



Children 1st  
Annual Report and Financial Statements  
Year ended  
31<sup>st</sup> March 2021

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## Reference and Administrative Details

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

Registered Scottish Charity No: SC016092 | [www.children1st.org.uk](http://www.children1st.org.uk)

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

### The Board

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

Chair	Dr Ken Cunningham CBE
Vice Chair	Stella Everingham (from September 2020)
Vice Chair	Sandy MacDonald BSc (stepped down September 2020)
Hon. Treasurer	Brian Davidson MA, CA (from September 2020)
Hon. Treasurer	Helen Webster BSc, FFA (stepped down September 2020)
Hon. Law Agent	Caroline Gilchrist LLB (Hons)
Board Members	Craig Burnside BSc Jason Cohen BAcc,CA Ronnie Corse Maggie Craig MA (appointed September 2020) Ian Donaldson Anne Hughes BA Hons Elizabeth Inglesfield M. Psychol Kenneth Lewandowski Rosemary McGinness (appointed September 2020) Diana Noel Paton (stepped down April 2021) Caroline Whyteside BSc, ACA

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	Ian Harrington (until June 2021)
Director of Fundraising and Business Development	Gary Kernahan
Director of Strategic Planning and Campaigns	Mark Ballard

**Professional Advisors**

Auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh, EH12 5HD
Banker	Bank of Scotland 426 Morningside Road Edinburgh, EH10 5QF
Insurance Broker	Marsh Commercial Chartered Insurance Brokers G1 Building 5 George Square Glasgow G2 1AR
Pension Advisor	Argyle Consulting Limited 43 Northumberland St Edinburgh EH3 6JQ
Solicitor	Blackadders LLP 53 Bothwell Street Glasgow, G2 6TS
Solicitor	Leyton Legal (Scotland) t/a LexLeyton 8 <sup>th</sup> Floor, Lomond House 9 George Square Glasgow G2 1DY
Investment Advisor	Brewin Dolphin Atria One, 144 Morrison Street Edinburgh, EH3 8EX

## Foreword

The year 2020/21 will loom large in the history books for us all. The grave implications of a global pandemic have left children and families dealing with unprecedented levels of loss, trauma and change. Through our local and national services families have told us that the pandemic has left them unable to get work, worried where the next meal is coming from, overwhelmed by stress, and bereavement all while shut off from the rest of the world.

I am extremely proud to share that Children 1st have been there more than ever – supporting over 14,480 children and adult family members in 2020/21. We have stood the test of COVID-19 by holding fast to our strategic focus on prevention, protection, recovery and resilience. As a charity, we have emerged through the trouble and turbulence of 2020/21 stronger, more creative and having made real progress towards achieving change for children and families.

What makes us Children 1st is that we put relationships at the heart of all we do; the quality of which enables us to reflect with honesty and authenticity about what we are doing well and where we need to improve, such as tackling institutional racism. We do this because we understand that strong, supportive and trusting relationships are what prevent and protect children from harm and keep them resilient. Our strong and trusting relationships with children and families, with colleagues and volunteers, with funders and supporters and with partners have kept us resilient and meant that together we have made the incredible impact for children and families shared in this annual report.

I am grateful for the generous support of players of People's Postcode Lottery, to help us develop Scotland's first Barnahus, the Child's House for Healing, to ensure children and young people who have experienced crime get trauma-informed care, protection, justice and recovery support. I am also proud of the work undertaken by Children 1st during the year to support the campaign for the incorporation of the United Nations Convention on the Rights of the Child (UNCRC) into Scottish Law. I look forward to implementation of this new law and the development of rights-based practices across our own services, and those of all involved in this area.

As we work from the hope that we are moving towards a sustained recovery from the pandemic, the possibility for real transformation for children, families and communities lies ahead of us. Unprecedented change calls for unprecedented solutions, so in 2021/22, we will review the detail of Children 1st's strategic priorities while continuing to hold to our purpose as a charity - to keep children safer, families stronger and communities resilient.

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 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document and Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

### Objects and Activities

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

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 rooted in four themes, which sum up Children 1st's approach to achieving our vision that every child in Scotland is happy, healthy, safe and secure.

They are:

- Preventing children from experiencing harm;
- Protecting children, families and their rights;
- Supporting children and families to recover from trauma, neglect, violence and abuse;
- Building our organisational resilience.

As the ongoing turbulence of the COVID-19 pandemic upended children, families and communities' lives these priorities kept us focused, increased our impact and made sure we strived to achieve transformational change for children and families.

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In 2020/21 we reached over 14,480 children and their adult family members in homes and communities across Scotland. Children 1st offered children and families immediate practical, financial and emotional support to cope through coronavirus and creatively adapted our services and supports to respond to their emerging needs.

## Prevention

Natalie and Sienna's story (Not their real names which have been changed to protect their privacy)

"Things with my eleven-year-old daughter Sienna had been difficult for a long time, but when lockdown came everything got worse. Sienna can get really upset and angry and we were having a lot of arguments. My husband works full time, so he didn't see what was happening. There were some awful times, but I just tried to deal with it myself.

When I spoke to Ann from Children 1st Parentline it was the first time somebody had asked me how I felt. I know I can trust Ann and that she'll listen to me and give me advice without judging. Ann's helped me to look at things from Sienna's point of view. She helped me think about how all three of us were feeling so me and my husband could be more considerate and cope with the arguments better. Ann gave me a different way of dealing with things.

My husband also started speaking to someone at Children 1st Parentline to give him some support. Now he doesn't get as angry with Sienna, so they don't wind each other up as much. If it wasn't for Children 1st Parentline I don't think we would be where we are now. Things have calmed down a lot. We still have bad days but not as often and Sienna doesn't get as angry. Now she talks to some of her friends and isn't as isolated. Having somebody there to support us was a lifeline. Without it, I don't know what would have happened. It's had a huge impact on our life. There must be loads of people out there in the same situation or worse and they don't know where to go."

### Offering Practical, Emotional and Financial Digital Family Support

In a year when more families than ever were stretched to breaking point by the juggle of home learning, increasing financial pressures, overwhelming anxiety and the heartbreak of loss and bereavement Children 1st Parentline were there to offer support at the touch of a button, every single day of the year. The number of contacts with Children 1st Parentline rose by 28% and we supported an additional 1,110 children through the digital family support service in 2020/21.

For families experiencing financial pressures, we introduced a new referral system from Children 1st Parentline to our local money advice teams, preventing more children and their families from falling into poverty. In 2020/21 we got 60% more money back into families' pockets and helped families manage over £952k of debt (an increase of 84% on the previous year).

Through Children 1st Parentline we offered additional financial support to families we weren't already working with, by distributing Scottish Government winter recovery fund monies to families struggling to meet their children's most basic needs.

### Expanding Family Support in Homes, Schools and Communities

As children and families experienced continued changes to their routines and many of their usual support networks disappeared, Children 1st continued to be a constant and reassuring source of support. When the pandemic restrictions made it impossible to meet children and families inside their homes, in our hubs or at schools, our family support workers rapidly developed creative and COVID-safe alternatives. With support from partners including Connecting Scotland, Barclays, STV Children's Appeal, the Scottish Government and the public we distributed over 600 digital devices to those who needed them most, so that children and families had the technology and data to stay connected to school, to their support networks and to their friends and family.

Children 1st used digital technology to offer practical support to children and their families during the most stressful parts of the long days at home, to provide individual support to keep children and parents' feeling emotionally strong and to keep them connected in their communities by developing new peer support networks through private Facebook groups. We provided practical support and delivered food to doorsteps in order to meet families' most immediate needs, to check in on their emotional and physical wellbeing and to build a picture of their emerging needs. Where children and families required the greatest support, we met them face to face in gardens and parks.

During times when restrictions on contact with others eased, we held COVID-safe group sessions in outdoor spaces; so that children and families felt more connected within their local communities.

### Protection

Theresa, Andrew and DJ's story (Not their real names which have been changed to protect their privacy)

"Lockdown was terrifying. I had coronavirus, my partner was working all the time and I was at home with our two sons, Andrew and DJ, aged 7 and 9. I told the boys I was fine, but I was struggling to breathe. One night I wrote them letters in case I didn't wake up. We were all anxious and afraid.

Andrew was having a difficult time and had lost his usual routines. The virus was invisible, and he couldn't understand how something he couldn't see stopped him from doing all the things he enjoyed. His meltdowns were something else. He'd scream, shout, attack his brother and trash the living room. Trying to do the schoolwork was horrendous. Then in April, we lost Grandpa. It was so hard to break the news to Andrew and DJ. They couldn't go to the funeral or say goodbye because of the restrictions.

It felt like the walls were closing in. So many times, I just wanted to walk away from it all but Jen from Children 1st was there for me and the boys.

We could not have done lockdown without Jen. She would speak to Andrew and DJ on video-calls or meet them in the garden to check in and make sure they were ok.

Jen helped with practical things. She encouraged me to go to the doctor and to keep a diary of Andrew's behaviour, working out what makes him feel anxious and worried, planning routines to reduce his anxiety. This gave me the confidence that I can be there for him.

Andrew is calmer, and we have created a quiet space for him with a tent and lights. I have joined a group Children 1st set up for local parents to connect and support each other. All this help has boosted my confidence and made me braver.

Children 1st have been a lifeline for our family. I've had depression since Andrew was born and without their support, I'd have spiralled into such a dark place that I wouldn't have been there for the boys."



### Offering rights-based services

Alongside our Scotland-wide services, Children 1st Parentline, Children 1st Safeguarders Panel Team and Children 1st Child Protection and Wellbeing in Sport<sup>1</sup> we offered prevention, protection and recovery support to children and families across 13 local authorities in Scotland in 2020/21. Thanks to the generous support of players of People's Postcode Lottery, we have also begun developing Scotland's first Barnahus, the Child's House for Healing, to ensure children and young people who have experienced crime get trauma-informed care, protection, justice and recovery support.

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

During 2020 Children 1st actively supported *Together*, the Scottish Alliance for Children's Rights, in campaigning for the incorporation of the United Nations Convention on the Rights of the Child (UNCRC) into Scottish Law. The Incorporation of the UNCRC Bill was passed by the Scottish Parliament in March 2021 and introduces a duty on those providing services for children, including charities, schools, hospitals, police and transport, to protect and uphold children's rights. As we look forward to the implementation of this new duty, Children 1st are continuing to develop rights-based practices across our own services, while also working with the Scottish Government, *Together* and other partners to ensure that children's rights are upheld and progressed.

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

After five years of campaigning to address our concerns that children's safety and emotional wellbeing were being put at risk by civil courts, Children 1st is incredibly proud to have worked with the Scottish Parliament to introduce the Children (Scotland) Act 2020. The Act revolutionises the way that civil courts operate by ensuring they must always uphold and protect children's rights to have their voices heard, to be part of decisions that affect them and to have their best interests taken into account when decisions are being made about how information about them is shared.

### Working with communities and partners across Scotland

During the year, we worked with relationships and resilience expert Dr Suzanne Zeedyk and trauma expert Betsy de Thierry to provide webinars and bite-size online talks to support kinship care families. While all families were affected by the pandemic, many kinship care families faced additional pressures, such as worries about their own health and the challenges of supporting children who had already experienced greater levels of loss, bereavement, and disconnection. During a time when many kinship care families felt they had been 'left to get on with it' by other services, they told us our support was "helpful," "informative" and offered a "lifeline."

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<sup>1</sup> Formerly known as Safeguarding in Sport

### *Becoming an anti-racist charity*

Prompted by events both in the UK and globally during 2020/21, Children 1st has taken a long, critical look at how we, as a charity, currently challenge racism and discrimination of every kind, both internally and in wider society. We have acknowledged that, like many other parts of Scottish society, Children 1st could have done more to tackle institutional racism and that doing this now requires us to change our structures and ways of working. Tackling institutional racism is about more than our individual behaviour as staff and volunteers at Children 1st (though this is important), it is also about our collective behaviour as a charity. Children 1st has developed an anti-racism strategy which is being led by a steering group of colleagues and Board members and we have commenced the implementation of changes to improve our knowledge and understanding, transform our leadership, the ways we recruit, retain and progress colleagues and to seek the ideas and inputs of the families of colour that we work with. We are at the start of a journey to becoming a charity that tackles racism in all its forms, and ensuring we meet the needs of every child and every family in Scotland is central to our vision for the future.

### **Recovery**

Ella's story (Not her real name which has been changed to protect her privacy)

"My eight-year-old daughter Ella had a sharp and sudden change to her mental health. For years we muddled on and tried our best, but we had reached a crisis point. "Our GP eventually got us help. We were relieved but our relief turned to fear. The one size fits all approach, didn't work - we didn't fit and nor did Ella. We were desperate. Months later, we contacted our GP again and this time we were introduced to Children 1st. We felt relief and at the same time a feeling of failure. Were we a family that needed the support of a charity?"

"In the past when I thought of families in crisis, I never saw our family reflected back - a struggling family, in need of support.

Thankfully, Children 1st just saw a family. They focused on getting to know Ella. They listened, understood, showed kindness and built trust. The charity was a lifeline during lockdown. They made Ella's recovery from her traumatic experiences possible. We are so thankful."

### *Developing directly accessible hubs based in communities*

We are incredibly proud that in the face of the pandemic we maintained all of the services we offered in 2019/20 and opened two new services – Children 1st Barnahus and the FitLike Hubs, working with partners in Aberdeen.

The FitLike Hubs, named by children and young people, provide a safe and welcoming space for practical and emotional support to families in Aberdeen through a clear and single point of entry. Families will contribute to the ongoing design and development of the hubs so that they can easily get what they need, at the time they need it. Working alongside families, partners and supporters, the hubs aim to improve the mental wellbeing of children across Aberdeen, which has been particularly hard hit by their experiences during the pandemic.

*Developing a child's house to transform the experience of child victims and witnesses*

In 2020/21 we made a long-held dream for child victims and witnesses come true, as Players of People's Postcode Lottery awarded us £1.5m over 3 years to develop Britain's first Barnahus - the "Child's House for Healing". In partnership with Victim Support Scotland, the University of Edinburgh and Children England we are developing a child-friendly, safe and welcoming place for children to go to, as an alternative to courts, social work offices and police stations, based on the internationally renowned Barnahus model. Designed to feel like a family home, the Child's House will be a space where child victims and witnesses can give evidence, receive medical care, take part in decisions about their protection and get support to recover from the trauma they have experienced. Following the award of the funding in April 2020, we have secured a site for the house in East Renfrewshire and brought together a steering group of national and internationally renowned leaders to deliver the Child's House vision. An advisory group of international researchers is also working with us to ensure that the Child's House is robustly evaluated in order to share learning and encourage the roll out of Barnahus across Scotland.

**Resilience**

The continued support and trust of partners, including the People's Postcode Lottery, the Corra Foundation, Deloitte, the Robertson Trust, STV Hunter, and the Scottish Government enabled Children 1st to access increased funding to support children and families struggling to cope and to rapidly adapt our services and supports to meet children and families' emerging needs.

Learning from the application and administration of this process we successfully applied to the Scottish Government's Winter Recovery Fund for 2020/21 and directly distributed £100,000 to families needing urgent funds between January and March 2021. In addition, working in partnership with Aberlour, we supported over 120 families to apply to their emergency fund for supplies such as food, power cards, clothing and bedding to the value of £25,000 during the first coronavirus lockdown

*Investing in learning and infrastructure*

During 2020/21 we built on the investments made in the previous year. The introduction of laptops and the desire to move to more flexible working proved to be invaluable in enabling the Charity to continue to operate across all aspects of its work. As the country moved to various lockdowns and restrictions during the coronavirus pandemic the value of this investment became apparent as colleagues swiftly moved to homeworking enabling us, without interruption, to meet the pressing needs of Scotland's children and families as they faced increasing challenges, pressures, losses and trauma.

**Fundraising**

This terrible COVID-19 pandemic has created previously unimaginable levels of need. In Fundraising we've retained our focus, where relationships and innovations have been central to our ability to not only deliver but grow income.

In the second year of our current fundraising strategy, which aims to inspire people in Scotland to put children first, we raised gross income of £7.3m from donations and legacies. This includes some incredibly generous one-off funding, including an exceptional legacy of £2.4m, which has enabled the charity to support children and families throughout the pandemic and deliver major projects in line with our strategic ambitions and goals.

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Children 1st benefits from a broad portfolio of voluntary income streams, this has never been more important than it was in 2020/21. The pandemic halted all community, events and workplace fundraising overnight, but we were able to mitigate these fluctuations through other activity.

COVID response

We are incredibly grateful to those individuals who donated to our emergency appeal, and to our corporate partners, the charitable trusts and the Scottish Government who supported Children 1st with funding from programmes to support COVID response and recovery.

It wasn't possible to proceed with many of the activities we had originally planned for 2020/21. Instead we had to be creative and innovative. Some highlights included:

- Our emergency COVID appeal which led to the creation of the 'activity fund' which enabled the charity to provide practical support during the first lockdown.
- The 26 Olympian Challenge – a home workout organised by Olympian Silver medallist Keri-Anne Payne and featuring fellow Olympians Tom Daley, Rebecca Adlington, Greg Rutherford and Tessa Sanderson – generated funds for Children 1st, and several other charities, and reached thousands of people.
- New initiatives such as the #MatchDaySelfie, Homemade Olympics and Dragons Glen Junior were launched to stimulate much needed support during the pandemic.

Grateful thanks

Words cannot do justice to how grateful we are to the players of the People's Postcode Lottery who donated just under £1.6m to support our services across Scotland and to create Britain's first 'House for Healing'. We are indebted to the ongoing support we receive which now totals £8.6 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 are grateful to benefit from committed support from organisations such as Deloitte, as part of their Five Millions Future strategy, from the Scottish Football Association and the Rangers Charity Foundation.

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

We are incredibly grateful to the 156 fundraising volunteers and the 11 volunteer Children 1st Action Groups who supported the charity this year. It has been a very difficult year for our volunteers, who have been desperate to support but the COVID19 pandemic and restrictions limited what they were able to do.

Moving forward

The charity has been incredibly grateful for the support received from a number of COVID schemes however that funding is short-term. It is therefore right that our focus has remained on longer term relationships and innovations. As we emerge from this terrible pandemic, we will need a varied fundraising portfolio with activities and propositions which will engage and excite our audiences.

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Our commitment to best practice

We are incredibly grateful to everyone who chooses to support Children 1st. All our fundraisers, fundraising policies and activities fully comply with the Code of Fundraising Practice. We are committed to delivering the very best experience to our donors and supporters.

All fundraising staff are inducted into these policies which are reviewed, formally, at least every two years. Staff training is undertaken externally by attendance at Chartered Institute of Fundraising events and internally within teams and at our team meetings.

Children 1st takes a measured approach to donor engagement and development in that for the vast majority of cases we only contact those who have supported the organisation previously. Occasionally, we undertake direct marketing where we contract a professional fundraising agency to work on behalf of Children 1st, abiding by our own fundraising policy. Fundraising activity is undertaken by employees of the organisation in accordance with our values, however we also have a number of volunteer groups across Scotland who share our values and who work with us to raise funds on our behalf. During the year we received no complaints (2020, 4) relating to fundraising activity, any complaints are resolved in line with our complaints policy and procedure.

Volunteers

Volunteers are at the heart of Children 1st, contributing to 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 11 Volunteer Children 1st action groups across Scotland:

<b>West</b>	Glasgow Events Committee Lockerbie Dumfries & Galloway	<b>East</b>	East Neuk Linlithgow Perth Selkirk St Andrews Stirling
<b>Aberdeen</b>	Deeside Committee	<b>Inverness</b>	Elgin and Moray

During the year we were supported by 156 fundraising volunteers, who raised £48,180 in the year.

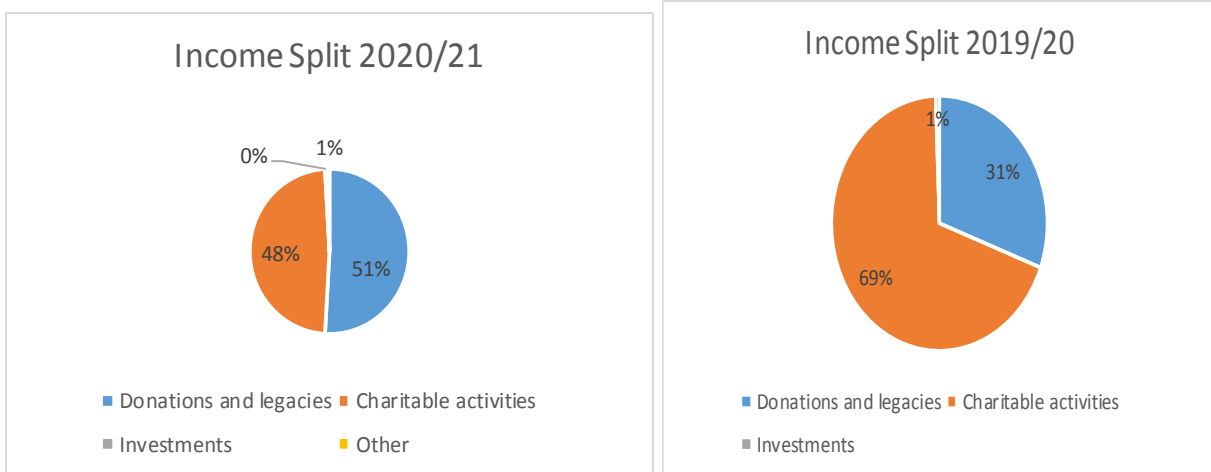
Although not reflected in the financial statements, during the year volunteers gave approximately 3,500 hours which equates to approximately £33,000 in value (based on a living wage of £9.50 per hour). This figure is substantially reduced compared to previous years reflecting the impact of Covid and various lockdowns on our Parentline service and fundraising activities. We anticipate that this will recover as the country returns to normality.

**Financial Review**

Income from donations and legacies has increased 97% on the previous year from £3,107,508 to £7,321,045, this includes an exceptional one-off legacy of £2,400,000. In 2020/21 we have included £108,053 (2020: £43,501) of donated services. Grant income decreased by 4% from £7,278,565 to

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£6,928,574. This decline is however distorted by a reduction of over £800,000 in the recovery of Safeguarder fees and expenses under our management contract with the Scottish Government. This reduction was due to the impact of the coronavirus and lockdown on the Scottish Court Service. The graphs below highlight this in that the percentage of total income from donations and legacies has increased from 31% in 2019/20 to 51% in 2020/21. The other income relates to income from the Government Job Retention Scheme, which formed less than 1% of our income for the year, and was accessed as we paused some face-to-face fundraising work in line with lockdown restrictions, and subsequently where necessary to allow staff to meet their personal caring responsibilities.

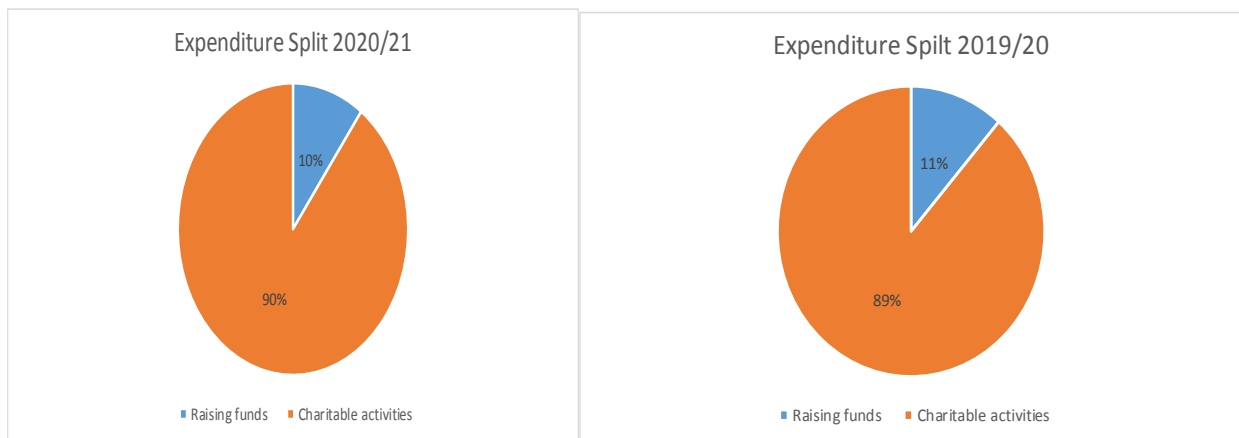


The value of our investment portfolio increased by just under £400,000 (27%) over the year to £1,860,506 from £1,463,480. In the previous year there was a significant fall in investments in the last quarter of the financial year as financial markets reacted adversely to the impact of the coronavirus. This decline has been reversed during the year. The underlying portfolio remains diversified and is managed within the framework of a moderate investment risk.

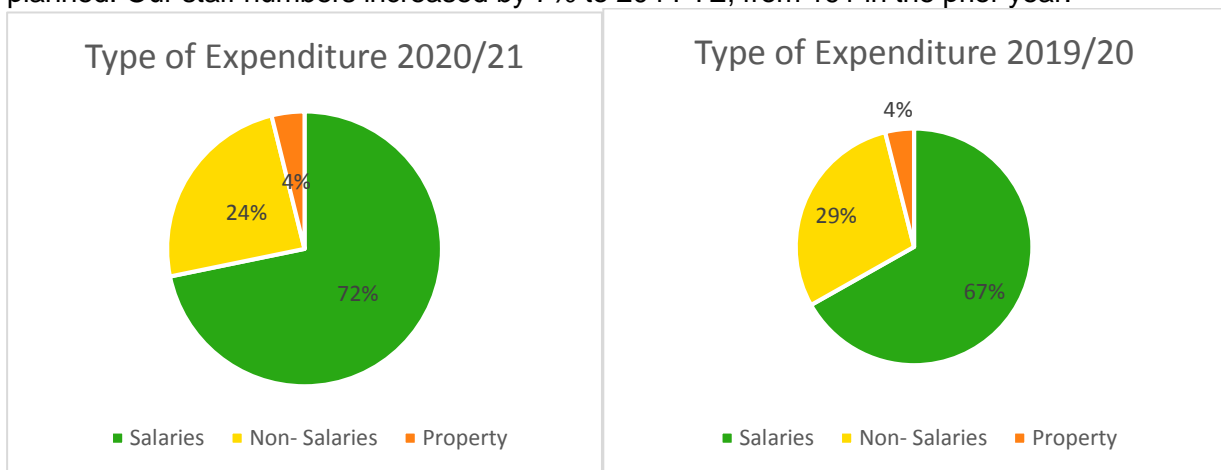
Expenditure on raising funds decreased, in the previous year we focused on increasing the number of individual supporters who donate to the charity and increasing the awareness of the charity and its activities. Due to the coronavirus and lockdown several of our plans to continue this work were paused, however we intend to develop this type of activity over the coming year.

Expenditure on charitable activities increased by 4%, this was despite the fall of £800,000 in fees and expenses paid to Safeguarders mentioned above. The increase was due to the introduction of new services and increased activity in existing services. In addition, we were able to increase the practical support provided to children and families through funding received in response to our fundraising activities.

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There was a slight increase in the percentage paid to staff as we employed more staff in our services and due to the pandemic, we were not able to invest in donor acquisition in the way that we had planned. Our staff numbers increased by 7% to 204 FTE, from 191 in the prior year.



The net movement this year has been achieved against the backdrop of the coronavirus pandemic and various lockdowns. The Charity has focused on its operations to support children and families in Scotland. We have raised more funds than in recent years both in ongoing activities and in raising funds for those effected by the pandemic. In addition, we were fortunate to receive notification of a generous single legacy of £2.4 million, we received this in cash in the new financial year.

The increased funding raised by fundraising colleagues allowed our Children and Family services to spend more on practical support at the difficult time of the pandemic and lockdown. We have also seen the introduction of large new services and 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 2021, the charity's net assets on the balance sheet are £8,158,882 compared to £3,561,857 at 31 March 2020. 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 £2,685,880 an increase of £593,320 compared to last year's position.

The Board has set a target to maintain unrestricted general and designated reserves (excluding the Fixed Asset Designated Reserve) to not less than three months relevant costs. This was deemed to be £2,442,000 from the budgeted expenditure figure, and the year end total of unrestricted and designated funds (excluding the Fixed Asset Designated Reserve) equals £5,261,880, equating to 5.6 months of actual expenditure. Consequently, the year end position exceeds this policy by £2,819,880 (115%). The Board considers this to be above its acceptable range of tolerance and will seek to make further designations to rectify this position.

### Designated Funds

Designated funds totalling £3,714,149 are unrestricted funds which have been assigned by the charity for specific purposes in the future, and includes the Fixed Assets designated reserve that covers 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 funds to cover the funding of capital projects such as the acquisition and development of a further Child's House for Healing site, donor acquisition, service enhancements and the development of new digital and technology aids to support our work.

### 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 £1,337,452 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 increased by nearly £400,000 over the year reflecting the recovery of the markets as the World recovers from the



Children 1st  
Report of the Board  
For the Year ended 31 March 2021

coronavirus pandemic. The Board remains confident in the suitability of its investment strategy.

The investment portfolio is maintained with Brewin Dolphin who are investment advisors to the Board of Trustees. Investment decisions are reviewed by the Finance 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 13% in fixed income, 75% in equities, with the balance split between alternative investments, commercial property and cash.

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

The Trustees have advised that it is important that the holdings within the portfolio are sensitive to the objectives and mission of Children 1st. The Trustees are committed to conducting their financial affairs in a responsible manner consistent with the ethical obligations of stewardship and relevant legal requirements.

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

In addition, the Trustees wish to avoid direct investment into companies that have attracted Critical and High allegations related to child labour or forced labour within their own operations or supply chain. The Trustees also wish to avoid direct investment into companies that have been accused of Significant or Minor allegations related to child labour and forced labour where the response from the company has been Reactive or Uncommunicative.

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

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

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

### **Going Concern**

The Trustees are confident that the Charity has sufficient funds and certainty of funding for it to continue to operate over the foreseeable future. This view has not been altered by the impact of the current global coronavirus pandemic crisis as this has not materially altered the finances of the Charity. Whilst initially, there was a shortfall in some fundraising income streams such as public fundraising due to the cancellation of events and legacies, this has been more than made up by increased fundraising from other sources, most notably from Trust funders. In addition, as the staff of the Charity has moved to home working there has been a significant reduction in items such as expenses related to staff travel. There has also been some mitigation of costs through pausing recruitment and minor use of the Government Job Retention Scheme.

The Trustees have always been mindful of the need to have sufficient reserves and cash reserves

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For the Year ended 31 March 2021

to ensure the continued financial sustainability of the charity. At the year end the Charity had cash balances of just over £4 million and near-cash investments that can be easily liquidated of nearly £1.9m. Of the £4m, over £1.3m related to cash for restricted 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 2023.
- Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.

The Trustees are also aware that for a number of service contracts and fundraising income streams there is a high degree of certainty projecting forward beyond the next twelve months from the date of the signing of the financial statements.

In addition, during the current pandemic crisis the Trustees have met virtually and have received and discussed updated monthly financial projections.

Due to the factors and actions highlighted above, the Trustees have concluded that they believe that the charity remains a going concern and that it is appropriate to prepare the financial statements on that basis.

## Risk Management

The Board has assessed the major risks to which the charity is exposed, and systems have been established to mitigate these risks. The Board and its 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.

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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.

Reference has been made earlier in the Annual Report of the Board to the impact of the coronavirus; whilst this has led to significant changes in the way we operate it has not materially altered the three strategic risks highlighted above.

### Future Plans

We are aware that the coming years will continue to be challenging. This has become more acute given the likely worsening economic position of the country following the pandemic crisis and the impact of the 'lockdown'. 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 108 members of the charity at 31 March 2021.

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

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

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

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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 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.

## 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:



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Dr Ken Cunningham CBE  
Chair  
Date: 19th August 2021

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

### Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 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 Companies Act 2006.

We have audited the financial statements of Children 1st ("the Charity") for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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

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

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

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

### 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.

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For the Year ended 31 March 2021

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 course of 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 this gives rise to 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.

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report, which is included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; 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

Children 1st  
Independent Auditor's Report  
For the Year ended 31 March 2021

(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.

**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:

The procedures that we designed and executed included:

- reading minutes of meetings of those charged with governance and reviewing correspondence with regulatory bodies, HMRC and legal advisors to identify indications of non-compliance with laws and regulations;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our testing;
- assessing the operating effectiveness of controls over the IT Systems relevant to financial reporting;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- performing data analytics testing in order to recalculate key balances and identify anomalies to be investigated further; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

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.



Children 1st  
Independent Auditor's Report  
For the Year ended 31 March 2021

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 Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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### **Martin Gill (Senior Statutory Auditor)**

For and on behalf of BDO LLP, statutory auditor  
Edinburgh, United Kingdom  
Date: 23 August 2021

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 2021

	Notes	2021					2020	
		Unrestricted General Funds £	Unrestricted Designated Funds £	Unrestricted Revaluation Reserve £	Restricted Funds £	Endowment Funds	Total £	Total £
<b>Income and endowments from:</b>								
Donations and legacies	4	5,504,818	-	-	1,816,227	-	<b>7,321,045</b>	3,107,508
Charitable activities	5	2,939,172	-	-	3,989,402	-	<b>6,928,574</b>	7,278,565
Investments		48,377	-	-	-	1,126	<b>49,503</b>	63,743
Other income		81,749	-	-	-	-	<b>81,749</b>	-
<b>Total income</b>		<b>8,574,116</b>	<b>-</b>	<b>-</b>	<b>5,805,629</b>	<b>1,126</b>	<b>14,380,871</b>	<b>10,449,816</b>
<b>Expenditure on:</b>								
Raising funds	7	987,687	-	-	-	-	<b>987,687</b>	1,136,857
Charitable activities	6	4,501,250	-	-	4,676,104	1,126	<b>9,178,480</b>	8,834,731
<b>Total expenditure</b>		<b>5,488,937</b>	<b>-</b>	<b>-</b>	<b>4,676,104</b>	<b>1,126</b>	<b>10,166,167</b>	<b>9,971,588</b>
<b>Total income less expenditure</b>		<b>3,085,179</b>	<b>-</b>	<b>-</b>	<b>1,129,525</b>	<b>-</b>	<b>4,214,704</b>	<b>478,228</b>
Net gains/ (losses) on investments		6,240	-	376,081	-	-	<b>382,321</b>	(192,242)
<b>Net income/(expenditure)</b>		<b>3,091,419</b>	<b>-</b>	<b>376,081</b>	<b>1,129,525</b>	<b>-</b>	<b>4,597,025</b>	<b>285,986</b>
<b>Transfer between funds</b>	22-24	(2,498,099)	2,432,432	65,667	-	-	-	-
<b>Net movement in funds</b>		<b>593,320</b>	<b>2,432,432</b>	<b>441,748</b>	<b>1,129,525</b>	<b>-</b>	<b>4,597,025</b>	<b>285,986</b>
<b>Reconciliation of funds:</b>								
Total funds brought forward		2,092,560	1,281,717	(71,308)	207,927	50,961	<b>3,561,857</b>	3,275,871
<b>Total funds carried forward</b>	<b>19-24</b>	<b>2,685,880</b>	<b>3,714,149</b>	<b>370,440</b>	<b>1,337,452</b>	<b>50,961</b>	<b>8,158,882</b>	<b>3,561,857</b>

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

Children 1st  
Balance Sheet  
As at 31 March 2021

		31 March 2021		31 March 2020
	Notes	£		£
<b>Fixed Assets</b>				
Tangible Assets	12	998,710		1,083,083
Intangible Assets	13	139,439		198,634
Investments	14	<u>1,860,506</u>		<u>1,463,480</u>
		2,998,655		2,745,197
<b>Current Assets</b>				
Debtors	15	3,224,624		724,143
Cash at bank and in hand	16	<u>4,060,311</u>		<u>1,272,452</u>
		7,284,935		1,996,595
<b>Liabilities</b>				
Creditors: Amounts falling due within one year	17	2,124,708		1,179,935
		<u>5,160,227</u>		<u>816,660</u>
Net current assets		5,160,227		816,660
<b>Total net assets</b>		<u><u>8,158,882</u></u>		<u><u>3,561,857</u></u>
<b>The funds of the charity</b>				
Restricted Funds	20	1,337,452		207,927
Endowment Fund	21	50,961		50,961
Unrestricted Funds	22	2,685,880	2,092,560	
Designated Funds	23	3,714,149	1,281,717	
Revaluation Reserve	24	<u>370,440</u>	<u>(71,308)</u>	
Total unrestricted funds		5,570,469		3,302,969
Total charity funds		<u><u>8,158,882</u></u>		<u><u>3,561,857</u></u>

The financial statements were authorised for issue by the Trustees on 19th August 2021 and signed on their behalf by:



**Dr Ken Cunningham CBE**  
Chair



**Brian Davidson**  
Hon. Treasurer

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

Children 1st  
Statement of Cash Flows  
For the Year ended 31 March 2021

	Notes	Year Ended 2021 £	Year Ended 2020 £
Net income/ (expenditure) for the period		4,597,025	285,986
Adjustments for			
Depreciation charge	12	88,102	67,977
Amortisation charge	13	59,195	26,518
Losses on disposal of fixed assets		-	9,848
Losses/ (gains) on Investments		(382,321)	192,242
Dividends, interest and rents from investments		(49,503)	(63,743)
Decrease/ (increase) in debtors		(2,500,481)	54,363
(Decrease)/ increase in creditors		944,773	(365,542)
<b>Net cash flows from operating activities</b>		<b>2,756,790</b>	<b>207,659</b>
<b>Cash flows from investing activities</b>			
Investment income		49,503	63,743
Purchase of property, plant and equipment	12	(3,729)	(201,988)
Purchase of intangible assets	13	-	(80,698)
Proceeds from sale of investments		289,706	145,526
Purchase of investments	14	(304,411)	(198,775)
<b>Net cash used in investing activities</b>		<b>31,069</b>	<b>(272,192)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>2,787,859</b>	<b>(64,533)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,272,452</b>	<b>1,336,985</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>4,060,311</b>	<b>1,272,452</b>

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

## 1. ACCOUNTING POLICIES

### a) Basis of preparation

Children 1st is the working name of the Royal Scottish Society for Prevention of Cruelty to Children. The financial statements are denominated in pounds sterling (GBP). The financial statements are rounded to the nearest £1. The principal activity of the charity is the provision of services to children and families. The charity is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR). The charity number and registered office are listed on p3.

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

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

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

### b) Going concern

In December 2019, Covid-19 started circulating across the world and was declared a pandemic in March 2020. Despite the impact of the pandemic, the charity has continued to operate, albeit with changed working practices. The trustees have concluded that they do not believe that there is a material uncertainty over the going concern basis of preparation of the financial statements and are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future.

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 which includes long-term financial projections to the end of the period of the Strategic Priorities of 31 March 2023.
- Review of the sustainability of the charity through financial projections examining reductions in the levels of fundraising where there is some degree of uncertainty of funding. This includes the impact of such dramatic and unlikely shortfalls on other areas of the charity such as services and corporate functions.

### c) Recognition and allocation of income

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

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

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

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

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

#### d) Recognition and allocation of expenditure

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

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

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

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

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

#### e) Leases

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

#### f) Pensions

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

#### 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

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.

l) Debtors

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

m) Cash and cash equivalents

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

n) Creditors

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

o) Funds

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

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

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

## 2. CRITICAL JUDGEMENTS AND ESTIMATES

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

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

Legacy income is measured at fair value, but where part of a legacy left to the charity includes property or shares to be sold, judgement is used to estimate the amount receivable. This judgement is usually based on the estimate of solicitors involved in the distribution of the estate.

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

Consideration is given to any potential impairment of fixed assets.



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3. COMPARATIVE STATEMENTS OF FINANCIAL ACTIVITIES

	2020					Total £
	Unrestricted General Funds £	Unrestricted Revaluation Reserve £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds	
<b>Income and endowments from:</b>						
Donations and legacies	2,698,551	-	-	408,957	-	3,107,508
Charitable activities	2,139,945	-	-	5,138,620	-	7,278,565
Investments	61,705	-	-	-	2,038	63,743
<b>Total income</b>	<b>4,900,201</b>	<b>-</b>	<b>-</b>	<b>5,547,577</b>	<b>2,038</b>	<b>10,449,816</b>
<b>Expenditure on:</b>						
Raising funds	1,136,857	-	-	-	-	1,136,857
Charitable activities	3,038,730	371,998	-	5,421,965	2,038	8,834,731
<b>Total expenditure</b>	<b>4,175,587</b>	<b>371,998</b>	<b>-</b>	<b>5,421,965</b>	<b>2,038</b>	<b>9,971,588</b>
<b>Total income less expenditure</b>	<b>724,614</b>	<b>(371,998)</b>	<b>-</b>	<b>125,612</b>	<b>-</b>	<b>478,228</b>
Net gains/ (losses) on investments	4,842	-	(197,084)	-	-	(192,242)
<b>Net income/(expenditure)</b>	<b>729,456</b>	<b>(371,998)</b>	<b>(197,084)</b>	<b>125,612</b>	<b>-</b>	<b>285,986</b>
<b>Transfer between funds</b>	<b>(178,345)</b>	<b>178,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>551,109</b>	<b>(193,651)</b>	<b>(197,084)</b>	<b>125,612</b>	<b>-</b>	<b>285,986</b>

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#### 4. DONATIONS AND LEGACIES

	2021 £	2020 £
Individuals and Community	687,419	762,446
Trusts, Organisations and Corporate Bodies	1,680,997	609,532
People's Postcode Lottery	1,589,000	700,000
Legacies (note 27)	3,255,576	942,029
Donated Services	108,053	43,501
<b>Total donations and legacies</b>	<b><u>7,321,045</u></b>	<b><u>3,107,508</u></b>

#### 5. CHARITABLE ACTIVITIES

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

2021	Restricted £	Unrestricted £	2021 £	2020 £
Scottish Government	1,515,727	838,416	2,354,143	2,761,216
Local Authorities	610,103	1,535,651	2,145,754	2,158,115
Other Bodies	1,839,771	207,299	2,047,070	1,872,731
Services Income	<u>23,801</u>	<u>357,806</u>	<u>381,607</u>	<u>486,503</u>
<b>Total</b>	<b><u>3,989,402</u></b>	<b><u>2,939,172</u></b>	<b><u>6,928,574</u></b>	<b><u>7,278,565</u></b>

In the year, the charity received funding of £2,354,143 (2020: £2,761,216) from the Scottish Government. Of this, £912,419 (2020: £1,753,951) was the reimbursement of fees and expenses incurred by the members of the National Safeguarders' Panel. There were no unfulfilled conditions relating to Government grant income recognised.

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

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<b>2020</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Scottish Government	1,922,328	838,888	2,761,216
Local Authorities	1,448,731	709,384	2,158,115
Other Bodies	1,669,454	203,277	1,872,731
Services Income	<u>98,107</u>	<u>388,396</u>	<u>486,503</u>
<b>Total</b>	<b><u>5,138,620</u></b>	<b><u>2,139,945</u></b>	<b><u>7,278,565</u></b>

Children 1st  
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6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct Costs	Support Costs (Note 8)	Total 2021	Total 2020
2021	£	£	£	£
Employment costs	5,648,105	708,309	<b>6,356,414</b>	5,691,972
Other employment costs	80,523	40,794	<b>121,317</b>	151,157
Vehicle and travel costs	48,265	1,539	<b>49,804</b>	187,389
Property costs	289,970	64,041	<b>354,011</b>	353,089
Services costs	1,575,720	32,521	<b>1,608,241</b>	2,068,987
Office costs	215,120	238,054	<b>453,174</b>	322,682
Publicity costs	30,267	7,162	<b>37,429</b>	52,315
Professional fees	134,962	83,529	<b>218,491</b>	155,233
Other costs	150	(34,421)	<b>(34,271)</b>	(166,320)
Governance costs (note 9)	2,100	11,770	<b>13,870</b>	18,228
<b>Total</b>	<u><u>8,025,182</u></u>	<u><u>1,153,298</u></u>	<u><u>9,178,480</u></u>	<u><u>8,834,731</u></u>

Donated services of £77,700 are included within services costs.

	Direct Costs	Support Costs (Note 8)	Total 2020
2020	£	£	£
Employment costs	5,037,886	654,106	<b>5,691,972</b>
Other employment costs	91,678	59,479	<b>151,157</b>
Vehicle and travel costs	177,184	10,205	<b>187,389</b>
Property costs	284,679	68,410	<b>353,089</b>
Services costs	2,061,871	7,116	<b>2,068,987</b>
Office costs	132,637	190,045	<b>322,682</b>
Publicity costs	38,860	13,455	<b>52,315</b>
Professional fees	94,153	61,080	<b>155,233</b>
Other costs	10,306	(176,626)	<b>(166,320)</b>
Governance costs	-	18,228	<b>18,228</b>
<b>Total</b>	<u><u>7,929,233</u></u>	<u><u>905,498</u></u>	<u><u>8,834,731</u></u>

Donated services of £18,757 are included within services costs, and £4,750 within office costs.

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7. EXPENDITURE ON RAISING FUNDS

	Direct Costs	Support Costs (Note 8)	Total 2021	Total 2020
2021	£	£	£	£
Employment costs	681,789	70,052	751,841	602,631
Other employment costs	13,708	4,035	17,743	66,956
Vehicle and travel costs	959	152	1,111	20,584
Property costs	31,024	6,334	37,358	36,879
Services costs	1,790	3,216	5,006	2,593
Office costs	36,124	23,544	59,668	51,952
Publicity costs	89,659	708	90,367	362,790
Professional fees	5,773	8,261	14,034	6,182
Other costs	13,963	(3,404)	10,559	(14,071)
<b>Total</b>	<b>874,789</b>	<b>112,898</b>	<b>987,687</b>	<b>1,136,857</b>

Donated services of £3,445 are included within publicity costs

	Direct Costs	Support Costs (Note 8)	Total 2020
2020	£	£	£
Employment costs	538,920	63,712	602,631
Other employment costs	61,163	5,793	66,956
Vehicle and travel costs	19,590	994	20,584
Property costs	30,216	6,663	36,879
Services costs	1,884	1,069	2,593
Office costs	33,441	18,511	51,952
Publicity costs	361,479	1,311	362,790
Professional fees	233	5,949	6,182
Other costs	3,133	(17,204)	(14,071)
<b>Total</b>	<b>1,050,058</b>	<b>86,799</b>	<b>1,136,857</b>

Donated services of £18,334 are included within publicity costs, £1,000 within office costs and £600 within service costs.

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8. SUPPORT COSTS

2021	Services to Children & Families £	Raising Funds £	Governance Costs (Note 9) £	Total 2021 £	Total 2020 £
Employment costs	708,309	70,052	-	778,361	717,817
Other employment costs	40,794	4,035		44,829	62,273
Vehicle and travel costs	1,539	152	-	1,691	11,199
Property costs	64,041	6,334	-	70,375	75,073
Services costs	32,521	3,216		35,737	12,048
Office costs	238,054	23,544	-	261,598	212,419
Publicity costs	7,162	708	-	7,870	14,765
Professional fees	83,529	8,261		91,790	67,028
Other costs	(34,421)	(3,404)	11,770	(26,055)	(166,025)
<b>Total</b>	<b><u>1,141,528</u></b>	<b><u>112,898</u></b>	<b><u>11,770</u></b>	<b><u>1,266,196</u></b>	<b><u>992,297</u></b>

Donated costs of £26,908 are included within professional fees

2020	Services to Children & Families £	Raising Funds £	Governance Costs (Note 9) £	Total 2020 £
Employment costs	654,106	63,712	-	717,817
Other employment costs	59,479	5,793		62,273
Vehicle and travel costs	10,205	994	-	11,199
Property costs	68,410	6,663	-	75,073
Services costs	7,116	1,069		12,048
Office costs	190,045	18,511	3,862	212,419
Publicity costs	13,455	1,311	-	14,765
Professional fees	61,080	5,949		67,028
Other costs	(176,626)	(17,204)	14,366	(166,025)
<b>Total</b>	<b><u>887,270</u></b>	<b><u>86,799</u></b>	<b><u>18,228</u></b>	<b><u>992,297</u></b>

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9. GOVERNANCE COSTS

2020	Services to Children & Families £	<b>Total 2021 £</b>	Total 2020 £
Auditor's remuneration:			
- Audit fees	13,000	<b>13,000</b>	14,366
Other costs	-	-	3,862
<b>Total</b>	<u>13,000</u>	<u><b>13,000</b></u>	<u>18,228</u>

In the year, fees of £nil were paid over to the Charity's auditors in respect of non-audit services (£2020: £2,399)

10. EMPLOYEE BENEFIT EXPENSES

	2021 £	2020 £
Wages and Salaries	<b>5,940,678</b>	5,327,625
Social Security Costs	<b>540,393</b>	451,422
Pension Costs - Defined Contribution Schemes	<b>525,120</b>	470,901
Other Employment Costs	<b>102,061</b>	44,653
	<u><b>7,108,255</b></u>	<u>6,294,603</u>

Redundancy and termination costs of £35,199 (2020: £16,531) were incurred in the year and are included within other employment costs. £nil of these costs were accrued at year end (2020: £nil).

There were four employees whose annual emoluments, excluding employer's pension contributions, were £60,000 or more (2020: 2). Three employee's emoluments fell within the £60,000 to £70,000 band (2020: 1), and the other employee fell within the £80,000 to £90,000 bracket (2020: 1)

The key management personnel of the charity comprise of the Chief Executive, Director of Children and Family Services, Director of Finance and Corporate Services, Director of Fundraising and Business Development and Director of Strategic Planning and Campaigns. The employee benefits for key management totalled £353,504 (2020: £310,934).

The average headcount for the year was 277 (2020: 253) and the average full-time equivalent was 204 (2020: 191).

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

	2021	2020
Fundraising	17	15
Support	20	21
Children and Family Services	167	154
<b>Total</b>	<b>204</b>	<b>191</b>

Throughout the year, volunteers have continued to play a vital role in helping Children 1st carry out its work. This year we had 287 volunteers carrying out 296 roles as follows:

	2021	2020
Children and Family Services	52	89
Parentline	63	78
Fundraising	156	245
Board members	22	20
Specialist	-	8
Admin	3	5
<b>Total</b>	<b>296</b>	<b>445</b>

## 11. BOARD REMUNERATION AND EXPENSES

The Board (or any persons connected with them) were not paid, nor did they receive any other benefits from employment with the charity, nor did they receive payment for professional or other services supplied to the charity. Travel expenses of £nil (2019: £955) were reimbursed to nil Board members in the year (2019: 4).

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



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12. TANGIBLE ASSETS

	Freehold Land & Buildings £	Leasehold Land & Buildings £	Fixtures & Office Equipment £	Computers £	Total £
<b>Cost</b>					
At 1 April 2020	1,420,208	170,474	474,450	605,886	2,671,018
Additions	-	3,729	-	-	3,729
Disposals	-	(86,292)	(15,629)	-	(101,921)
At 31 March 2021	<b>1,420,208</b>	<b>87,911</b>	<b>458,821</b>	<b>605,886</b>	<b>2,572,826</b>
<b>Depreciation</b>					
At 1 April 2020	469,555	94,648	461,535	535,197	1,587,935
Charge for the year	28,921	34,823	2,679	21,679	88,102
Disposals in year	-	(86,292)	(15,629)	-	(101,921)
At 31 March 2021	<b>525,478</b>	<b>43,179</b>	<b>448,585</b>	<b>556,876</b>	<b>1,574,116</b>
<b>Net Book Value</b>					
At 31 March 2021	<b>894,732</b>	<b>44,732</b>	<b>10,236</b>	<b>49,010</b>	<b>998,710</b>
At 31 March 2020	923,653	75,826	12,915	70,689	1,083,083

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13. INTANGIBLE ASSETS

	Computer Software	Total
	£	£
<b>Cost</b>		
At 1 April 2020	455,333	455,333
<hr/>		
At 31 March 2021	<b>455,333</b>	<b>455,333</b>
<hr/>		
<b>Amortisation</b>		
At 1 April 2020	256,699	256,699
Charge for the year	59,195	59,195
<hr/>		
At 31 March 2021	<b>315,894</b>	<b>315,894</b>
<hr/>		
<b>Net Book Value</b>		
At 31 March 2021	<b>139,439</b>	<b>139,439</b>
<hr/> <hr/>		
At 31 March 2020	198,634	198,634
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Notes to the Financial Statements  
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14. INVESTMENTS

	2021 £	2020 £
Quoted Investments		
Market value as at 1 April 2020	1,463,480	1,602,481
Disposals during the year	(283,466)	(140,683)
Additions during the year	304,411	198,775
Unrealised (losses)/ gains on investments	376,081	(197,093)
Market value at 31 March 2021	1,860,506	1,463,480
Cash as part of portfolio (note 16)	40,258	20,235
<b>Balance carried forward at 31 March 2021</b>	<b>1,900,764</b>	<b>1,483,715</b>

Two (2020: 2) investments individually exceed 5% of the portfolio:

Baillie Gifford American valued at £120,628 (2020: £58,739)

JP Morgan US Equity Income Fund valued at £128,189 (2020: £98,380)

Investments were split as follows:

Asset Allocation	2021		2020	
	£	%	£	%
Fixed income	253,980	13%	251,394	17%
Equities	1,426,696	75%	1,047,394	71%
Alternatives	179,830	9%	164,692	11%
Cash	40,258	2%	20,235	1%
Other	-	0%	-	0%
	<b>1,900,764</b>		<b>1,483,715</b>	

	2021 £	2020 £
Historical cost of investments	1,530,324	1,534,789
Cash held for investments	40,258	20,235
	<b>1,570,582</b>	<b>1,555,024</b>

15. DEBTORS

	2021 £	2020 £
Trade debtors	443,315	546,782
Sundry debtors	2,027	29,550
Prepayments	80,521	70,758
Accrued income	2,698,761	77,053
	<b>3,224,624</b>	<b>724,143</b>

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16. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	4,020,053	1,252,218
Cash as part of the investment portfolio	40,258	20,234
	<b>4,060,311</b>	<b>1,272,452</b>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	270,885	231,984
Pensions creditor	55,125	46,913
Other creditors	300,258	27,378
Accruals and deferred Income	965,292	595,467
Taxation and social security	533,148	278,193
	<b>2,124,708</b>	<b>1,179,935</b>

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

	2021	2020
	£	£
Opening balance	493,810	344,202
Income deferred	849,298	493,810
Income recognised	(493,810)	(344,202)
Closing balance	<b>849,298</b>	<b>493,810</b>

18. FINANCIAL ASSETS AND LIABILITIES

	2021	2020
	£	£
Financial assets at fair value	1,860,506	1,463,480
Financial assets at amortised cost	7,204,411	1,925,837
Financial liabilities at amortised cost	(742,261)	(407,932)

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 2021 are represented by

	Unrestricted General Funds	Unrestricted Designated Funds	Unrestricted Revaluation Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	1,138,149	-	-	-	1,138,149
Investments	1,530,324	-	370,440	-	-	1,900,764
Net Current Assets	1,155,556	2,576,000	-	1,337,452	50,961	4,119,969
<b>As at 31 March 2021</b>	<b>2,685,880</b>	<b>3,714,149</b>	<b>370,440</b>	<b>1,337,452</b>	<b>50,961</b>	<b>8,158,882</b>

The fund balances at 31 March 2020 are represented by

	Unrestricted General Funds	Unrestricted Designated Funds	Unrestricted Revaluation Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£	£	£
Fixed Assets	-	1,281,717	-	-	-	1,281,717
Investments	1,534,788	-	(71,308)	-	-	1,463,480
Net Current Assets	557,772	-	-	207,927	50,961	816,660
<b>As at 31 March 2020</b>	<b>2,092,560</b>	<b>1,281,717</b>	<b>(71,308)</b>	<b>207,927</b>	<b>50,961</b>	<b>3,561,857</b>

## 20. RESTRICTED FUNDS

2021	Balance at 1 April 2020	Income	Expenditure	Balance at 31 March 2021
	£	£	£	£
Local Authority Funds - various	85,349	610,103	(578,860)	116,592
Scottish Government - various	-	1,515,727	(1,375,319)	140,408
People's Postcode Lottery Dream Trust	-	750,000	(7,751)	742,249
Robertson Trust	-	348,333	(348,333)	-
Capital City Partnership	-	344,875	(344,875)	-
Corra Foundation	-	494,093	(468,012)	26,081
Other Funds	122,578	1,742,498	(1,552,954)	312,122
<b>Total Restricted Funds</b>	<b>207,927</b>	<b>5,805,629</b>	<b>(4,676,104)</b>	<b>1,337,452</b>

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2020	Balance at 1 April 2019	Income	Expenditure	Balance at 31 March 2020
	£	£	£	£
Local Authority Funds - various	3,268	1,448,731	(1,366,650)	85,349
Scottish Government - various	-	1,922,328	(1,922,328)	-
Robertson Trust	-	348,333	(348,333)	-
Capital City Partnership	-	168,690	(168,690)	-
Corra Foundation	10,348	464,669	(475,017)	-
Other Funds	68,669	1,194,826	(1,147,945)	122,578
<b>Total Restricted Funds</b>	<b>82,315</b>	<b>5,547,577</b>	<b>(5,421,965)</b>	<b>207,927</b>

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

#### Local Authority funds

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

#### Scottish Government

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

#### People's Postcode Lottery Dream Trust

Funding received to lead a test, learn and develop project to create Britain's first 'Child's House for Healing' - a child-friendly, safe and welcoming place for children to go to, as an alternative to court.

#### 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.

#### The Robertson Trust

Funding received to support families where a child or young person is experiencing emotional wellbeing or mental health difficulties in East Renfrewshire

#### Capital City Partnership

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

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

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21. ENDOWMENT FUNDS

2021	Balance at 1 April 2020	Income	Expenditure	Balance at 31 March 2021
	£	£	£	£
MacLagan Bequest	50,961	1,126	(1,126)	50,961

2020	Balance at 1 April 2019	Income	Expenditure	Balance at 31 March 2020
	£	£	£	£
MacLagan Bequest	50,961	2,038	(2,038)	50,961

The endowment fund earned interest of £1,126 (2020: £2,038) 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

2021	Balance at 1 April 2020	Income	Expenditure	Net gains on investments	Transfers In / (out)	Balance at 31 March 2021
	£	£	£	£	£	£
Unrestricted Funds	2,092,560	8,574,116	(5,488,937)	6,240	(2,498,099)	2,685,880

2020	Balance at 1 April 2019	Income	Expenditure	Neg gains on investments	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£	£	£
Unrestricted Funds	1,541,451	4,900,201	(4,175,587)	4,842	(178,347)	2,092,560

23. DESIGNATED FUNDS

2021	Balance at 1 April 2020	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2021
	£	£	£	£	£
Fixed Assets	1,281,717	-	-	(143,568)	1,138,149
Investment in Developing Services to Children	-	-	-	2,576,000	2,576,000
<b>Total Designated Funds</b>	<b>1,281,717</b>	<b>-</b>	<b>-</b>	<b>2,432,432</b>	<b>3,714,149</b>

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<b>2020</b>	Balance at 1 April 2019	Income	Expenditure	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£	£
Fixed Assets	1,103,370	-	-	178,347	1,281,717
Investment in Developing Services to Children	291,998	-	(291,998)	-	-
Investment in Strategic Development Projects	80,000	-	(80,000)	-	-
<b>Total Designated Funds</b>	<b>1,475,368</b>	<b>-</b>	<b>(371,998)</b>	<b>178,347</b>	<b>1,281,717</b>

The Fixed Assets designated reserve comprises £1,138,149 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 carry out major capital and infrastructure projects in line with our strategic ambitions and goals. This includes future Houses for Healing / Barnahus, scaling our money advice work to support families across Scotland and work to improve our research and evidence to ensure our work has the maximum impact to the lives of children and families.

#### 24. REVALUATION RESERVE

<b>2021</b>	Balance at 1 April 2020	Gains on investments	Transfers In / (out)	Balance at 31 March 2021
	£	£	£	£
Revaluation	(71,308)	376,081	65,667	370,440

<b>2020</b>	Balance at 1 April 2019	Gains on investments	Transfers In / (out)	Balance at 31 March 2020
	£	£	£	£
Revaluation	125,776	-	(197,084)	(71,308)

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:

	<b>2021</b>	<b>2020</b>
	£	£
Not later than one year	106,212	83,497
Within two to five years	112,609	54,239
Later than five years	1,250	-
	<b>220,070</b>	<b>138,186</b>

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

Operating lease expenditure charged in the year was £143,981 (2020: £232,001)



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26. NET DEBT RECONCILIATION

2021	Balance at 1 April 2020	Cash flows	Balance at 31 March 2021
	£	£	£
Cash at bank and in hand	1,272,452	2,787,859	4,060,311

2020	Balance at 1 April 2019	Cash flows	Balance at 31 March 2020
	£	£	£
Cash at bank and in hand	1,336,985	(64,533)	1,272,452

27. LEGACIES

	2021	2020
	£	£
Legacies receivable in year	3,255,576	942,049

In 2021, legacies were receivable from 49 legators (2020: 47)

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

After the year-end the Charity acquired a property in East Renfrewshire for the creation of a House for Healing that will support child victims of crime to tell their story and recover from trauma.

In late 2020, we were notified that an exceptionally generous legacy had been left to the charity. In July 2021, we were made aware that this legacy had doubled in value to £2.4m. The charity has designated in full this wonderful gift to carry out major capital and infrastructure projects in line with our strategic ambitions and goals. This includes future Houses for Healing / Barnahus, scaling our money advice work to support families across Scotland and work to improve our research and evidence to ensure our work has the maximum impact to the lives of children and families.