,666**

17 Creditors: Amounts falling due within one year

	2026 £000's	2025 £000's
Trade creditors	139	135
Pensions creditor	81	82
Other creditors	255	184
Accruals and deferred income	667	810
Taxation and social security	507	549
Total	**1,649**	**1,760**

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

	2026 £000's	2025 £000's
Opening balance	622	690
Income deferred	512	622
Income recognised	(622)	(690)
Closing balance	**512**	**622**

18 Financial assets and liabilities

	2026 £000's	2025 £000's
Financial assets at fair value	2,244	2,016

Financial assets at fair value comprise quoted investments.

19 Analysis of net assets by funds

The fund balances at 31 March 2026 are represented by:

	Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total £000's
Fixed assets	-	1,990	-	-	-	1,990
Investments	1,934	-	310	-	-	2,244
Net current assets	3,150	168	-	355	52	3,725
As at 31 March 2026	**5,084**	**2,158**	**310**	**355**	**52**	**7,959**

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The fund balances at 31 March 2025 are represented by:

	Unrestricted General Funds £000's	Unrestricted Designated Funds £000's	Unrestricted Revaluation Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total £000's
Fixed assets	-	2,191	-	-	-	2,191
Investments	1,916	-	100	-	-	2,016
Net current assets	2,142	233	-	129	52	2,556
As at 31 March 2025	**4,058**	**2,424**	**100**	**129**	**52**	**6,763**

20 Restricted funds

2026	**Balance at 1 April 2025 £000's**	**Income £000's**	**Expenditure £000's**	**Balance at 31 March 2026 £000's**
Local authority funds – various	2	2,235	(2,198)	39
Scottish Government – various	-	2,526	(2,294)	232
Corra Foundation	71	889	(953)	7
Capital City Partnership	-	205	(205)	-
BBC Children in Need	5	56	(61)	-
Energy Redress	-	153	(153)	-
Inspiring Scotland	-	340	(340)	-
Robertson Trust	13	-	(13)	-
Scottish Gas Network	-	185	(185)	-
William Grant Foundation	12	52	(58)	6
Impact Funding Partners	-	143	(143)	-
Army Forces Covenant Fund Trust	-	28	(11)	17
Army Benevolent Fund	-	13	(11)	2
Sport Scotland	-	507	(507)	-
Other funds	26	591	(565)	52
Total restricted funds	**129**	**7,923**	**(7,697)**	**355**

2025	Balance at 1 April 2024 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2025 £000's
Local authority funds - various	211	1,061	(1,270)	2
Scottish Government - various	-	1,280	(1,280)	-
People's Postcode Lottery Dream Trust	20	-	(20)	-
Corra Foundation	-	561	(490)	71
Capital City Partnership	-	255	(255)	-
STV Hardship Fund	-	127	(127)	-
BBC Children in Need	-	68	(63)	5
Big Lottery	-	100	(100)	-
Energy Redress	-	180	(180)	-
Inspiring Scotland	-	270	(270)	-
Robert Barr	-	25	(25)	-
Robertson Trust	-	20	(7)	13
Scottish Gas Network	-	182	(182)	-
Swire Charitable Trust	-	75	(75)	-
The National Lottery	-	45	(45)	-
William Grant Foundation	-	92	(80)	12
Impact Funding Partners	-	482	482	-
East Ayrshire HSCP	-	274	(274)	-
Inverclyde HSCP	-	163	(163)	-
Other funds	63	416	(453)	26
Total restricted funds	**294**	**5,676**	**5,841**	**129**

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

Local Authority funds
Restricted funding including East Ayrshire and Inverclyde HSCP was received from a number of Local Authorities to deliver services to children and families.

East Ayrshire HSCP
Funding was received towards our Bairns Hoose work in East Ayrshire.

Inverclyde HSCP
Funding was received towards our Bairns Hoose work in Inverclyde.

Scottish Government
Funding was received for our Safeguarders panel team, our Kinship Care service and funding to support families experiencing poverty.

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

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

Energy Redress
Funding was received to provide targeted energy advice through our support line.

Inspiring Scotland
Funding was received to provide support for victims of violence and abuse.

Scottish Gas Network
Funding was received to provide targeted energy advice through our support line.

Impact Funding Partners
Funding was received towards our Bairns Hoose work.

Sport Scotland
Funding was received to monitor compliance of Scottish Governing Bodies of Sport with Standards for Child wellbeing and Protection and to support them in managing wellbeing and protection cases.

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

21 Endowment funds

2026	Balance at 1 April 2025 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2026 £000's
MacLagan Bequest	52	-	-	52

2025	Balance at 1 April 2024 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2025 £000's
MacLagan Bequest	52	-	-	52

The endowment fund earned interest of £ nil. The bequest was received in 1992 with the terms being that Children First were to hold the funds in trust for the sole purpose of generating income.

22 Unrestricted funds

2026	Balance at 1 April 2025 £000's	Income £000's	Expenditure £000's	Net gains on investments £000's	Transfers in £000's	Balance at 31 March 2026 £000's
Unrestricted funds	4,058	9,293	(8,402)	12	123	5,084

2025	Balance at 1 April 2024 £000's	Income £000's	Expenditure £000's	Net gains on investments £000's	Transfers in £000's	Balance at 31 March 2025 £000's
Unrestricted funds	4,012	8,261	(9,258)	136	907	4,058

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23 Designated funds

2026	Balance at 1 April 2025 £000's	Income £000's	Expenditure £000's	Transfers in/(out) £000's	Balance at 31 March 2026 £000's
Fixed assets	2,191	-	-	(201)	1,990
Investment in developing services to children	233	-	(143)	78	168
Total designated funds	**2,424**	**-**	**(143)**	**(123)**	**2,158**

2025	Balance at 1 April 2024 £000's	Income £000's	Expenditure £000's	Transfers in £000's	Balance at 31 March 2025 £000's
Fixed assets	2,344	-	-	(153)	2,191
Investment in developing services to children	1,450	-	(463)	(754)	233
Total designated funds	**3,794**	**-**	**(463)**	**(907)**	**2,424**

The Fixed Assets designated reserve comprises £1,990,000 to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The transfer to general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges. This year the Board has retained designated funds of £168,000 to invest in additional resources across the charity in line with our strategic ambitions and goals.

24 Revaluation reserve

2026	Balance at 1 April 2025 £000's	Gains on investments £000's	Balance at 31 March 2026 £000's
Revaluation	100	210	310

2025	Balance at 1 April 2024 £000's	Gains on investments £000's	Balance at 31 March 2025 £000's
Revaluation	231	(131)	100

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

25 Operating leases

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

	2026 £000's	2025 £000's
No later than one year	67	31
Within two to five years	57	20
Total	**124**	**51**

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

Operating lease expenditure charged in the year was £94,030 (2025: £127,000).

26 Net debt reconciliation

2026	Balance at 1 April 2025 £000's	Cash flows £000's	Balance at 31 March 2026 £000's
Cash at bank and in hand	2,479	(155)	2,324
Fixed term deposits	187	53	240
Total	**2,666**	**(102)**	**2,564**

2025	Balance at 1 April 2024 £000's	Cash flows £000's	Balance at 31 March 2025 £000's
Cash at bank and in hand	2,396	1,083	2,479
Fixed term deposits	765	(578)	187
Total	**2,161**	**505**	**2,666**

27 Legacies

	2026 £000's	2025 £000's
Legacies receivable in year	1,910	595

In 2026, legacies were receivable from 35 legators (2025: 34)

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

28 Subsequent events

There were no subsequent events.