

**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 2023**



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

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**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 No:** SC028891

**Company Registration No:** SC194542

**Trustees:** Anne Milne  
Katherine Sangster  
Rachel Wales

**Strategic Board:** Anne Milne  
Katherine Sangster  
Paule Tchamdjou  
Alana Nunn  
Rachael Crofts  
Rachel Wales  
Caitlin Davis  
Eileen Nicolson  
Suzanne Gilhooley

**Secretary:** Paule Tchamdjou  
(appointed November 2022)

**Manager:** Christina Pollock

**Independent Examiner:** Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers:** Bank of Scotland  
Business Banking  
PO Box 1984  
Andover  
SP10 9GZ

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

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2023**

The Trustees present their annual report and financial statements of the charity for the year ended 31<sup>st</sup> March 2023.

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.

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

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  
Katherine Sangster  
Paule Tchamdjou  
Alana Nunn  
Rachael Crofts  
Rachel Wales  
Caitlin Davis (appointed 30/03/2023)  
Eileen Nicolson (appointed 25/08/2022)  
Suzanne Gilhooley (appointed 29/09/2022)

**Structure, Governance and Management**

o **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.

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

**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

**Structure, Governance and Management (continued)**

○ **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, which are identified through our strategic plan, risk register and ongoing governance reviews.

○ **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.

○ **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.

**FIRST STEP COMMUNITY PROJECT  
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**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

○ **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'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.

**FIRST STEP COMMUNITY PROJECT  
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**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

**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 £11.40 per session. Big Bears offer a minimum of 4 sessions per week at a cost of £14.25 per session plus an additional £2 lunch charge for morning and full day sessions 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 14 referrals to our Outreach service with the main source of referrals being Health Visitors as well as other third sector organisations and self-referrals.

We also offer a counselling service which has been accessed by 22 clients this year.

The family group programme has been attended by 238 families. 52 groups have been offered with a focus on parent and child groups as well as parenting skills, confidence building and well-being groups.

First Step currently has 142 family memberships costing £10 per year.

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.

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 the needs of families. 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, Social Security Scotland, East Lothian Works, East Lothian Council Early Years Team, Circle, Volunteer Centre East Lothian and Roots and Fruits.

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. We have an active Fundraising sub group, who also planned fundraising events throughout the year.

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

**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

○ **Financial Review**

The Charity's Income for the year amounted to £412,940 (2022: £363,508) and we reported a deficit for the year of £48,420 (2022: deficit of £19,754).

At March 2023 the charity had unrestricted funds of £134,181 (2022: £120,288) and restricted funds of £27,166 (2022: £89,479).

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, Henry Smith, The Robertson Trust, Garfield Weston 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. We have ended the year with an un-restricted surplus which has had a positive effect on our reserves position.

It is our practice to constantly monitor our financial situation. As we face a challenging year ahead, with inflation continually rising, 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 £107,930 and £161,895. At 31st March 2023 the total unrestricted reserves were £134,181 which is currently in line with our target.

○ **Plans for Future Periods**

First Step continues with it's 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 have been successful in obtaining 3 years funding for our Family Support Service, which is a strong base to continue to develop our services and provide continuity for service users, staff and the local community.

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.

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

**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

○ **Plans for Future Periods (continued)**

The Strategic Board will be focusing on the identification of key challenges and risks, and prioritising actions to ensure we mitigate any risk.

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  
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**REPORT OF THE TRUSTEES FOR THE YEAR END 31 MARCH 2023**

**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:

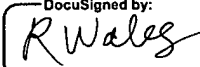
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures 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:  
  
Name: Rachel Wales  
C26DC8CA12E345A

Date: 12 September 2023

## INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF FIRST STEP COMMUNITY PROJECT FOR THE YEAR ENDED 31 MARCH 2023

I report on the accounts of the charity for the year ended 31 March 2023, which are set out on pages 10 to 24.

### 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.

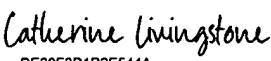
### Basis of independent examiner's statement

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 Regulationshave 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:  
  
DE20F2D1B2E544A...  
Catherine Livingstone, BA (Hons) CA  
Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

Date: 12 September 2023

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2023**  
(Including an Income and Expenditure account)

	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
<b>Income and endowments from:</b>							
Donations and legacies	4	318,670	75,257	393,927	295,064	53,722	348,786
Charitable activities	5	13,323	-	13,323	11,515	-	11,515
Other Trading Activities	6	5,586	-	5,586	3,148	-	3,148
Investments	7	104	-	104	59	-	59
<b>Total Income</b>		<b>337,683</b>	<b>75,257</b>	<b>412,940</b>	<b>309,786</b>	<b>53,722</b>	<b>363,508</b>
<b>Expenditure on:</b>							
Raising funds	8	178	-	178	-	-	-
Charitable activities	10	323,612	137,570	461,182	285,538	97,724	383,262
<b>Total Expenditure</b>		<b>323,790</b>	<b>137,570</b>	<b>461,360</b>	<b>285,538</b>	<b>97,724</b>	<b>383,262</b>
<b>Net income/(expenditure) for the year</b>		<b>13,893</b>	<b>(62,313)</b>	<b>(48,420)</b>	<b>24,248</b>	<b>(44,002)</b>	<b>(19,754)</b>
Transfers between funds		-	-	-	810	(810)	-
<b>Net movement in funds</b>		<b>13,893</b>	<b>(62,313)</b>	<b>(48,420)</b>	<b>25,058</b>	<b>(44,812)</b>	<b>(19,754)</b>
<b>Funds reconciliation</b>							
Total funds brought forward	15	120,288	89,479	209,767	95,230	134,291	229,521
<b>Total Funds carried forward</b>	<b>15</b>	<b>134,181</b>	<b>27,166</b>	<b>161,347</b>	<b>120,288</b>	<b>89,479</b>	<b>209,767</b>

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 2023**

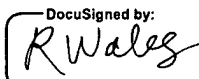
	Note	Total Funds 2023 £	Total Funds 2022 £
<b>Fixed assets:</b>			
Tangible assets	13	550	1,085
<b>Total Fixed Assets</b>		<u>550</u>	<u>1,085</u>
<b>Current assets:</b>			
Debtors		-	-
Cash at bank and in hand		170,844	215,336
<b>Total Current Assets</b>		<u>170,844</u>	<u>215,336</u>
<b>Liabilities:</b>			
Creditors falling due within one year	14	(10,047)	(6,654)
<b>Net Current Assets</b>		<u>160,797</u>	<u>208,682</u>
<b>Net Assets</b>		<u>161,347</u>	<u>209,767</u>
<b>The funds of the charity:</b>			
Restricted income funds	15	27,166	89,479
Unrestricted funds	15	134,181	120,288
<b>Total charity funds</b>		<u>161,347</u>	<u>209,767</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 2023 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:  
  
 C28DC6CA125345A  
 Name: Rachel Wales

Date: 12 September 2023

Company No: SC194542

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

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**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  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**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 9.

**(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:

Furniture, Fittings and Equipment	<b>Basis</b> 33% Straight Line
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**(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  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**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 2023**

**(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 (2022: £Nil). No expenses were waived by trustees (2022: £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 (2022: £Nil).

During the year three trustees made donations totalling £218 to the charity (2022: three trustees donated £338).

**4. Income from donations and legacies**

	<b>2023</b>	<b>2022</b>
	£	£
Grants	388,726	346,784
Donations	5,201	2,002
	<u>393,927</u>	<u>348,786</u>

**5. Income from charitable activities**

	<b>2023</b>	<b>2022</b>
	£	£
Community projects	13,323	11,515
	<u>13,323</u>	<u>11,515</u>

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**6. Income from other trading activities**

	2023	2022
	£	£
Fundraising events	5,586	3,148
	<u>5,586</u>	<u>3,148</u>

**7. Income from investments**

	2023	2022
	£	£
Bank Interest	104	59
	<u>104</u>	<u>59</u>

**8. Raising Funds**

	2023	2022
	£	£
Fundraising Costs	178	-
	<u>178</u>	<u>-</u>

**9. 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	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>	

Cost type	2023 Total allocated £	2023 Governance related £	2023 Other support costs £	Basis of apportionment
Staff costs	11,004	1,651	9,353	Staff time
Total	<u>11,004</u>	<u>1,651</u>	<u>9,353</u>	

Governance costs:	2023 £	2022 £
Independent examiners remuneration	1,898	1,624
Support costs (see above)	1,651	1,396
	<u>3,549</u>	<u>3,020</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>

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**9. Allocation of governance and support costs (continued)**

Allocation of governance and other support costs:	2023 Support costs £	2023 Governance £	2023 Total £
Community projects	9,353	3,549	12,902
Total allocated	9,353	3,549	12,902

**10. Analysis of expenditure on charitable activities**

	2023 Community Projects £	2023 Total £	2022 Community Projects £	2022 Total £
Staff costs	361,870	361,870	302,810	302,810
Training and recruitment	1,200	1,200	1,085	1,085
Travel costs	218	218	257	257
Sessional costs	11,289	11,289	3,936	3,936
Equipment	3,974	3,974	1,267	1,267
Rent and rates	29,755	29,755	29,425	29,425
Insurance	2,199	2,199	2,050	2,050
Heat and light	11,484	11,484	6,512	6,512
IT Resources	2,080	2,080	1,751	1,751
Café Resources	1,060	1,060	111	111
Playroom resources	10,237	10,237	12,168	12,168
Cleaning	3,220	3,220	2,490	2,490
BACS charges	1,154	1,154	1,014	1,014
Bank charges	152	152	130	130
Subscriptions	401	401	1,117	1,117
Telephone and postage	1,545	1,545	1,644	1,644
Consultancy	1,026	1,026	1,485	1,485
Sundry expenses	4,406	4,406	2,407	2,407
Repairs and Maintenance	206	206	136	136
Publicity costs	269	269	-	-
Depreciation	535	535	535	535
Governance costs (note 9)	3,549	3,549	3,020	3,020
Support costs (note 9)	9,353	9,353	7,912	7,912
	461,182	461,182	383,262	383,262

**11. Analysis of staff costs and remuneration of key management personnel**

	2023 £	2022 £
Salaries and wages	290,022	245,195
Social security costs	20,041	11,513
Pension costs	62,811	55,410
Total staff costs	372,874	312,118
Key Management Personnel Remuneration	51,689	44,865

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**11. Analysis of staff costs and remuneration of key management personnel**  
**(continued)**

No employees had employee benefits in excess of £60,000 (2022: £Nil).

	2023 No.	2022 No.
Average number of employees, based on head count:		
Charity staff	13	12
	<u>13</u>	<u>12</u>

**12. Net income/(expenditure) for the year**

This is stated after charging:

	2023 £	2022 £
Independent Examiners' Fees	1,898	1,624
Depreciation	535	535
	<u>535</u>	<u>535</u>

**13. Tangible Fixed Assets**

	Fixtures, Fittings & Equipment £	Total £
<b>Cost or valuation</b>		
At 1 April 2022	6,720	6,720
Additions	-	-
Disposals	-	-
At 31 March 2023	<u>6,720</u>	<u>6,720</u>
<b>Depreciation</b>		
At 1 April 2022	5,635	5,635
Charge for the year	535	535
At 31 March 2023	<u>6,170</u>	<u>6,170</u>
<b>Netbook Value</b>		
At 31 March 2022	<u>1,085</u>	<u>1,085</u>
At 31 March 2023	<u>550</u>	<u>550</u>

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**14. Creditors: amounts falling due within one year**

	2023 £	2022 £
Other creditors and accruals	10,047	6,654
	<u>10,047</u>	<u>6,654</u>

**15. Analysis of charitable funds**

2022 Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
<b>Unrestricted funds</b>					
Staff contingency fund	5,000	-	-	-	5,000
Development fund	39,548	-	-	-	39,548
Fixed assets	-	-	(535)	1,620	1,085
<b>Total designated funds</b>	<u>44,548</u>	<u>-</u>	<u>(535)</u>	<u>1,620</u>	<u>45,633</u>
<b>General Funds</b>	<u>50,682</u>	<u>309,786</u>	<u>(285,003)</u>	<u>(810)</u>	<u>74,655</u>
<b>Total unrestricted funds</b>	<u>95,230</u>	<u>309,786</u>	<u>(285,538)</u>	<u>810</u>	<u>120,288</u>
<b>Restricted Funds</b>					
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
<b>Total Restricted Funds</b>	<u>134,291</u>	<u>53,722</u>	<u>(97,724)</u>	<u>(810)</u>	<u>89,479</u>
<b>TOTAL FUNDS</b>	<u>229,521</u>	<u>363,508</u>	<u>(383,262)</u>	<u>-</u>	<u>209,767</u>

**FIRST STEP COMMUNITY PROJECT**  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**15. Analysis of charitable funds (continued)**

<b>2023 Analysis of Fund movements</b>	<b>Balance b/fwd £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Fund c/fwd £</b>
<b>Unrestricted funds</b>					
Staff contingency fund	5,000	-	-	-	5,000
Development fund	39,548	-	-	-	39,548
Fixed assets	1,085	-	(535)	-	550
<b>Total designated funds</b>	<b>45,633</b>	<b>-</b>	<b>(535)</b>	<b>-</b>	<b>45,098</b>
<b>General Funds</b>	<b>74,655</b>	<b>337,683</b>	<b>(323,255)</b>	<b>-</b>	<b>89,083</b>
<b>Total unrestricted funds</b>	<b>120,288</b>	<b>337,683</b>	<b>(323,790)</b>	<b>-</b>	<b>134,181</b>
<b>Restricted Funds</b>					
Arnold Clark Community Fund	945	-	(945)	-	-
Big Lottery Fund	29,758	-	(29,758)	-	-
Co-op Community Café	-	1,977	-	-	1,977
Dundas Estates	-	1,000	(266)	-	734
ELC Period Poverty Funding	523	-	-	-	523
ELC - Targeted holiday, childcare, food & activities	-	6,262	(3,737)	-	2,525
ELC Transitional Fund	3,369	2,000	(2,820)	-	2,549
ELC Area Partnership - Cook Save	-	3,018	(1,175)	-	1,843
ELC Area Partnership - Taster Sessions	500	-	(450)	-	50
ELC Area Partnership - Xmas Essentials	228	-	(228)	-	-
ELC Area Partnership – Your Voice, Your Choice	2,268	-	(216)	-	2,052
Garfield Weston Foundation	20,000	-	(20,000)	-	-
Henry Smith Charity	-	60,000	(51,518)	-	8,482
Inspiring Scotland – Clothing Fund	789	-	-	-	789
Inspiring Scotland - Wellbeing Fund	1,099	-	(908)	-	191
Musselburgh Old Course Golf Club	-	1,000	(392)	-	608
Supporting from the start - Counselling	2,000	-	(128)	-	1,872
The Robertson Trust	23,000	-	(23,000)	-	-
VCEL Mental Health Pathway	5,000	-	(2,029)	-	2,971
<b>Total Restricted Funds</b>	<b>89,479</b>	<b>75,257</b>	<b>(137,570)</b>	<b>-</b>	<b>27,166</b>
<b>TOTAL FUNDS</b>	<b>209,767</b>	<b>412,940</b>	<b>(461,360)</b>	<b>-</b>	<b>161,347</b>

**FIRST STEP COMMUNITY PROJECT  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**15. Analysis of charitable funds (continued)**

- 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.

- b) Restricted funds comprise:

<b>Funder</b>	<b>Purpose of Funding</b>	<b>Period of Funding</b>
<b>Arnold Clark Community Fund</b>	To be used towards our Counselling Service costs	No time restriction
<b>Artemis Charitable Foundation</b>	To support the costs of our Family Support Service	No time restriction
<b>Big Lottery Fund</b>	To support the costs of our Family Support Service	3 years from 1 April 2023
<b>Big Lottery Fund (Covid Grant)</b>	To support the costs of our Family Support Service during the Covid 19 pandemic	No time restriction
<b>Co-op Local Community Fund</b>	To be used for our Community Café	No time restriction
<b>Dundas Estates Community Fund</b>	To be used to provide 'Winter Warmer Packs' to vulnerable families	No time restriction
<b>ELC - 1140hrs</b>	To be used to prepare us for the implementation of 1140hrs	No time restriction
<b>ELC - Period Poverty Funding</b>	To be used to assist with ELC's period poverty priorities	No time restriction
<b>ELC - Transitional Fund</b>	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
<b>ELC - Targeted holiday, childcare, food &amp; activities</b>	To be used for family trips & activities across East Lothian for priority families	No time restriction

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**15. Analysis of charitable funds (continued)**

<b>ELC Area Partnership Taster Sessions</b>	To be used to run our Taster Session groups	No time restriction
<b>ELC Area Partnership Cook Save</b>	To be used to run a cooking group and creche	No time restriction
<b>ELC Area Partnership Your Voice, Your Choice</b>	To be used to run our Community Café	No time restriction
<b>ELC Area Partnership Xmas Essentials</b>	To be used to provide families in need with Xmas essentials	No time restriction
<b>Garfield Weston Foundation</b>	To be used towards the costs involved in running our Early Learning & Childcare family support	1 year from 1 April 2023
<b>Henry Smith Charity</b>	To support the costs of our Family Support Service	3 years from 1st July 2022
<b>Inspiring Scotland - Wellbeing Fund</b>	To help us provide wellbeing support to service users in our community who have been affected by the coronavirus pandemic	No time restriction
<b>Inspiring Scotland - Clothing Fund</b>	To be used to help vulnerable families who are in need of clothing	No time restriction
<b>Musselburgh Old Course Golf Club</b>	To be used for Christmas essentials	No time restriction
<b>Respite Donation</b>	To be used specifically for respite families	No time restriction
<b>The Robertson Trust</b>	To support the costs of our Family Support Service	3 Years from 1st April 2022
<b>Support from the Start - Counselling Services</b>	To be used towards our Counselling Service costs	No time restriction
<b>Volunteer Centre East Lothian Mental Health Pathway</b>	To be used towards our Counselling Service costs	No time restriction

**FIRST STEP COMMUNITY PROJECT  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**16. Government Grants**

Income from government grants comprises:

**Big Lottery Fund** - £29,758 (2022: £71,636) was brought forward from the previous year. The grant was fully expended during the year.

**ELC Core Funding** – £208,000 (2022: £208,000) was received during the year as a contribution to the charity's core costs. The grant was fully expended during the year.

**ELC – Targeted holiday, childcare, food & activities** – £6,262 was received and £3,737 was spent in the year. The remaining £2,525 will be carried forward to 2023/24.

**ELC Transitional Fund** – £3,369 (2022: £7,000) was brought forward from the previous year. £2,000 was received in the year. £2,820 was spent during the year. The remaining £2,549 will be carried forward to 2023/24.

**ELC - Period Poverty Funding** - £523 (2022: £523) was brought forward from the previous year. Nothing was spent during the year therefore this will be carried forward to 2023/24.

**ELC Area Partnership - Your Voice, Your Choice** – £2,268 (2022: £2,268) was brought forward from the previous year. £216 was spent during the year therefore £2,052 will be carried forward to 2023/24.

**ELC Area Partnership – Cook Save** – £3,018 was received in the year. £1,175 was spent during the year therefore £1,843 will be carried forward to 2023/24.

**ELC Area partnership - Xmas Essentials** – £228 was brought forward from the previous year. The grant was fully expended during the year.

**ELC Area partnership - Taster Sessions** – £500 was brought forward from the previous year. £450 was spent therefore £50 will be carried forward to 2023/24.

**Inspiring Scotland - Clothing Fund** - £789 (2022: £789) was brought forward from the previous year. Nothing was spent during the year therefore this will be carried forward to 2023/24.

**Inspiring Scotland - Wellbeing Fund** - £1,099 (2022: £3,297) was brought forward from the previous year. £908 was spent during the year. The remaining £191 will be carried forward to 2023/24.

**Support from the Start – Counselling** - £2,000 was brought forward from the previous year (2022: £nil). £128 was spent. The remaining £1,872 will be carried forward to 2023/24.

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**17. Net assets over funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2022 £</b>
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>

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2023 £</b>
Tangible Fixed Assets	550	-	550
Debtors	-	-	-
Bank & Cash	143,678	27,166	170,844
Current liabilities	(10,047)	-	(10,047)
	<u>134,181</u>	<u>27,166</u>	<u>161,347</u>