

Company No: SC194542

Charity No: SC028891

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	PAGE
Reference and Administrative information	1
Report of the Trustees	2 – 8
Independent Examiner's Report	9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12– 23

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name:	First Step Community Project
Registered Office and Operational Address:	37 Galt Avenue Musselburgh East Lothian EH21 8HU
Charity Registration Number:	SC028891
Company Registration Number:	SC194542
Trustees:	Anne Milne Katherine Sangster Rachel Wales
Strategic Board:	Anne Milne Paule Tchamdjou Alana Nunn Rachael Crofts Katherine Sangster Rachel Wales
Secretary:	Beatrice Young (resigned 26/01/2022)
Manager:	Christina Pollock
Independent Examiner:	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers:	Bank of Scotland 172 High Street Musselburgh East Lothian EH21 7EA

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report and financial statements of the charity for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note one to the accounts and comply with the charity's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 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 (FRS 102) (effective 1 January 2019).

The legal and administrative information on page one forms part of this report.

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees, who served during the year and since the year end, unless otherwise stated, were as follows:

Anne Milne
Katherine Sangster
Rachel Wales
Karin Dobbie (resigned 26/01/2022)

The Trustees delegate the responsibility for overseeing the management of the project to the Strategic Board. The members of the Strategic Board, who served during the year and since the year end, unless otherwise stated, were as follows:

Anne Milne
Paule Tchamdjou
Beatrice Young (resigned 26/01/2022)
Alana Nunn
Henry Hughes (resigned 26/01/2022)
Rachael Crofts
Lisa Kitson (resigned 26/01/2022)
Rachel Wales
Karin Dobbie (resigned 26/01/2022)
Katherine Sangster
Vicki Cranston (appointed 26/01/2022, resigned 13/05/2022)

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Structure, Governance and Management

○ **Governing Document**

The organisation is a company limited by guarantee, incorporated 23rd March 1999. Our Memorandum of Association clearly defines the purposes of the charity as well as the duties and responsibilities of the directors. It also records procedures for Board and Annual General Meetings as well as requirements for winding up the charity, where members are required to contribute an amount not exceeding £1.

○ **Recruitment and Appointment of Trustees**

Trustees of the Strategic Board are recruited mainly from those using the service and are made up of Parent representatives and Community representatives. They are supported by non-voting professional advisors from a variety of disciplines. We have a clear policy in place regarding the recruitment and appointment of Trustees with regular skill analysis undertaken to identify gaps in skills within the Board members. Trustees are appointed throughout the year and a new Board is elected at our Annual General Meeting.

○ **Trustee Induction and Training**

Following the AGM Trustees undergo an induction session and training on roles and responsibilities both as a Board member and as a Trustee. All new Trustees are given a welcome pack which provides further information as well as a copy of our Memorandum of Association. External training is also offered to Trustees on specific subjects throughout the year including a Staff and Board away day which takes place annually.

○ **Risk Management**

Risk and the Management of Risk are applied at all levels within the organisation. Our Risk policy sets out our approach to managing risk and a Risk Register, which the Board have ownership of, detailing the cause, impact, risk rating and steps to mitigate the risk. This covers governance & management, operational, financial, external environment (reputational) and compliance. We also have a Financial Risk policy in place that is a formal acknowledgement of First Step's commitment to risk management. This ensures that every effort is made to manage financial risk appropriately, to maximise potential opportunities and minimise unnecessary risk. The Board has recently developed a number of sub groups to provide further strategic direction and compliance. These include Policy and Compliance, Operations, Finance and HR.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

○ **Organisational Structure**

The Trustees are responsible for ensuring good governance and overseeing the organisation in terms of:

- Ensuring that the organisation operates in full accordance with its governing documents
- Setting a strategic direction for the future development of the organisation
- Securing sustainable funding and operating with a reserves policy
- Ensuring the services are provided to relevant standards or exceed these

The Trustees delegate the responsibility for overseeing the operational management of the Project to the Project Manager.

○ **Related Parties**

First Step is an independent charity.

○ **Objectives and Activities**

First Step is a successful, community-managed project primarily for families with children under 8 years old, living in the Musselburgh, Wallyford and Whitecraig areas of East Lothian. First Step exists to encourage families and children to develop their skills, confidence and self esteem by providing a range of family and early learning and childcare services, both centre based and through outreach, that are responsive to community needs. We have adopted the following strap line as summarising our whole approach which is used on all promotional materials.

"WORKING TOGETHER TO SECURE A BETTER FUTURE FOR FAMILIES"

First Step's Strategic Aims are:

- We will encourage the participation of local families in the full range of opportunities and services available through First Step.
- We will contribute to the planning and development of effective local and national services and strategies which impact positively on the lives of local families.
- First Step will aim to be a well managed project through community participation, user involvement and the commitment of a skilled and professional staff team.
- We will aim to ensure the financial stability of First Step through the obtainment of funding sources that reflect the current and future needs of the project.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

○ **Objectives and Activities (continued)**

First Step's main services and activities include:

Nursery Provision - We provide Early Learning and Childcare across 2 playrooms. We work in Partnership with East Lothian Council to offer up to 1140 hours of funded places for 3 & 4 year olds and funded eligible 2's.

Family Opportunities Program - Offers a wide range of courses within three themes of parenting, health and wellbeing and creativity. These provide opportunities for self development, to help parents increase their confidence, as well as their parenting and employability skills.

Outreach Service - Supports local families in the wider Musselburgh, Wallyford and Whitecraig Communities. The aim of this service is to work with families that are going through a period of difficulty using a strength based approach. Families are supported on a 1:1 basis either within the community or centre based.

Volunteering - This is a fundamental part of First Step and offers lots of volunteering opportunities from one off volunteering to longer term strategic roles. Volunteer positions are matched to their skills, needs and interests.

Achievements and Performance

During the year, 36 children accessed our Early Years and Childcare Provision. We are in Partnership with East Lothian Council to offer funded Early Learning and Childcare for 3 & 4 year olds and eligible 2 year olds. Wee Bears offer 3 sessions per week at a cost of £9.00 per session and Big Bears offer a minimum of 4 sessions per week at a cost of £11.25 per session for non funded children. Family circumstances are assessed on an individual basis and fees can be adjusted to meet family's needs.

We have had 16 referrals to our Outreach service with the main source of referrals being Health Visitors as well as Children's Wellbeing and other third sector organisations.

We also offer a counselling service which has been accessed by 25 clients this year.

The family group programme has been attended by 145 families. 33 groups have been offered with a focus on parent and child groups as well as parenting skills, confidence building and well-being groups. The majority of our groups have been delivered face to face but occasionally they were delivered online to reflect the current Covid restrictions.

First Step currently has 160 family memberships costing £10 per year.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Achievements and Performance (continued)

First Step continues to offer a flexible and responsive approach to our work with children and their families. We work with individuals and professionals to eliminate any barriers that may prevent engagement of families. These barriers have been escalated as a result of the pandemic.

Our Parental pathway continues to offer a coordinated route for families that access our service. This encourages them to engage with the service for longer and at an earlier stage in their parenting journey, with a clearer focus on antenatal to 8 years old.

We have a strong history of connecting with various partners in the area and continue to build on these, working innovatively to meet family's needs. We are representatives in numerous forums and partnerships both at local and strategic levels. Local partners include Children's Wellbeing, Health Visitors, Speech and Language Therapy, Musselburgh Area Partnership, Community Learning and Development, Olivebank Children and Family Centre, Home Start East Lothian, Our Families, Support from the Start, Citizens Advice, East Lothian Works, East Lothian Council Early Years Team, Circle, Volunteer Centre East Lothian, Children 1st and Roots and Fruits.

The impact of Covid 19 forced the cancellation of various previously planned fundraising events, however, we are continuing to look at alternative funding routes such as East Lothian Community Lottery, Friends of First Step and Easy Fundraising. We continue to generate a good response to receiving donations from various sources and individuals who have been raising money on our behalf.

During the last year we have had a strong focus on recover and reconnect as we move out of the Covid-19 pandemic restrictions. Our groups have been designed to bring the community together and identify opportunities to reduce loneliness and isolation.

Trustees of the Strategic Board moved to a hybrid model, with meetings taking place face to face with the option for members to join in remotely. For the second part of the year we moved to face to face meetings for all Board meetings.

○ **Financial Review**

The Charity's Income for the year amounted to £363,508 (2021: £395,763) and we reported a deficit for the year of £19,754 (2021: surplus of £28,389). At 31 March 2022 the charity had unrestricted funds of £120,288 (2021: £95,230) and restricted funds of £89,479 (2021: £134,291).

As we find ourselves slowly emerging from the pandemic we see our services gradually returning to normal. Our playrooms are well attended as are our groups & classes, our project users are once again helping with our local fundraising events and we have been receiving generous donations from local businesses and individuals. All of the foregoing, together with our grants from from East Lothian Council, The Big lottery Fund, Henry Smith, The Robertson Trust and other invaluable funders, have contributed to First Step being in a positive financial position which enables us to provide our vital services within the community.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

○ **Financial Review (continued)**

We have ended the year with a healthy unrestricted surplus which has had a positive effect on our reserves position.

It is our practice to continually monitor our financial situation. As we face a challenging year ahead, with the rise in inflation and soaring energy prices, we will continue to identify opportunities to generate income and spend our money wisely.

○ **Principal Funding Sources**

The principal funding sources of the charity are an annual grant from East Lothian Council and several trust funds.

○ **Reserves Policy**

The Trustees have established a policy whereby the charity aims to have four to six months expenditure in reserve. Based on current levels of unrestricted expenditure this would be between £94,909 and £142,364. At 31 March 2022 the total unrestricted reserves were £120,288 which was made up of designated funds of £44,548 and amount tied up in fixed assets of £1,085, leaving free general reserves of £74,655 which is currently below our target.

○ **Plans for Future Periods**

First Step continues with its vision and aims which are to support local families with children under 8 years old. The landscape around the project is continuing to change with the expansion of new houses and increased demand for our services. We were successful in obtaining funding from East Lothian Council for our core service, however, due to year on year funding it does leave us in a precarious position in terms of future stability.

We are currently trying to obtain funding for the continuation of our Family Support Service. Funding streams are highly competitive, this balanced with increased demands due to the impact of Covid and diminishing funding pots, will be a key challenge for the Project.

Our Strategic priorities for the next 3 years will focus on reconnecting the community, support for Mental Health and Wellbeing, the promotion of our service as an effective model and to secure the future of First Step. The Strategic Board will be focusing on the identification of key challenges and risks and prioritising actions to ensure we mitigate any risk. The Board has also developed key sub groups with a focus on Human Resources, Finance, Operations and Governance and Compliance.

We are continuing to develop a clear fundraising strategy with the emphasis on creating a sustainable funding mix to move away from sole reliance of external grant funding. We are constantly striving to identify new opportunities to create a model of sustainable income. This will be generated by in-house initiatives as well as maintaining an effective infrastructure to control our budgets, which is fundamental to the sustainability of the project.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2022

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of First Step Community Project for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing the financial statements, the trustees are required to:

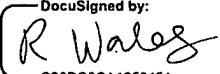
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the 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 (FRS 102) (effective 1 January 2019) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the trustees and signed on their behalf by:

DocuSigned by:

C28DC8CA126345A
Name: Rachel Wales

Date: 12 July 2022

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF FIRST STEP COMMUNITY PROJECT FOR THE YEAR ENDED 31 MARCH 2022

I report on the accounts of the charity for the year ended 31 March 2022, which are set out on pages 10 to 23.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

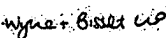
In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respects the requirements:
 - to keep accounting records in accordance with Section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

DocuSigned by:



3EBD29AABFF044E...

Jenny Simpson BSc (Hons) FCA DChA

Wylie & Bisset LLP

168 Bath Street

Glasgow

G2 4TP

Date: 12 July 2022

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2022
(Including an Income and Expenditure account)

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Income and endowments from:							
Donations and legacies	4	295,064	53,722	348,786	288,675	98,762	387,437
Charitable activities	5	11,515	-	11,515	6,271	-	6,271
Other Trading Activities	6	3,148	-	3,148	1,996	-	1,996
Investments	7	59	-	59	59	-	59
Total Income		309,786	53,722	363,508	297,001	98,762	395,763
Expenditure on:							
Charitable activities	9	285,538	97,724	383,262	275,567	91,807	367,374
Total Expenditure		285,538	97,724	383,262	275,567	91,807	367,374
Net income/(expenditure) for the year		24,248	(44,002)	(19,754)	21,434	6,955	28,389
Transfers between funds		810	(810)	-	-	-	-
Net movement in funds		25,058	(44,812)	(19,754)	21,434	6,955	28,389
Funds reconciliation							
Total funds brought forward	15	95,230	134,291	229,521	73,796	127,336	201,132
Total Funds carried forward	15	120,288	89,479	209,767	95,230	134,291	229,521

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

BALANCE SHEET AS AT 31 MARCH 2022

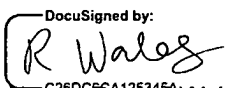
	Note	Total Funds 2022 £	Total Funds 2021 £
Fixed assets:			
Tangible assets	12	1,085	-
Total Fixed Assets		<u>1,085</u>	<u>-</u>
Current assets:			
Debtors	13	-	25,000
Cash at bank and in hand		215,336	209,504
Total Current Assets		<u>215,336</u>	<u>234,504</u>
Liabilities:			
Creditors falling due within one year	14	(6,654)	(4,983)
Net Current Assets		<u>208,682</u>	<u>229,521</u>
Net Assets		<u>209,767</u>	<u>229,521</u>
The funds of the charity:			
Restricted income funds	15	89,479	134,291
Unrestricted funds	15	120,288	95,230
Total charity funds		<u>209,767</u>	<u>229,521</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

For the year ended 31 March 2022 the company was entitled to exemption under section 477 of the Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The trustees acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

Approved by the trustees and signed on their behalf by:

DocuSigned by:

 Name: Rachel Wales

Date: 12 July 2022

Company No: SC194542

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objectives. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 15.

(c) Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting Policies (continued)

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (e) below.

- Costs of raising funds comprise the costs incurred in relation to the project activities and associated support costs;
- Expenditure on charitable activities includes expenditure on activities undertaken to further the purposes of the charity and their associated support costs;

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(e) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory independent examination and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on staff time spent. The allocation of support and governance costs is analysed in note 8.

(f) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

	Basis
Furniture, Fittings and Equipment	33% Straight Line

(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting Policies (continued)

(i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(j) Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(k) Pensions

The charity's employees are entitled to become members of the Lothian Pension Fund which operates a defined benefit pension scheme. The contributions payable by the charity, as employer, and of the relevant staff, are prescribed by the managers of the fund under the statutory provisions under which the scheme operates. The company has no discretion to vary the rates of its contributions and therefore the pension scheme is treated as a defined contribution scheme as permitted by FRS 102. The pension costs charged in the financial statements in respect of this scheme represent the contributions payable by the company during the year.

(l) Operating leases

The charity classifies the lease of property and equipment as operating leases. The title to the property and equipment remains with the lessor.

(m) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

(n) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

(o) Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows;

<u>Estimate</u>	<u>Basis of estimation</u>
Depreciation of fixed assets	Fixed assets are depreciated and amortised over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of the operations team, with reference to assets expected life cycle.

2. Legal status of the charity

The charity is a registered Scottish charity and a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Related party transactions and trustees' expenses and remuneration

No Trustee received any remuneration or was reimbursed any expenses during the year (2021: £Nil). No expenses were waived by trustees (2021: £Nil).

No Trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity in the year (2021: £Nil).

During the year three trustees made donations totalling £338 to the charity (2021: three trustees donated £228).

4. Income from donations and legacies

	2022	2021
	£	£
Grants	346,784	385,011
Donations	2,002	2,426
	348,786	387,437

5. Income from charitable activities

	2022	2021
	£	£
Community projects	11,515	6,271
	11,515	6,271

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

6. Income from other trading activities

	2022	2021
	£	£
Fundraising events	3,148	1,996
	<u>3,148</u>	<u>1,996</u>

7. Income from investments

	2022	2021
	£	£
Bank Interest	59	59
	<u>59</u>	<u>59</u>

8. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	2021 Total allocated £	2021 Governance related £	2021 Other support costs £	Basis of apportionment
Staff costs	8,981	1,347	-7,634	Staff time
Total	<u>8,981</u>	<u>1,347</u>	<u>7,634</u>	

Cost type	2022 Total allocated £	2022 Governance related £	2022 Other support costs £	Basis of apportionment
Staff costs	9,308	1,396	7,912	Staff time
Total	<u>9,308</u>	<u>1,396</u>	<u>7,912</u>	

Governance costs:	2022 £	2021 £
Independent examiners remuneration	1,624	1,600
Support costs (see above)	1,396	1,347
	<u>3,020</u>	<u>2,947</u>

Allocation of governance and other support costs:	2021 Support costs £	2021 Governance £	2021 Total £
Community projects	7,634	2,947	10,581
Total allocated	<u>7,634</u>	<u>2,947</u>	<u>10,581</u>

Allocation of governance and other support costs:	2022 Support costs £	2022 Governance £	2022 Total £
Community projects	7,912	3,020	10,932
Total allocated	<u>7,912</u>	<u>3,020</u>	<u>10,932</u>

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

9. Analysis of expenditure on charitable activities

	2022	2022	2021	2021
	Community	Total	Community	Total
	Projects		Projects	
	£	£	£	£
Staff costs	302,810	302,810	288,973	288,973
Training and recruitment	1,085	1,085	1,173	1,173
Travel costs	257	257	31	31
Sessional costs	3,936	3,936	2,667	2,667
Equipment	1,267	1,267	2,314	2,314
Rent and rates	29,425	29,425	30,386	30,386
Insurance	2,050	2,050	1,972	1,972
Heat and light	6,512	6,512	5,125	5,125
IT Resources	1,751	1,751	2,753	2,753
Café Resources	111	111	269	269
Playroom resources	12,168	12,168	12,811	12,811
Cleaning	2,490	2,490	1,836	1,836
BACS charges	1,014	1,014	936	936
Bank Charges	130	130	132	132
Subscriptions	1,117	1,117	1,087	1,087
Telephone and postage	1,644	1,644	1,453	1,453
Consultancy	1,485	1,485	720	720
Sundry expenses	2,407	2,407	2,119	2,119
Repairs and Maintenance	136	136	36	36
Depreciation	535	535	-	-
Governance costs (note 8)	3,020	3,020	2,947	2,947
Support costs (note 8)	7,912	7,912	7,634	7,634
	<u>383,262</u>	<u>383,262</u>	<u>367,374</u>	<u>367,374</u>

10. Analysis of staff costs and remuneration of key management personnel

	2022	2021
	£	£
Salaries and wages	245,195	234,072
Social security costs	11,513	10,965
Pension costs	55,410	52,917
Total staff costs	<u>312,118</u>	<u>297,954</u>
Key Management Personnel Remuneration	<u>44,865</u>	<u>43,755</u>

No employees had employee benefits in excess of £60,000 (2021: £Nil).

	2022	2021
	No.	No.
Average number of employees, based on head count:		
Charity staff	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

11. Net income/(expenditure) for the year

This is stated after charging:

	2022	2021
	£	£
Independent Examiners' Fees	1,624	1,600
Depreciation	535	-
	<hr/>	<hr/>

12. Tangible Fixed Assets

	Fixtures, Fittings & Equipment £	Total £
Cost or valuation		
At 1 April 2021	5,100	5,100
Additions	1,620	1,620
Disposals	-	-
At 31 March 2022	<hr/>	<hr/>
	6,720	6,720
Depreciation		
At 1 April 2021	5,100	5,100
Charge for the year	535	535
At 31 March 2022	<hr/>	<hr/>
	5,635	5,635
Netbook Value		
At 31 March 2021	<hr/>	<hr/>
	-	-
At 31 March 2022	<hr/>	<hr/>
	1,085	1,085

13. Debtors

	2022	2021
	£	£
Prepayments and accrued income	-	25,000
	<hr/>	<hr/>
	-	25,000

14. Creditors: amounts falling due within one year

	2022	2021
	£	£
Other creditors and accruals	6,654	4,983
	<hr/>	<hr/>
	6,654	4,983

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

15. Analysis of charitable funds

2021 Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Staff contingency fund	5,000	-	-	-	5,000
Development fund	39,548	-	-	-	39,548
Total designated funds	44,548	-	-	-	44,548
General Funds	29,248	297,001	(275,567)	-	50,682
Total unrestricted funds	73,796	297,001	(275,567)	-	95,230
Restricted Funds					
Artemis Charitable Foundation	6,000	-	-	-	6,000
Bank of Scotland	41	-	(41)	-	-
Big Lottery Fund	55,653	30,473	(14,490)	-	71,636
ELC 1140 hrs	6,846	-	(4,235)	-	2,611
ELC Community Cafe	241	-	(241)	-	-
ELC Period Poverty Funding	1,627	-	(1,104)	-	523
ELC Area Partnership - Counselling	1,773	-	(1,773)	-	-
ELC Area Partnership - Your Voice Your Choice	2,713	-	(445)	-	2,268
ELC Transitional Fund	-	7,000	-	-	7,000
Henry Smith Charity	50,204	50,000	(61,037)	-	39,167
Inspiring Scotland – Wellbeing Fund	-	10,500	(7,203)	-	3,297
Inspiring Scotland – Clothing Fund	-	789	-	-	789
Musselburgh Common Good Fund	642	-	(642)	-	-
NHS Lothian Breast Feeding Group	499	-	(499)	-	-
Persimmon Homes	27	-	(27)	-	-
Respite donation	1,000	-	-	-	1,000
Tesco	70	-	(70)	-	-
Total Restricted Funds	127,336	98,762	(91,807)	-	134,291
TOTAL FUNDS	201,132	395,763	(367,374)	-	229,521

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

15. Analysis of charitable funds (continued)

2022 Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted funds					
Staff contingency fund	5,000	-	-	-	5,000
Development fund	39,548	-	-	-	39,548
Fixed assets	-	-	(535)	1,620	1,085
Total designated funds	44,548	-	(535)	1,620	45,633
General Funds	50,682	309,786	(285,003)	(810)	74,655
Total unrestricted funds	95,230	309,786	(285,538)	810	120,288
Restricted Funds					
Arnold Clark Community Fund	-	1,000	(55)	-	945
Artemis Charitable Foundation	6,000	-	(6,000)	-	-
Big Lottery Fund	71,636	-	(41,068)	(810)	29,758
ELC 1140 hrs	2,611	-	(2,611)	-	-
ELC Period Poverty Funding	523	-	-	-	523
ELC Area Partnership - Your Voice Your Choice	2,268	-	-	-	2,268
ELC Transitional Fund	7,000	722	(4,353)	-	3,369
ELC Area Partnership - Xmas Essentials	-	1,500	(1,272)	-	228
ELC Area Partnership - Taster Sessions	-	500	-	-	500
Garfield Weston Foundation	-	20,000	-	-	20,000
Henry Smith Charity	39,167	-	(39,167)	-	-
Inspiring Scotland – Wellbeing Fund	3,297	-	(2,198)	-	1,099
Inspiring Scotland – Clothing Fund	789	-	-	-	789
Respite donation	1,000	-	(1,000)	-	-
The Robertson Trust	-	23,000	-	-	23,000
Supporting from the start	-	2,000	-	-	2,000
VCEL Mental Health Pathway	-	5,000	-	-	5,000
Total Restricted Funds	134,291	53,722	(97,724)	(810)	89,479
TOTAL FUNDS	229,521	363,508	(383,262)	-	209,767

a) The unrestricted funds are available to be spent for any of the purposes of the charity.

The Trustees have created the following designated funds:

Staff Contingency Fund - Funds set aside from time to time to pay for long term absences through sickness and maternity.

Development Fund - Funds set aside by the trustees for expenditure relating to the development of the project.

Fixed Assets – Relates to net book value of assets held by the charity.

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

15. Analysis of charitable funds (continued)

b) Restricted funds comprise:

Funder	Purpose of Funding	Period of Funding
Arnold Clark Community Fund	To be used towards our Counselling Service costs	No time restriction
Artemis Charitable Foundation	To support the running of The Family Support Service	No time restriction
Bank of Scotland	To cover costs relating to improving our garden	No time restriction
Big Lottery Fund	To support the costs of our Family Support Service	2 Years from 1st November 2018 to 31st October 2021 (BLF have agreed to extend to 2022)
ELC 1140 hrs	To be used to prepare us for the implementation of 1140hrs	No time restriction
ELC – Period Poverty Funding	To be used to assist with ELC's period poverty priorities	No time restriction
ELC – Transitional Fund	To be used to help meet the extra childcare costs incurred to comply with public health guidance in response to Covid-19	No time restriction
ELC – Area Partnership Community Café	To be used for Café resources	No time restriction
ELC – Area Partnership Counselling	To be used to support the Counselling Service with Creche	No time restriction
ELC Area Partnership – Your Voice, Your Choice	To be used to run our Community Café	No time restriction
ELC Area Partnership - Xmas Essentials	To be used to provide families in need with Xmas essentials	No time restriction
ELC Area Partnership - Taster Sessions	To be used to run our Taster Session groups	No time restriction
Garfield Weston Foundation	To be used towards the costs involved in running our Early Learning & Childcare family support	1 year from January 2022
Henry Smith Charity	To support the costs of our Family Support Service	3 Years from 1st November 2018
Inspiring Scotland – Wellbeing Fund	To help us provide wellbeing support to service users in our community who have been affected by the coronavirus pandemic	No time restriction
Inspiring Scotland – Clothing Fund	To be used to help vulnerable families who are in need of clothing	No time restriction
Musselburgh Common Good Fund	To cover costs relating to our 'Time to Shine' group	No time restriction
NHS Lothian Breastfeeding Support Group	To cover costs relating to running a breastfeeding group via the Family Learning & Development Programme	No time restriction
Respite Donation	To be used specifically for respite families	No time restriction

**FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

15. Analysis of charitable funds (continued)

(b) Restricted funds comprise:

Persimmon Homes	To be used for 'First Step on the Road' and fundraising equipment	No time restriction
The Robertson Trust	To support the costs of our Family Support Service	3 Years from 1st April 2022
Support from the Start-Counselling	To cover the costs of our counselling service	No time restriction
Tesco	To be used towards 'Bringing Benefits to the Community'	1 year from January 2018 to January 2019
VCEL Mental Health Pathway	To be used towards our Counselling Service costs	No time restriction

16. Government Grants

Income from government grants comprises:

Big Lottery Fund - £71,636 (2021: £55,653) was brought from the previous year. £41,878 was spent during the year. The remaining £29,758 will be carried forward to 2022/23.

ELC Core Funding – £208,000 (2021: £208,700) was received during the year as a contribution to the charity's core costs. The grant was fully expended during the year.

ELC – 1140 Hrs - £2,611 (2021: £6,846) was brought forward from the previous year. The grant was fully expended during the year.

ELC Transitional Fund – Income of £7,000 (2021: £nil) was brought forward from the previous year. £722 was received in the year. £4,353 was spent during the year. The remaining £3,369 will be carried forward to 2022/23.

ELC - Period Poverty Funding - £523 (2021: £1,627) was brought forward from the previous year. Nothing was spent during the year therefore this will be carried forward to 2022/23.

ELC Area Partnership - Your Voice, Your Choice – £2,268 (2021: £2,713) was brought forward from the previous year. Nothing was spent during the year therefore this will be carried forward to 2022/23.

ELC Area partnership - Xmas Essentials – £1,500 was received during the year. £1,272 was spent during the year. The remaining £228 will be carried forward to 2022/23.

ELC Area partnership - Taster Sessions – £500 was received during the year. Nothing was spent during the year therefore this will be carried forward to 2022/23.

Inspiring Scotland - Clothing Fund - £789 (2021: Nil) was brought forward from the previous year. Nothing was spent during the year therefore this will be carried forward to 2022/23.

FIRST STEP COMMUNITY PROJECT
(A company limited by guarantee)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

16. Government Grants (continued)

Inspiring Scotland - Wellbeing Fund - £3,297 (2021: Nil) was brought forward from the previous year. £2,198 was spent during the year. The remaining £1,099 will be carried forward to 2022/23.

Support from the Start – Counselling - £2,000 was received during the year (2021: Nil). Nothing was spent therefore this will be carried forward to 2022/23.

17. Net assets over funds

	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Debtors	-	25,000	25,000
Bank & Cash	100,213	109,291	209,504
Current liabilities	(4,983)	-	(4,983)
	<u>95,230</u>	<u>134,291</u>	<u>229,521</u>

	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Tangible Fixed Assets	1,085		1,085
Debtors	-	-	-
Bank & Cash	125,857	89,479	215,336
Current liabilities	(6,654)	-	(6,654)
	<u>120,288</u>	<u>89,479</u>	<u>209,767</u>