

Children 1st
Annual Report and Financial Statements
2018-19

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Foreword

Last year, as we set out our ambitious five year strategy to increase our impact on the lives of every child and family in Scotland who needs us, we asked you to join us, support us and work with us. I am therefore delighted to share this report with you, highlighting the life-changing difference that your support has enabled us to make to thousands of children and families across the country during 2018/2019.

We said our measures of success would be: greater prevention of harm to children, stronger, more resilient families and communities, greater respect for children's rights and strong partnerships and community engagement. This year, some of the biggest difference we've made in children's lives has been by: increasing the support we offer children and families facing adversity, in partnership with schools; developing new family wellbeing approaches to support children and young people experiencing extreme emotional distress; and by getting alongside communities to help them address the issues that affect them most in areas like Irvine, the Gorbals and Tayside.

One of my personal highlights of the year has been seeing teddies bring communities, emergency services and Parentline volunteers together to collectively support children to recover from traumatic experiences. We have been overwhelmed by the response from hundreds of knitters who got behind the appeal for teddies that would give children instant comfort and link them to recovery support through our Parentline service. It's been a real privilege to meet some of the fantastic knitters who have supported the appeal – both at Parliament and within my own local community in Glasgow.

A great strength of our work at Children 1st is the way we campaign alongside the people we support to improve the lives of all children and families in Scotland. It takes enormous courage to share your own experiences to make a difference for others. I have been incredibly moved and passionately inspired by the children and young people who have worked alongside us this year to influence the Scottish Government and Parliament to bring about crucial changes to the way the justice system treats child victims and witnesses.

Thank you, to everyone who has worked with us at Children 1st this year. You have helped us to prevent and protect more children from harm, to support more children and families to recover from trauma and abuse and to build stronger and safer communities. Together we have got closer to the ambition of reaching every child and family who needs us. We look forward to continuing to work with you, so that all children in Scotland can enjoy safer, happier, more fulfilling lives.



Dr Ken Cunningham CBE
Chair
Children 1st Board of Management

Report of the Board

The Board presents the annual report and financial statements for the year ended 31 March 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Objects and Activities

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

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

Vision

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

Mission

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

Achievements and Performance

Delivering our Strategic Priorities

Our strategic priorities to 2023 are constructed with the aim of enabling the Charity to deliver its objectives as articulated in its Royal Charter. The priorities, which we've identified with children, their families and their communities, are grouped into four key strands

- Preventing abuse, neglect and trauma by offering support, information and advice to families and communities to strengthen relationships and build resilience.
- Protecting children's rights in legislation, policy and practice through direct participation and engagement.
- Developing accessible trauma recovery and resilience hubs.

- Modernising and maximising our resources and partnerships in order to be more agile, responsive and resilient.

The Board regularly monitors progress on the achievement of our Strategic Priorities.

Our ambition is to increase the number of children and families we reach annually, so that by 2023 thousands more children are supported and protected from trauma and abuse. In 2018/19, the first year of delivering against our new Strategic Priorities, we worked with **11,155** children, young people and their family members - a 7% increase over the previous year.

Amid the backdrop of continuing austerity, Brexit uncertainty and reducing capacity and resources in the public sector, this increase in the number of children and families we support represents a solid start as a key measure of our success, from which we will continue to build.

Highlights of our work against our strategic priorities in 2018/19 include:

Prevention

By providing strong supportive relationships that enable parents to recover from their own unresolved difficulties and to put their Children 1st, we prevent trauma continuing from one generation to the next.

Working in schools

Our family support workers in schools link home, family and child more effectively to help reduce the attainment gap for children who face the greatest adversity. In 2018/19 we reached 1,449 children and members of their families through Pupil Equity Funding for our work in schools, providing holistic family support often linked to money advice. By reaching families earlier, we prevented them from reaching crisis point and supported them to build connections and resilience.

Our group work in schools helped children facing adversity to build their connections and resilience, using tools such as the International Futures Forum's Kitbag. In 2018/19 we ran 136 groups in schools – an increase of 37% from 2017/18.

Developing Parentline - a digital family support service

Our ambition is for any family, anywhere in Scotland to be able to access free support from their home at the touch of a button, through our Parentline service. For twenty years families have told us that the child-centred, holistic family support that Parentline provides can be a 'lifeline.' We want to make that lifeline to be available to any family at any time, in a way that best suits them in today's more digitally connected society.

Through successful partnerships with Police Scotland and Home Start we have grown families' awareness of Parentline, particularly in the more rural and remote areas of Scotland where it is harder for children to easily access face to face services. In 2018/19 we saw an 18% increase in the number of people contacting Parentline for support. 71% of people contacting Parentline were parents, step-parents or grand parents.

In 2018/19 we invested significantly in developing the digital support that Parentline offers families; work which will continue into 2019/20. We are extremely grateful for the time, knowledge and expertise that the People's Postcode Lottery and Deloitte are giving us, to help us expand our support to children and families across the country through our digital platforms.

Direct support to families

In 2018/19 we provided support to individual children and their families in their homes and communities across 18 local authority areas. We developed a number of innovative new services, including a Family Wellbeing Service working out of GP surgeries to support children, young people and their families experiencing emotional distress in East Renfrewshire. In 2019/20 we will work with a number of other authorities to reach more children and families across the country who so badly need this type of support.

Working with communities to keep children safe

Working with sports governing bodies, clubs and individual coaches to ensure children are safe while enjoying sport remains a key priority for Children 1st. During 2018/19 our Safeguarding in Sport service, which is a partnership with SportScotland, worked with 43 sports governing bodies to embed our new Standards for Child Wellbeing and Protection in Sport.

Protection

Ensuring children's right to equal protection from assault.

We supported John Finnie MSP to consult on and introduce a Bill to the Scottish Parliament to end the physical punishment of children by removing the defence of 'justifiable assault' from Scots Law. Through our work with politicians, the media and communities we continue to campaign for a change to this outdated law, and anticipate seeing children's right to live free from all forms of violence enshrined in law in 2019/20.

Delivering Rights Based Services

Family Group Decision Making (FGDM) which Children 1st pioneered in Scotland over 20 years ago is a rights-based approach which empowers children and their families to become more involved in decisions that will change their lives – for example a child being taken into care. In 2018/19 Children 1st grew the number of FGDM meetings we supported by 27%. With partners we hosted an international conference about FGDM and launched new research about the long-term impact of FGDM in autumn 2018.

We supported children and families to engage directly with policy influencing at national level; helping them respond to a number of Scottish Government and Scottish Parliament consultations including: the Vulnerable Witnesses Bill; the consultation on the Children and Young Person's (Scotland) Act 1937 and the Public Petitions Committee's Inquiry into Young People's Mental Health.

Growing our Advocacy and Restorative Family Work

In 2018/19 we increased the number of children, young people and adults we supported through our rights, advocacy and mediation services to ensure children's voices are at the centre of the decisions that affect them by 21%.

We also continue to manage the National Safeguarders Panel on behalf of the Scottish Government, consolidating our work by implementing Standards and developing a Continuous Professional Development Framework to improve practice further.

Ensuring children's protection is everybody's priority

Through a small local initiative that started at Longhaugh Police Station in Dundee, Children 1st and Police Scotland have partnered with knitting communities across Scotland to protect children from harm. Communities knitted comfort teddies for the police to give to children who are involved in traumatic incidents alongside information that link their family to additional support through Parentline. We were delighted to recognise and thank everybody involved in the project at a Scottish parliamentary reception hosted by Shona Robison MSP and addressed by Humza Yousaf, Scottish Cabinet Secretary for Justice.

Recovery

Developing community resilience hubs

We are working closely with local communities to ensure our services best meet children and families' existing and emerging needs. For example, in Irvine we have employed a community development worker, who is working alongside children and families to identify both the strengths and needs in the local community and to work with community members and groups to improve community resilience, for example by offering money advice services to everybody in the community.

Transforming the Experience of Child Victims and Witnesses

Our work to transform the justice system reached a pivotal moment in 2018/19 as the Scottish Government introduced the Vulnerable Witnesses Bill to pre-record the evidence of children in jury trials. We worked with the Government and Parliament to improve the scope of the Bill, for example to cover witnesses in domestic abuse cases, and to make the case that children require a wholesale transformation of the system. In recent years we have been campaigning for the Scottish Government to introduce "child's houses" where all of a victim or witnesses' needs for support, recovery and justice are met under one roof. During the passage of the Bill the Scottish Government announced that they will work with Children 1st, and other partners, to introduce "child's house" to Scotland – which we will further progress during 2019/20.

Ensuring Adverse Child Experiences (ACE'S) Awareness

We supported families we work with, and staff, to participate in the ACE aware nation conference in Glasgow in September 2018. Children 1st Chief Executive, Mary Glasgow joined national and international speakers, including Dr Nadine Burke Harris, on the conference platform, addressing over 1,000 delegates.

In 2018/19 we also supported the establishment of a Scottish Parliament Cross Party Group on ACEs and continued to engage a wide range of audiences in discussion about and understanding of ACEs through conferences, the media and other opportunities.

Resilience

Investing in training and development

We invested in a new Human Resources Learning and Development Officer Post to ensure better coordination of the training and development of our staff and volunteers. As well as focusing and improving our core staff training programmes, we invested in external training to enhance staff and volunteers restorative practice skills.

Maximising Partnerships

At Children 1st we believe that by getting alongside children, their families and communities we can prevent and protect them from harm and support them to recover from trauma and abuse. We can break the cycle of intergenerational trauma that hurts children, families and communities – but we cannot do it alone.

In 2018/19 our local, national and international partners and supporters have helped us reach more of the children who desperately need help, to support their families to recover from the unresolved trauma of their past and to work with communities and policy-makers to transform the structures and cultures that foster trauma and inequality. From Police Scotland raising awareness of Parentline in Caithness, ScrewFix transforming a community hub in Irvine, the players of People's Postcode Lottery helping sustain our services, to the Scottish Youth Parliament joining us in calling for children to live free from violence, we'd like to thank all the partners who have supported us in progressing our shared ambition to keep children safer, families stronger and communities more resilient.

Fundraising

We are a member of the Institute of Fundraising and our fundraising policy incorporates the requirements of the Fundraising Regulator. All fundraising staff are inducted in these policies which are reviewed every two years. Staff training is undertaken within teams as well as through sessions at our twice yearly all team meeting. Children 1st takes a measured approach to donor engagement and development in that for the vast majority of cases we only contact those who have supported the organisation previously. Occasionally, we undertake direct marketing where we contract a professional fundraising agency to work on behalf of Children 1st, abiding by our own fundraising policy. Fundraising activity is undertaken by employees of the organisation in accordance with our values, however we also have a number of volunteer groups across Scotland who share our values and who work with us to raise funds on our behalf. During the year we received 7 complaints relating to fundraising activity, which were addressed and resolved with the individuals concerned, in line with our complaints policy and procedure.

In the year ended March 2019, Children 1st raised £3.3 million in donations and legacies against a budget of £3.2 million. Children 1st benefits from having a broad portfolio of income streams which helps to mitigate annual fluctuations in any one stream.

The players of the People's Postcode Lottery donated £700,000 to support our services across the length and breadth of Scotland. We are indebted to the ongoing support we receive which now totals £6.2 million since their first donation in 2008. Their consistent annual support is significant and has enabled Children 1st to sustain core established services as well as support the planning of new services, helping to reach more children.

We invested over £200,000 in our fundraising activities in a 'door to door' campaign to increase our number of supporters. At the end of the financial year we had increased our numbers by over 700 new individuals donating to us on a monthly basis. In addition we invested a further £200,000 to launch the Give A Smile Back campaign to raise awareness of Children 1st's work and encourage support for our work from new audiences. This successfully increased the awareness of our brand amongst the general public.

We continued into the third year of a three year partnership with Deloitte as part of their One Million Futures strategy who raised £34,000 during the year. They have also helped us through additional pro-bono support to the approximate value of £30,000.

Across Scotland, volunteers, organisations, schools and individuals have gone the extra mile to raise funds. Children 1st is fortunate to have 19 committed local volunteer action groups who each year deliver their own programme of events. These groups helped not only to raise significant income of £104,000 but as importantly they raised awareness amongst their communities about the help available for vulnerable children and families.

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

Volunteers

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

There are 19 Volunteer Children 1st action groups across Scotland :

West	Glasgow Events Committee Lockerbie Langholm & Canonbie Dumfries & Galloway Campbeltown Bikers	East	East Neuk Linlithgow Perth Selkirk St Andrews Stirling
Aberdeen	Deeside Committee Touch of Tartan Committee Buchan Barn dance Aberdeen Committee	Inverness	Elgin and Moray Forres Inverness

During the year we were supported by 245 fundraising volunteers, who raised £104,000 in the year.

Although not reflected in the financial statements, during the year volunteers gave approximately 11,990 hours which equates to approximately £108,000 in value (based on a living wage of £9.00 per hour).

Financial Review

Voluntary income increased 3% on the previous year from £3,523,108 to £3,620,698. In 2018/19 we have for the first time, included £314,601 of pro bono support, the majority of which reflects the added value given to us from Scottish Television in respect of advertising space. Grant income increased by 7% from £5,719,288 to £6,128,064.

The value of our investments declined by just under 2% over the year to £1,602,481 from £1,630,123. This fall in investments is distorted by the removal of £150,000 from the portfolio in December 2018 to cover short term fluctuations in cash flows, this amount is included within the disposals figure for the year of £485,109 (note 14). The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk.

Expenditure on raising funds shows an increase, reflecting the Board's decision to invest over £400,000 in increasing the number of individual supporters who donate to the charity and increasing the awareness of the charity and its activities. Expenditure on charitable activities also increased reflecting the rise in income for charitable activities, and the Board's decision to invest in a number of services.

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

As at 31 March 2019, the charity's balance sheet is valued at £3,275,871 compared to £4,036,188 at 31 March 2018. The Board is satisfied that the financial position of the charity remains strong, with positive net current assets. The Board is also satisfied that the charity has a diverse income stream with no over-reliance on any single income source. The design of the charity's wide offering of services also would allow flexibility in the eventuality that any single source of income is cut or withdrawn.

Reserves Policy

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

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

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

Unrestricted Funds

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

Our current unrestricted general reserves are £1,541,451. This is an increase of £13,581 compared to last year's position and represents 3.6 months of the budgeted unrestricted expenditure for the year ending 31 March 2020.

The Board has set a target to maintain unrestricted general and designated reserves equal to approximately three months relevant costs. This was deemed to be £2,123,000 from the budgeted expenditure figure, and the year end total of unrestricted and designated funds equals £3,016,819. Consequently the year end position meets this policy. The Board is currently reviewing how best to utilise the apparent excess funds in the interests of meeting the Charities Strategic Priorities.

Designated Funds

Designated funds totalling £1,475,368 are unrestricted funds which have been assigned by the charity for specific purposes in the future. These are comprised of three distinctive strands. The Fixed Assets designated reserve comprises £1,103,370 to cover the net book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The Board has designated two additional funds to support the future sustainability of the Charity. These funds are to be used to enhance service delivery and to invest in strategic opportunities as they arise.

Restricted and Endowment Funds

Restricted funds can only be used for specific purposes agreed with the donor or funder. At the year-end these funds totalled £82,315 and include funds from local authorities across Scotland for service delivery in their regions and from other funders for specific service provision. Endowment funds totalled £50,961.

Investment Policy and Objectives

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

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

The investment portfolio is invested across a broad range of assets to protect capital value and maximise real long term capital returns over time through the diversification of both income and potential capital gains. At the year end, the portfolio had 15% in fixed income, 73% in equities, with the balance split between alternative investments, commercial property and cash.

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

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

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

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

Risk Management

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

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

Future Plans

We are aware that the coming years will continue to be challenging with continued public spending restrictions and less disposable income available to the general public. We review our resources on an ongoing basis and, allied with careful budgeting and planning, we are confident that the financial resources available to the charity are adequate to meet its operational needs for the foreseeable future. Within our services, we will continue to focus on our four strategic priorities and the underpinning operational aims.

Structure, Governance and Management

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

Children 1st is a membership organisation with entry dependent on a pledge of support for the work of the charity through the gift of time, money, or both. There were 141 members of the charity at 31 March 2019.

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

The charity is governed by a Board of Management (the Board) of up to 15 elected members appointed at the Annual General Meeting, with the possibility of additional co-options during the year if required. The Board meets 6 times a year.

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

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

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

The organisational management team comprises the Chief Executive and three Directors, who manage the strategic day to day operations of the charity.

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

Reference and Administrative Details

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

Registered Scottish Charity No: SC016092 | www.children1st.org.uk

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

Board of Management

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

Chair	Dr Ken Cunningham CBE
Vice Chair	Sandy MacDonald BSc
Hon. Treasurer	Helen Webster BSc FFA
Hon. Law Agent	Caroline Gilchrist LLB (Hons)
Board Members	Carol Brown MA (Hons), DipEd Elizabeth Buie Craig Burnside BSc Jason Cohen BAcc CA (Appointed September 2018) Ronnie Corse Brian Davidson MA CA Ian Donaldson (Appointed September 2018) Stella Everingham Moir Green (Stepped Down September 2018) Kenneth Lewandowski David McMillan Caroline Whyteside

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

Chief Executive	Alison Todd (Until September 2018) Mary Glasgow (From November 2018)
Interim Chief Executive	Mary Glasgow (Until October 2018)
Director of Children and Family Services	Linda Jardine (From November 2018)
Interim Director of Children and Family Services	Linda Jardine (Until October 2018)
Director of Finance and Corporate Services	Ian Harrington (From April 2018)
Director of Fundraising and Communications	Barbara Kidd (Until March 2019)

Professional Advisors

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

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

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

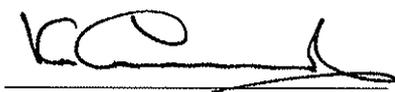
In preparing these financial statements, the Trustees are required to:

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

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

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

Approved by the Board and signed on its behalf by:



Dr Ken Cunningham CBE
Chair

Date: 6th August 2019

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

Opinion

We have audited the financial statements of Children 1st ("the Charity") for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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





.....
BDO LLP, statutory auditor
Edinburgh

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

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

Children 1st
Statement of Financial Activities (Incorporating Income and Expenditure Account)
For the Year ended 31 March 2019

	Notes	2019					2018	
		Unrestricted General Funds £	Unrestricted Designated Funds £	Unrestricted Revaluation Reserve £	Restricted Funds £	Endowment Funds	Total £	Total £
Income and endowments from:								
Donations and legacies	4	3,084,471	-	-	536,227	-	3,620,698	3,523,108
Charitable activities	5	2,050,806	-	-	4,077,258	-	6,128,064	5,719,288
Investments		63,581	-	-	-	1,682	65,263	27,354
Total income		5,198,858	-	-	4,613,485	1,682	9,814,025	9,269,750
Expenditure on:								
Charitable activities	6	3,448,689	726,656	-	4,695,148	1,682	8,872,175	8,319,885
Raising funds	7	1,373,871	405,000	-	-	-	1,778,871	1,188,085
Total expenditure		4,822,560	1,131,656	-	4,695,148	1,682	10,651,046	9,507,970
Total income less expenditure		376,298	(1,131,656)	-	(81,663)	-	(837,021)	(238,220)
Net gains/ (losses) on investments		19,740	-	56,964	-	-	76,704	(33,571)
Net income/(expenditure)		396,038	(1,131,656)	56,964	(81,663)	-	(760,317)	(271,791)
Transfer between funds	21-23	(382,457)	477,216	(94,759)	-	-	-	-
Net movement in funds		13,581	(654,440)	(37,795)	(81,663)	-	(760,317)	(271,791)
Reconciliation of funds:								
Total funds brought forward		1,527,870	2,129,808	163,571	163,978	50,961	4,036,188	4,307,979
Total funds carried forward	19-24	1,541,451	1,475,368	125,776	82,315	50,961	3,275,871	4,036,188

The notes on pages 24 to 40 form part of these financial statements

Children 1st
Balance Sheet
As at 31 March 2019

		Year Ended 31 March 2019		Year Ended 31 March 2018
	Notes	£		£
Fixed Assets				
Tangible Assets	12	958,916		969,226
Intangible Assets	13	144,454		28,927
Investments	14	<u>1,602,481</u>		<u>1,630,123</u>
		2,705,851		2,628,276
Current Assets				
Debtors	15	778,512		635,589
Cash at bank and in hand	16	<u>1,336,985</u>		<u>1,418,314</u>
		2,115,497		2,053,903
Liabilities				
Creditors: Amounts falling due within one year	17	<u>1,545,477</u>		<u>645,991</u>
Net current assets		570,020		1,407,912
Total assets less current liabilities		3,275,871		4,036,188
Total net assets		<u><u>3,275,871</u></u>		<u><u>4,036,188</u></u>
The funds of the charity				
Restricted Funds	20	82,315		163,978
Endowment Fund	21	50,961		50,961
Unrestricted Funds	22	1,541,451	1,527,870	
Designated Funds	23	1,475,368	2,129,808	
Revaluation Reserve	24	<u>125,776</u>	<u>163,571</u>	
Total unrestricted funds		3,142,595		3,821,249
Total charity funds		<u><u>3,275,871</u></u>		<u><u>4,036,188</u></u>

The financial statements were authorised for issue by the Trustees on 6th August 2019 and signed on their behalf by:



Dr Ken Cunningham CBE
Chair

Helen Webster
Hon. Treasurer



The notes on pages 24 to 40 form part of these financial statements.

Children 1st
Statement of Cash Flows
For the Year ended 31 March 2019

	Notes	Year Ended 31 March 2019	Year Ended 31 March 2018
			£
Net cash flows from operating activities	26	<u>(79,090)</u>	<u>67,582</u>
Cash flows from investing activities			
Investment income		63,581	27,354
Purchase of property, plant and equipment		(43,768)	-
Purchase of intangible assets		(126,398)	(26,676)
Proceeds from sale of investments		504,850	207,997
Purchase of investments		(400,504)	(214,512)
Net cash used in investing activities		<u>(2,239)</u>	<u>(5,837)</u>
Cash flows from financing activities			
Repayments of borrowing		-	(204,640)
Net cash used in financing activities		<u>-</u>	<u>(204,640)</u>
Change in cash and cash equivalents in the reporting period		(81,329)	(142,895)
Cash and cash equivalents at the beginning of the reporting period		1,418,314	1,561,209
Cash and cash equivalents at the end of the reporting period	16	<u><u>1,336,985</u></u>	<u><u>1,418,314</u></u>

The notes on pages 24 to 40 form part of these financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

Children 1st is the working name of the Royal Scottish Society for Prevention of Cruelty to Children. The accounts are denominated in pounds sterling (GBP). The accounts are rounded to the nearest £1. The principal activity of the charity is the provision of services to children and families. The charity is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR). The charity number and registered office are listed on p15.

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 preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', Update Bulletin 1 to the SORP published in February 2016, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

b) Going concern

Having prepared budgets for the following 12 months from the approval of the financial statements and rolling quarterly cashflow projections, the trustees are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future and accordingly, have prepared the financial statements on the going concern basis.

c) Recognition and allocation of income

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

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

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

Interest receivable is recognised using the effective interest rate applicable to the asset. Dividend income is

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

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

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

d) Recognition and allocation of expenditure

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

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

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

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

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

e) Leases

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

f) Pensions

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

g) Taxation

No taxation is provided for given the charitable status.

h) Tangible fixed assets

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

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

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

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

i) Intangible fixed assets

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

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

Computer Software	– 25% straight line
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j) Investments

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

k) Financial assets and financial liabilities

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

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

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

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

l) Debtors

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

m) Cash and cash equivalents

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

n) Creditors

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

o) Funds

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

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

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

2. CRITICAL JUDGEMENTS AND ESTIMATES

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

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

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

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

Consideration is given to any potential impairment of fixed assets.

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

3. COMPARATIVE STATEMENTS OF FINANCIAL ACTIVITIES

	2018					Total £
	Unrestricted General Funds £	Unrestricted Revaluation Reserve £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds	
Income and endowments from:						
Donations and legacies	2,898,848	-	-	624,260	-	3,523,108
Charitable activities	2,649,698	-	-	3,069,590	-	5,719,288
Investments	26,844	-	-	-	510	27,354
Total income	5,575,389	-	-	3,693,851	510	9,269,750
Expenditure on:						
Raising funds	1,188,085	-	-	-	-	1,188,085
Charitable activities	3,331,203	830,000	-	4,158,172	510	8,319,885
Total expenditure	4,519,288	830,000	-	4,158,172	510	9,507,970
Total income less expenditure	1,056,101	(830,000)	-	(464,321)	-	(238,220)
Net gains/ (losses) on investments	-	-	(33,571)	-	-	(33,571)
Net income/(expenditure)	1,056,101	(830,000)	(33,571)	(464,321)	-	(271,791)
Transfer between funds	(1,088,928)	1,088,928	-	-	-	-
Net movement in funds	(32,827)	258,928	(33,571)	(464,321)	-	(271,791)

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

4. DONATIONS AND LEGACIES

	2019 £	2018 £
Individuals and Community	700,925	755,686
Trusts, Organisations and Corporate Bodies	646,210	932,028
People's Postcode Lottery	700,000	700,000
Legacies (see note 27)	1,258,962	1,135,394
Donated Services	314,601	-
Total donations and legacies	<u>3,620,698</u>	<u>3,523,108</u>

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

5. CHARITABLE ACTIVITIES

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

	Restricted £	Unrestricted £	2019 £	2018 £
Scottish Government	1,520,024	782,363	2,302,387	2,494,681
Local Authorities	1,294,116	941,309	2,235,425	2,335,713
Other Bodies	1,220,987	194,290	1,415,277	673,111
Services Income	<u>42,131</u>	<u>132,844</u>	<u>174,975</u>	<u>215,783</u>
Total	<u>4,077,258</u>	<u>2,050,806</u>	<u>6,128,064</u>	<u>5,719,288</u>

In the year, the charity received funding of £2,302,387 (2018- £2,494,681) from the Scottish Government. Of this, £1,495,157 (2018- £1,520,312) was the reimbursement of fees and expenses incurred by the members of the National Safeguarders' Panel. There were no unfulfilled conditions relating to Government grant income recognised.

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct Costs	Support Costs (Note 8)	Total 2019	Total 2018
2019	£	£	£	£
Employment costs	5,239,228	668,467	5,907,695	5,407,121
Vehicle and travel costs	185,576	8,696	194,272	185,586
Property costs	387,429	69,690	457,119	396,81
Services costs	1,724,593	555	1,725,148	1,799,187
Office costs	156,492	149,485	305,977	331,473
Publicity costs	74,487	8,664	83,151	11,448
Professional fees	88,524	67,583	156,107	146,797
Other costs	52	26,254	26,306	23,461
Governance costs (note 9)	-	16,400	16,400	18,000
Total	<u><u>7,856,381</u></u>	<u><u>1,015,794</u></u>	<u><u>8,872,175</u></u>	<u><u>8,319,885</u></u>

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

7. EXPENDITURE ON RAISING FUNDS

	Direct Costs	Support Costs (Note 8)	Total 2019	Total 2018
2019	£	£	£	£
Employment costs	735,474	96,812	832,286	810,789
Vehicle and travel costs	23,548	1,260	24,808	28,964
Property costs	45,626	10,093	55,719	55,763
Services costs	3,164	81	3,245	855
Office costs	21,646	21,650	43,296	43,872
Publicity costs	790,737	1,255	791,992	229,982
Professional fees	7,810	9,353	17,163	13,943
Other costs	6,560	3,802	10,362	3,917
Total	<u><u>1,634,565</u></u>	<u><u>144,306</u></u>	<u><u>1,778,871</u></u>	<u><u>1,188,085</u></u>

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

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

8. SUPPORT COSTS

2019	Services to Children & Families £	Raising Funds £	Governance Costs (Note 9) £	Total 2019 £	Total 2018 £
Employment costs	668,467	96,812	-	765,279	896,328
Vehicle and travel costs	8,696	1,260	-	9,956	14,683
Property costs	69,690	10,093	-	79,783	53,727
Services costs	555	81	5,072	5,708	9,116
Office costs	149,485	21,650	-	171,135	215,752
Publicity costs	8,664	1,255	-	9,919	8,446
Professional fees	67,583	9,353	-	76,936	116,193
Other costs	26,254	3,802	11,328	41,384	17,336
Total	999,394	144,306	16,400	1,160,100	1,347,588

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

9. GOVERNANCE COSTS

2019	Services to Children & Families £	Total 2019 £	Total 2018 £
Auditor's remuneration:			
- Audit fees	11,328	11,328	12,487
Other costs	5,072	5,072	5,513
Total	16,400	16,400	18,000

In the year, fees of £1,381 were paid over to the Charity's auditors in respect of non-audit services (2018: £2,580)

10. EMPLOYEE BENEFIT EXPENSES

	2019 £	2018 £
Wages and Salaries	5,459,235	5,146,749
Social Security Costs	434,129	411,719
Pension Costs - Defined Contribution Schemes	483,429	439,581
Other Employment Costs	78,744	33,457
	6,455,537	6,031,506

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

Redundancy and termination costs of £59,205 (2018 - £13,536) were incurred in the year and are included within other employment costs. £46,615 of these costs were accrued at year end (2018: £nil).

There were two employee whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2018 - 2). One employee's emoluments fell within the £80,000 to £90,000 band, and the other employee fell within the £60,000 to £70,000 bracket.

The key management personnel of the charity comprises of the Chief Executive, Director of Children and Family Services, Director of Finance and Corporate Services and Director of Fundraising and Communications. The employee benefits for key management totalled £319,041 (2017 - £300,526). During the year, the Chief Executive resigned in September 2018, and following an external recruitment process, the Interim Chief Executive was appointed on a permanent basis.

The average headcount for the year was 253 (2018 - 243) and the average full-time equivalent was 191 (2018- 181).

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

	2019	2018
Fundraising	25	19
Support	21	26
Children and Family Services	145	136
Total	191	181

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 431 volunteers carrying out 445 roles as follows:

Children & Family Services	89
ParentLine	78
Fundraising	245
Board Members	20
Specialist (IT etc)	8
Admin	5

11. BOARD OF MANAGEMENT REMUNERATION AND EXPENSES

The Board of Management (or any persons connected with them) were not paid, nor did they receive any other benefits from employment with the charity, nor did they receive payment for professional or other services supplied to the charity. Travel expenses of £3,131 (2018 - £1,992) were reimbursed to four Board members in the year (2018: 4).

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

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

12. TANGIBLE ASSETS

	Leasehold Land & Buildings £	Freehold Land & Buildings £	Fixtures & Office Equipment £	Computers £	Total £
Cost					
At 1 April 2018	86,292	1,358,471	474,449	619,856	2,539,068
Additions	-	3,890	13,122	26,756	43,768
Disposals	-	-	-	(100,685)	(100,685)
At 31 March 2019	86,292	1,362,361	487,571	545,927	2,482,151
Depreciation					
At 1 April 2018	51,775	441,389	456,822	619,856	1,569,842
Charge for the year	17,258	27,169	5,311	4,340	54,078
Disposals in year	-	-	-	(100,685)	(100,685)
At 31 March 2019	69,033	468,558	462,133	523,511	1,523,235
Net Book Value					
At 31 March 2019	17,259	893,803	25,438	22,416	958,916
At 31 March 2018	34,517	917,082	17,627	-	969,226

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

13. INTANGIBLE ASSETS

	Computer Software	Total
	£	£
Cost		
At 1 April 2018	330,355	330,355
Additions	126,398	126,398
Disposals	(82,118)	(82,118)
At 31 March 2019	<u>374,635</u>	<u>374,635</u>
Amortisation		
At 1 April 2018	301,428	301,428
Charge for the year	10,871	10,871
Disposals in year	(82,118)	(82,118)
At 31 March 2019	<u>230,181</u>	<u>230,181</u>
Net Book Value		
At 31 March 2019	<u>144,454</u>	<u>144,454</u>
At 31 March 2018	<u>28,927</u>	<u>28,927</u>

Children 1st
Notes to the Financial Statements
For the Year ended 31 March 2019

14. INVESTMENTS

	2019 £	2018 £
Quoted Investments		
Market value as 1 April 2018	1,630,122	1,657,175
Disposals during the year	(485,109)	(207,997)
Additions during the year	400,504	214,515
Unrealised (losses)/ gains on investments	56,964	(33,571)
Market value at 31 March 2019	<u>1,602,481</u>	<u>1,630,122</u>
Cash as part of portfolio (note 16)	28,423	24,914
Balance carried forward at 31 March 2019	<u>1,630,904</u>	<u>1,655,036</u>

Two (2018: 2) investments individually exceed 5% of the portfolio:

Aviva Investors US Equity Income Fund valued at £94,732 (2018: £84,072)

JP Morgan US Equity Income Fund valued at £108,317 (2018: £94,307)

Investments were split as follows:

Asset Allocation	2019		2018	
	£	%	£	%
Fixed income	244,636	15%	281,356	17%
Equities	1,190,560	73%	1,208,176	73%
Alternatives	114,163	7%	107,577	6.5%
Cash	28,423	2%	24,825	1.5%
Other	53,122	3%	33,100	2%
	<u>1,630,904</u>		<u>1,655,036</u>	

	2019 £	2018 £
Historical cost of investments	1,476,695	1,466,552
Cash held for investments	28,423	24,914
	<u>1,505,118</u>	<u>1,491,466</u>

15. DEBTORS

	2019 £	2018 £
Trade debtors	397,476	219,771
Sundry debtors	119,568	90,687
Prepayments	56,145	99,577
Accrued income	205,323	225,554
	<u>778,512</u>	<u>635,589</u>

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16. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	1,308,562	1,393,400
Cash as part of the investment portfolio	28,423	24,914
	<u>1,336,985</u>	<u>1,418,314</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	214,066	135,729
Pensions creditor	44,828	43,150
Other creditors	51,703	54,597
Accruals and deferred Income	649,921	227,421
Taxation and social security	584,959	185,094
	<u>1,545,477</u>	<u>645,991</u>

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

	2019 £	2018 £
Opening balance	121,275	-
Income deferred	344,202	121,275
Income recognised	(121,275)	-
Closing balance	<u>344,202</u>	<u>121,275</u>

18. FINANCIAL ASSETS AND LIABILITIES

	2019 £	2018 £
Financial assets at fair value	1,602,481	1,630,123
Financial assets at amortised cost	2,059,352	1,954,326
Financial liabilities at amortised cost	(616,316)	(339,625)

Financial assets at fair value comprise quoted investments.

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

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

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19. ANALYSIS OF NET ASSETS BY FUNDS

The fund balances at 31 March 2019 are represented by

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

The fund balances at 31 March 2018 are represented by

	Unrestricted General Funds	Unrestricted Designated Funds	Unrestricted Revaluation Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	998,153	-	-	-	998,153
Investments	1,466,522	-	163,571	-	-	1,630,123
Net Current Assets	61,318	1,131,655	-	163,978	50,961	1,407,912
As at 31 March 2018	1,527,870	2,129,808	163,571	163,978	50,961	4,036,188

20. RESTRICTED FUNDS

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

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

Local Authority funds

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

Scottish Government

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

Covenant Fund

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

Scottish Legal Aid Board

Funding received to work with families on improving their financial situation

Corra Foundation

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

21. ENDOWMENT FUNDS

	Balance at 1 April 2018	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2019
	£	£	£	£	£
MacLagan Bequest	50,961	1,682	(1,682)	-	50,961

The endowment fund earned interest of £1,682 (2018 - £510) which was spent on providing services to vulnerable children and their families. The bequest was received in 1992 with the terms being that Children 1st were to hold the funds in trust for the sole purpose of generating income.

22. UNRESTRICTED FUNDS

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

The net transfer out of £362,717 represents a net gain on investments of £19,740 and a transfer to designated reserves of £382,457.

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23. DESIGNATED FUNDS

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

The Fixed Assets designated reserve comprises £1,103,370 to cover the book value of fixed assets: buildings, fixtures, vehicles, office equipment and information technology used by the charity in its work. The transfer to general funds represents the net movement of fixed assets, arising from additions, disposals and depreciation charges.

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

24. REVALUATION RESERVE

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

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

25. OPERATING LEASES

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

	2019	2018
	£	£
Not later than one year	148,846	128,807
Within two to five years	101,685	267,996
Later than five years	-	85,417
	250,531	482,220

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

Operating lease expenditure charged in the year was £232,001 (2018: £148,895)

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

	2019 £	2018 £
Net (Expenditure) for the period	(760,317)	(271,791)
Adjustments for		
Depreciation charge	54,078	69,403
Amortisation charge	10,871	-
(Gains)/ Losses on Investments	(76,704)	33,571
Dividends, interest and rents from investments	(63,581)	(27,354)
(Increase)/ Decrease in Debtors	(142,923)	162,426
Increase in Creditors	899,486	101,327
Net Cash Flows from Operating Activities	<u><u>(79,090)</u></u>	<u><u>67,582</u></u>

27. LEGACIES

	2019 £	2018 £
Legacies receivable in year	<u>1,258,962</u>	<u>1,135,394</u>

In 2019, legacies were receivable from 46 legators (2018: 62)

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