FIRST STEP TRUST

England & Wales · Charity number 1077959

Details

Other names	FST
Status	Registered
Legal form	Charitable company
Company number	03730562
Registered	1999-10-27
Register	View on the Charity Commission register

Contact

Address	Unit 9 Kingside Business Park Ruston Road London SE18 5BX
Phone	02088557386
Email	mainoffice@firststeptrust.org.uk
Website	www.firststeptrust.org.uk

Activities

Objects: TO SUPPORT OR PROMOTE SUCH CHARITABLE PURPOSES AS THE TRUSTEES MAY IN THEIR ABSOLUTE DISCRETION DETERMINE BUT IN PARTICULAR TO ASSIST THOSE IN THE COMMUNITY WITH MENTAL HEALTH PROBLEMS BY THE APPLICATION OF THE TRUST PRINCIPLES TO THE PROVISION OF SERVICES FOR SUCH PEOPLE.

Activities: FST seeks to enable socially excluded people experiencing enduring mental health problems & other disadvantages to have the opportunity to work & to access paid employment. FST, in partnership with statutory agencies & other partners, sets up projects that assist its service users to gain work skills & qualifications while overcoming the barriers & difficulties to employment in their daily life.

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Classification

- **How:** Provides Services
- **What:** General Charitable Purposes, Education/training, Disability, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** People With Disabilities

Geography

- Bexley
- Bury
- Greenwich
- Lambeth
- Salford City
- St Helens

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,370,300	£1,433,904	£4,475,845	23
2024-03-31	£1,407,878	£1,278,337	£4,484,346	21
2023-03-31	£1,577,678	£1,224,755	£4,266,844	21
2022-03-31	£1,492,237	£1,186,532	£3,167,653	19
2021-03-31	£1,331,001	£1,477,136	£2,664,973	19

Trustees

Name	Role	Appointed
Andrew Phillip Milnes	Chair	2024-10-21
Anthony Martin Parker-Stewart		2025-11-18
Clive Edward Jelf		2024-10-18
Mohammad Mohtashim Khan		2023-01-02
Steven Garry Nash		2025-11-10

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FIRST STEP TRUST

England & Wales - Charity number 1077959

Accounts

First Step Trust

Annual Report and Financial Statements

31 March 2025

Company Limited by Guarantee
Registration Number
03730562 (England and Wales)

Charity Registration Number
1077959

Contents

Reports

Legal and administrative information 1

Directors' report 2

Independent auditor's report 10

Financial statements

Statement of financial activities 14

Balance sheet 15

Statement of cash flows 16

Principal accounting policies 17

Notes to the financial statements 20

Legal and administrative information

Chief Executive	R Wilson
Company secretary	Position currently vacant
Board of directors	R Barringer C E Jelf J G J Hryniewicz M M Khan A P Milnes
Registered office	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
Telephone	020 8855 7386
Facsimile	020 8855 7386
Website	www.firststeptrust.org.uk
E-mail	fst@firststeptrust.org.uk
Company registration number	03730562 (England and Wales)
Charity registration number	1077959
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
Solicitors	Burley Law Ltd Universities Centre Faraday Wharf Holt Street Birmingham B7 4BB

The directors present the statutory report and financial statements of First Step Trust ("FST") for the year ended 31 March 2025.

The report, which constitutes a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 19 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

FST was incorporated on 10 March 1999 (and commenced activities on 1 January 2000) as a company limited by guarantee and not having share capital (registration number 03730562). It has also been registered as a charity since 1994 (registration number 1077959) prior to its incorporation, and is permitted to exclude the word "limited" from its name under Section 60 of the Companies Act 2006.

Organisational structure

Overall responsibility for the company lies with the directors who meet on a regular basis to decide upon policy and strategy. The day to day running of the company is delegated to the Chief Executive and his Deputy.

Current policies and procedures are easily accessible and are kept updated on the Trust's website.

Key management personnel

The board of directors, the Chief Executive, the Deputy Chief Executive and a further seven employees with management responsibilities for the company's operations, finance, catering and garages, are considered to comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The directors give their time freely and no director received remuneration in the year.

The pay of the key management personnel is reviewed annually by the board of directors and are aligned with average earnings of similar charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The directors of the charitable company constitute the trustees of the charity. The following directors served during the year and up to the date of approval of this report:

Directors	
P Holbrook	Appointed 2 October 2023, resigned 2 September 2024
R Barringer	
S Cader	Resigned 25 November 2024
M M Khan	
C E Jelf	Appointed 18 October 2024
J G J Hryniewicz	Appointed 18 October 2024
A P Milnes	Appointed 21 October 2024
S Newcombe	Resigned 14 June 2024
S M Price	Resigned 2 September 2024

No director received any remuneration for services as a director (2024 - £nil). No director was reimbursed travelling expenses (2024 – £nil).

Members' liability

In the event of the company being wound up, members and those who cease to be members within one year, are required to contribute an amount not exceeding £1 per person.

Statement of directors' responsibilities

The directors of First Step Trust are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The directors' report has been prepared in accordance with the special provisions of Part 16 of the Companies Act 2006 relating to small companies including the exemption from preparing a strategic report.

Directors' induction process

As an organisation FST wants to make sure that the directors, in addition to understanding the full range of their responsibilities and obligations, understand the underpinning values and commitment to service users.

In order to achieve these objectives the induction process for new or potential directors includes a period of voluntary work and an invitation to attend two or three Board Meetings before a formal decision is made.

OBJECTIVES AND ACTIVITIES

Principal aims and activities

FST aims to support or promote such charitable purposes as the directors may in their absolute discretion determine, but in particular to assist those in the community with mental health problems and other disabilities or disadvantages by the application of FST principles to the provision of services for such people.

Such activities include:

- To establish further employment projects for people with mental health problems and other disabilities throughout the UK;
- To test the capacity of the FST model as a means of providing work experience and employment opportunities in areas outside traditional 'blue collar' employment; and

OBJECTIVES AND ACTIVITIES (continued)

Principal aims and activities (continued)

- To lay the foundations for the longer term growth of FST as a national charity.

Public benefit statement
Trustees have given careful consideration to the Charity Commission's public benefit guidance. The trustees consider how planned activities and their implementation will contribute to the charity's aims and objectives.

The objects for which the charity was established are: "To support or promote such charitable purposes as the trustees may in their absolute discretion determine but in particular to assist those in the community with mental health problems by the application of the Trust principles to the provision of services for such people".

What we do to achieve this purpose
First Step Trust (FST) seeks to enable socially excluded people experiencing enduring mental health problems and other disadvantages to have the opportunity to work and access paid employment. FST, in partnership with statutory agencies and other partners, sets up projects that assist people to gain work skills and qualifications while overcoming the barriers and difficulties to employment in their daily life.

Key activities and outputs
In this year, we have continued to deliver training to learners with mental health challenges and other disadvantages in a range of contexts.

In total, FST engaged with 458 people. 359 people attended short courses: 223 in our community training, 55 in secure mental health units in London and the North West of England and 81 in probation hubs in London. 99 people undertook workforce placements, which are voluntary work experience placements to help people prepare for employment. 52 workforce placements took place at our Woolwich hub, and 47 in secure units.

The charity continues to work with people furthest from the labour market. 100% of workforce have been unemployed for at least 12 months before joining FST, while 87% have not been employed for over five years and 45% have never worked. For trainees joining short courses, 100% had been unemployed for 2 years or more, 61.5% have been unemployed for over 10 years and 34% have never worked.

44% of workforce had no educational qualifications at all at the point of joining FST (compared to 11% of of the UK population of working age), and 11% had qualifications below GCSE level.

The courses provided this year included:

- Driving Ambition®: helping people gain the learning to prepare for their driving theory test. In this year we also introduced a 'masterclass' element to provide additional test practice to help learners build confidence

OBJECTIVES AND ACTIVITIES (continued)

Key activities and outputs (continued)

- Food Hygiene: teaching food safety information to allow people to work in the catering and hospitality industry.

- 10 Module Garage Programme, an Institute of the Motor accredited training course using Virtual Reality (VR) to introduce learners to the core skills and competencies required to become a fully qualified Motor Vehicle Technician.

Of the 99 workforce placements completed this year, 47 took place within secure units across Merseyside and Greater Manchester. People did work experience in cafes, shops and car washing services serving patients, staff and visitors. Alongside the practical work experience, FST staff supported learners to study for qualifications including Food Safety and Hygiene, Manual Handling, Health and Safety.

In London, 52 workforce placements took place across our garage, reception and finance departments. Garage workforce worked alongside qualified mechanics to gain skills and confidence to progress into the automotive industry, and completed the practical elements of their 10 module garage training. Reception placements gave people experience in customer service and admin. In the finance department, workforce members supported our finance staff to complete tasks including bank reconciliation, processing invoices and expenses, and credit control.

Achievements and performance

Our work this year has contributed to people with significant barriers to learning and work making significant strides towards employment and independence.

Of our 99 workforce members, 52 are in the community and 47 participating in FST activities within secure units. Between them they gained 203 qualifications, including Food Safety and Hygiene certificates, IMI accredited garage mechanic certificates and Health and Safety qualifications.

Of the 52 community workforce placements, 17 have a Personal Development Plan (PDP) with an employment aim, and 4 are aiming to enrol in college as a route to employment. 6 are actively job searching, with 4 gaining interviews. In this year 4 workforce members progressed into paid employment outside FST, and 4 have moved into paid employment as trainers at FST.

A particular highlight of the year was our Lead Garage Trainer, Laura, being shortlisted for the IMI 30% Club Inspiring Women Award. Having joined the charity as a trainee, Laura has continued to build her skills and is now employed to train others to become Motor Vehicle Technicians.

OBJECTIVES AND ACTIVITIES (continued)

Achievements and performance (continued)

Virtual Reality continues to be a key part of the charity's work, providing an accessible way for people with a range of disadvantages and learning challenges to gain the practice skills. Several new courses were introduced in this year. With the support of funding from Ufi Voc Tech Trust, we started work on development of a new Virtual Reality module on Electric Vehicles. Level 1, focused on awareness and safety, was developed in this year and piloted with a group of learners. In the coming year, this will be rolled out more widely. Further modules for mechanics working on electric vehicles, will also be developed.

An immersive pre-CSCS course has also been completed, which takes learners through the health and safety knowledge to apply for a green card, a requirement to work on a construction site. This will now be rolled out with learners in secure units and community training, and in the coming year we will be working to build partnerships with organisations who can offer the formal green card test.

Future plans

In the coming year 25/26, the charity's key delivery priorities include:

- Expanding our range of accessible Virtual Reality training products, including developing more in-depth modules on working with electric and hybrid vehicles.
- Reviewing our existing training products based on feedback from learners and the latest developments in VR to ensure they continue to offer the best in class learning opportunities for disadvantaged learners.
- Supporting more learners in community and secure settings who participate in our garage training to gain IMI accredited qualifications to support their career development. We aim to increase the number of people gaining qualification through our unique VR only tyre change programme, which is available to learners in secure settings. We also aim to support more workforce members to complete the full 10 module garage training programme this year, which provides them with a solid basis to move into garage apprenticeships, employment or formal college courses.
- Building relationships with industry partners to create pathways for learners and workforce members to progress into external volunteering, work experience and employment. As well as the automotive industry, we will aim to work with construction industry partners and identify other sectors for future focus.
- Exploring opportunities to license our VR training to the wider industry, to support with upskilling workers as well as developing a sustainable income stream for the charity.
- Continuing to build our social enterprise garage to become more commercially sustainable and to provide increased work experience opportunities for workforce members.

OBJECTIVES AND ACTIVITIES (continued)

Volunteers

FST offers a number of volunteering opportunities to people with mental health issues and other barriers to employment, to support them in building employment skills and experience. These voluntary workforce placements include:

- Garage mechanic and receptionist placements within SMaRT garage services, a social enterprise garage operated by First Step Trust
- Finance placements within the First Step Trust finance department
- Cafe and retail opportunities within secure mental health units operated Merseyside NHS Trust and Greater Manchester Mental Health Trust.

In financial year 24/25, First Step Trust welcomed 99 people on voluntary workforce placements. We are grateful to their contribution to the Trust's activities and are proud of the skills and professional competencies they have built during their volunteering.

Financial review

The charity's financial position remains strong, with income coming from a range of sources in this financial year, including service contracts, grant funding and trading income. Repeat funding was secured in this year from key funders including London Pathways Project, Merseyside NHS Health Trust, Greater Manchester Mental Health Trust, South London Partnership, and Ufi Voc Tech Trust.

Our overall income was slightly lower than last year at £1,370,300 (compared to £1,407,878 in FY 23/24), due to grant funding reducing with the end of our National Lottery grant. However, we have been successful in increasing the amount of unrestricted funding and trading income, contributing positively to the organisation's overall financial sustainability. Expenditure was higher than last year at £1,433,904 as we continued to invest in building staff resources and developing virtual reality training modules.

Efforts to broaden funding sources is ongoing, including grant funding applications for our projects in London, North West and for VR development, as well as investing in developing the garage to increase the sustainability of our social enterprise ventures.

Reserves policy

First Step Trust defines reserves as that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. It is the policy of the charity that reserves should be maintained at a level equivalent to nine month's core expenditure.

If reserves fall below the target level the Board will implement a plan to rebuild reserves within an agreed time frame. If reserves exceed the target level the Board will consider designating funding for future projects, investment or service expansion that will further FST's charitable purpose.

OBJECTIVES AND ACTIVITIES (continued)

Reserves policy (continued)
Reserves above this level in the financial year have been invested into 6-12 month investments to earn interest while plans are finalised to use the funds to invest in new buildings and social enterprise activities to further the Trust's charitable aims.

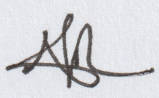
Structure and governing documents
First Step Trust is a Private Limited Company by guarantee without share capital, with use of 'Limited' exemption. The company incorporated and registered in England and Wales with company number 3730562, and is approved and registered with the Charity Commission with charity number 1077959. The registered office is Unit 9 Kingside Business Park, Ruston Road, London SE18 5BX. The governing documents (memorandum and articles of association) are available to view on the Companies House website.

Trustees
At year end First Step Trust board of trustees consisted of five trustees. During the reporting period, five trustees resigned. Two new trustees were recruited to the board including a new chair. Trustee appointments are confirmed at a board meeting of trustees. The board membership includes trustees with lived experience and former service users of the charity.

Andrew Milnes took on the role of Chair of the Trustees this year, and we are grateful to him for his leadership of the board as the organisation continues to grow and evolve. In the coming year the organisation will focus on recruitment of new trustees to complement the existing skills on the board.

The Trustee Board meets quarterly. Agendas and minutes are circulated for discussion and when appropriate votes are taken. The trustee board is responsible for setting and guiding the overall strategic direction of the organisation, including approving the annual budget, recruiting senior leadership (CEO) and ensuring compliance with our legal and governance requirements. Responsibility for operational management decisions are delegated to the CEO, with accountability through quarterly board reports and meetings.

Signed on behalf of the Board of Directors



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Trustee:
Approved by the board on:

Andrew Milnes 3-11-25

Independent auditor's report to the members of First Step Trust

Opinion

We have audited the financial statements of First Step Trust (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report , including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees'. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regularity frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, Health & Safety and Minimum Wage regulations.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining and understanding of how fraud might occur, by:

- making enquiries of management and those responsible for legal and compliance procedures as to their knowledge of actual, suspected, and alleged fraud, and we corroborated our enquiries through our review of board minutes of the charitable company;

- considering the internal controls in place to mitigate the risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;

Auditor's responsibilities for the audit of the financial statements (continued)

- identified and tested journal entries, in particular adjustments made at the year-end for financial statement preparation.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- review of the minutes of meetings of those charged with governance' and
- enquiring with management as to actual and potential litigation and claims; and
- reviewing correspondence with regulators and legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

25 November 2025

Statement of financial activities Year to 31 March 2025
(Including Income and Expenditure account)

	Notes	**Unrestricted funds £**	**Restricted funds £**	**Total funds 2025 £**	Unrestricted funds £	Restricted funds £	Total funds 2024 £
Income from:							
Donations and legacies		**362**	**2,500**	**2,862**	368	6,000	6,368
Charitable activities:							
. Grant funding	1	**—**	**26,000**	**26,000**	—	219,434	219,434
. Trading activities		**1,261,625**	**—**	**1,261,625**	1,121,514	—	1,121,514
Interest receivable		**78,299**	**—**	**78,299**	50,193	—	50,193
Other		**1,514**	**—**	**1,514**	10,369	—	10,369
Total income		**1,341,800**	**28,500**	**1,370,300**	1,182,444	225,434	1,407,878
Expenditure on:							
Charitable activities	2	**1,376,756**	**57,148**	**1,433,904**	1,083,555	194,782	1,278,337
Total expenditure		**1,376,756**	**57,148**	**1,433,904**	1,083,555	194,782	1,278,337
Net (expenditure) income for the year	3	**(34,956)**	**(28,648)**	**(63,604)**	98,889	30,652	129,541
Other recognised gains:							
Actuarial gain on defined benefit pension scheme	15	**55,103**	**—**	**55,103**	87,961	—	87,961
Net movement in funds for the year		**20,147**	**(28,648)**	**(8,501)**	186,850	30,652	217,502
Fund balances brought forward at 1 April 2024		**4,430,148**	**54,198**	**4,484,346**	4,243,298	23,546	4,266,844
Fund balances carried forward at 31 March 2025		**4,450,295**	**25,550**	**4,475,845**	4,430,148	54,198	4,484,346

All income and expenditure derive from continuing activities.

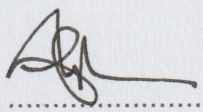
The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet 31 March 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	6		**868,457**		878,438
Current assets					
Debtors	7	**32,217**		325,672	
Short term deposits		**2,039,671**		—	
Cash at bank and in hand		**1,727,144**		3,491,687	
		3,799,032		3,817,359	
Current liabilities					
Creditors: amounts falling due within one year	8	**(191,644)**		(166,719)	
Net current assets			**3,607,388**		3,650,640
Total net assets excluding pension liability			**4,475,845**		4,529,078
Defined benefit pension scheme asset / (liability)	15		—		(44,732)
Total net assets			**4475,845**		4,484,346
The funds of the charity:					
Restricted funds	10		**25,550**		54,198
Unrestricted funds					
. Designated funds	11	**3,850,295**		3,830,148	
. General funds		**600,000**		600,000	
			4,450,295		4,430,148
Total charity funds	12		**4,475,845**		4,484,346

Approved by the directors and signed on its behalf by:

Andrew Milnes



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Approved on:

3-11-25

Company number 03730562

Statement of cash flows 31 March 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	A	**216,225**	(171,242)
Cash flows from investing activities:			
Investment income		**78,299**	50,193
Transfer of funds to deposit account		**(2,039,671)**	—
Purchase of tangible fixed assets		**(19,396)**	(24,927)
Net cash (used in)/provided by investing activities		**(1,980,768)**	25,266
Change in cash and cash equivalents in the year		**(1,764,543)**	(145,976)
Cash and cash equivalents at 1 April 2024	B	**3,491,687**	3,637,663
Cash and cash equivalents at 31 March 2025	B	**1,727,144**	3,491,687

Notes to the statement of cash flows for the year to 31 March 2025.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	**(8,501)**	217,502
Adjustments for:		
Depreciation charge	**29,377**	34,106
Actuarial (gain) loss on defined benefit pension scheme	**(55,103)**	(87,961)
Difference between pension charge and cash contributions	**6,817**	10,551
Defined pension scheme finance cost	**3,554**	6,335
Interest receivable	**(78,299)**	(50,193)
Decrease (increase) in debtors	**293,455**	(297,077)
Increase (decrease) in creditors	**24,925**	(4,500)
Net cash provided by (used in) operating activities	**216,225**	(171,242)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	**1,727,144**	3,491,687
Total cash and cash equivalents	**1,727,144**	3,491,687

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2025.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

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

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the directors' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant estimates and judgments are:

Defined benefit pension scheme
The charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The directors estimates of these factors determine the net pension obligation in the balance sheet and the directors obtain professional valuations from qualified actuaries to provide assumptions that reflect historical experience and current trends. For details of assumptions adopted, see note 15.

Assessment of going concern
The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern and that the charity will have sufficient resources to meet its liabilities as they fall due. The directors are of the opinion that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from Government and other agencies have been included as income from charitable activities where these relate to delivering specific projects, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from trading activities represents the sale of goods and services and includes income receivable under service agreements with public health bodies. Income from goods is recognised when the risks and rewards of ownership have passed to the buyer. Income from services is recognised when the services are provided to the buyer.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point where the charity is committed to either (i) terminate the employment of an employee before normal retirement date; or (ii) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

Expenditure on charitable activities

The costs of charitable activities comprises direct expenditure on the provision of the charity's services, i.e. carrying out of projects consistent with the charity's primary charitable objectives, and includes support costs and governance costs.

Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs and also include support in the form of personnel development, financial procedures, the provision of office services and equipment and a suitable working environment. Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to the day to day, management of the charitable company's activities.

Tangible fixed assets

All tangible fixed assets are stated at cost less depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

♦ Freehold buildings	2% on cost
♦ Long leasehold buildings	2% on cost
♦ Plant, machinery and other equipment	50% on cost
♦ Motor vehicles	25% on cost

Freehold land is not depreciated.

Debtors

Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Financial instruments

The company only holds basic financial instruments as defined in FRS102. The financial assets and financial labilities of the company and their measurement basis is as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash and cash equivalents – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost. Taxation and social security are not included in the financial instrument disclosure definition. Deferred income is not deemed to be a financial liability, as cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The designated funds are monies set aside out of general funds and designated for specific purposes by the directors.

The restricted funds were monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

Defined benefit pension scheme

The charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the SORP FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense'.

Pension costs (continued)

Defined contribution pension plans

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in independently administered funds.

1 Grant funding for specific activities

	Unrestricted funds £	Restricted funds £	**Total funds 2025 £**
UK Government grants			
The National Lottery Community Fund	—	—	—
UFi VocTech Trust	—	25,000	**25,000**
First Give Grant	—	1,000	**1,000**
2025 Total funds	—	26,000	**26,000**

	Unrestricted funds £	*Restricted funds £*	*Total funds 2024 £*
UK Government grants			
The National Lottery Community Fund	—	*144,434*	*144,434*
UFi VocTech Trust	—	*75,000*	*75,000*
2024 Total funds	—	*219,434*	*219,434*

2 Charitable activities

	Unrestricted funds £	Restricted funds £	**Total funds 2025 £**
Staff costs (note 4)	740,762	48,258	**789,020**
Interest on defined benefit pension liability	3,554	—	**3,554**
Direct materials	194,105	6,387	**200,492**
Travel expenses	34,351	425	**34,776**
Premises costs	53,555	—	**53,555**
Printing, postage and stationery	1,459	—	**1,459**
Events and publicity	4,789	—	**4,789**
Telephone	7,202	—	**7,202**
Recruitment	13,261	—	**13,261**
Insurance	17,411	—	**17,411**
Consultancy, legal fees, subscriptions and bank charges	231,884	—	**231,884**
Depreciation	29,377	—	**29,377**
Training and development	27,919	2,078	**29,997**
Other expenses including bad debt recoveries	2,627	—	**2,627**
	1,362,256	57,148	**1,419,404**
Governance costs	14,500	—	**14,500**
2025 Total funds	1,376,756	57,148	**1,433,904**
Governance costs include:			
Audit fees	14,500	—	**14,500**
2025 Total governance costs	14,500	—	**14,500**

2 Charitable activities (continued)

Comparative year

	Unrestricted funds £	*Restricted funds £*	*Total funds 2024 £*
Staff costs (note 4)	*593,486*	*153,084*	*746,570*
Interest on defined benefit pension liability	*6,335*	*—*	*6,335*
Direct materials	*153,310*	*7,195*	*160,505*
Travel expenses	*38,247*	*2,281*	*40,528*
Premises costs	*24,718*	*25,425*	*50,143*
Printing, postage and stationery	*2,556*	*—*	*2,556*
Events and publicity	*10,446*	*—*	*10,446*
Telephone	*6,290*	*—*	*6,290*
Recruitment	*6,762*	*1,089*	*7,851*
Insurance	*14,896*	*—*	*14,896*
Consultancy, legal fees, subscriptions and bank charges	*147,267*	*—*	*147,267*
Depreciation	*34,106*	*—*	*34,106*
Training and development	*23,963*	*8,708*	*32,671*
Other expenses including bad debt recoveries	*3,672*	*—*	*3,672*
	1,066,055	*197,782*	*1,263,837*
Governance costs	*14,500*	*—*	*14,500*
2024 Total funds	*1,080,555*	*197,782*	*1,278,337*
Governance costs include:			
Audit fees	*14,500*	*14,500*	*14,500*
2024 Total governance costs	*14,500*	*14,500*	*14,500*

3. Net income for the year

This is stated after charging:

	2025 £	2024 £
Staff costs (note 4)	**789,020**	746,570
Auditor's remuneration		
. Statutory audit services	**14,500**	14,500
Depreciation (note 6)	**29,377**	34,106
Operating leases – land and buildings	**23,032**	21,748
Operating leases – plant and equipment	**1,865**	108,202

4. Staff costs including key management personnel and directors' remuneration and expenses

	2025 £	2024 £
Staff costs during the period were as follows:		
Wages and salaries	**686,389**	638,651
Social security costs	**59,785**	56,249
Other pension costs	**42,846**	51,490
	789,020	746,570

Included in wages and salaries is £20,650 of statutory contractual redundancy payment made to one employee (2024 – one employee of £14,820).

The number of employees who earned £80,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2025 Number	2024 Number
£80,001 - £90,000	—	1
£90,001 - £100,000	**1**	1
	1	2

The above employee had benefits accruing to them under the charitable company's defined benefit pension scheme and employer contributions paid to the scheme during the year for the employee totalled £23,063 (2024 - £33,191).

The average number of employees during the year involved in charitable activities was:

	2025 Number	2024 Number
Charitable activities	**23**	**21**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and comprise the directors, the Chief Executive, the Deputy Chief Executive and six individuals with management responsibilities over key areas of the company's operations.

One director, R Barringer received remuneration of £3,324 (2024: none).

The number of key management personnel receiving remuneration was 6 (2024: 7). The total remuneration (including employers national insurance and pension contributions) paid to the key management personnel was £360,348 (2024 - £421,872).

Directors' expenses

No expenses were reimbursed to directors or incurred on their behalf during the year (2024 – None).

5. Taxation

First Step Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6. Tangible fixed assets

	Freehold land and buildings £	Long leasehold buildings £	Plant machinery and equipment £	Motor vehicles £	**Total £**
Cost					
At 1 April 2024	721,354	407,998	16,888	13,826	**1,160,066**
Additions	13,475	—	5,921	—	**19,396**
Disposals	—	—	(4,223)	(325)	**(4,548)**
At 31 March 2025	734,829	407,998	18,586	13,501	**1,174,914**
Depreciation					
At 1 April 2024	208,763	56,551	5,944	10,370	**281,628**
Charge for period	14,801	8,160	2,960	3,456	**29,377**
On disposals	—	—	(4,223)	(325)	**(4,548)**
At 31 March 2025	223,564	64,711	4,681	13,501	**306,457**
Net book values					
At 31 March 2025	511,265	343,287	13,905	—	**868,457**
At 31 March 2024	512,591	351,447	10,944	3,456	**878,438**

7. Debtors

	2025 £	2024 £
Trade debtors	**10,561**	312,534
Prepayments	**21,656**	13,138
	32,217	325,672

8. Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	**37,759**	10,895
Other creditors	**23,314**	8,453
Social security and other taxes	**82,041**	80,817
Accruals and deferred income	**48,530**	66,554
	191,644	166,719

Included in creditors is £30,000 of deferred income relating to funding for services to be delivered in 2025/26 (2024 - £30,000).

9. Financial instruments and financial risk management

The charity only holds basic financial instruments, all measured at amortised cost as follows:

	2025 **£**	2024 £
Financial assets measured at amortised cost	**3,777,376**	3,777,378
Financial liabilities measured at amortised cost	**79,602**	55,902

The charity has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The charity seeks to meet its financial obligations through cash flows from its charitable activities. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Restricted funds

In the year 2024/25, restricted funds consisted of:

	At 1 April 2024 £	Income £	Expenditure £	Transfers £	**At 31 March 2025 £**
The National Lottery (i)	7,800	—	—	—	**7,800**
The National Lottery (ii)	29,648	—	(29,648)	—	—
Walcott Foundation	13,750	—	—	—	**13,750**
Driving Ambition Donations	—	2,500	(2,500)	—	**—**
First Give Grant	—	1,000	—	—	**1,000**
UFi VocTech Fund	—	25,000	(25,000)	—	**—**
Andy Palmer Foundation	3,000	—	—	—	**3,000**
	54,198	28,500	(57,148)	—	**25,550**

	At 1 April 2023 £	*Income £*	*Expenditure £*	*Transfers £*	*At 31 March 2024 £*
The National Lottery (i)	*7,800*	—	—	—	*7,800*
The National Lottery (ii)	*50,293*	*144,434*	*(165,079)*	—	*29,648*
Walcott Foundation	*13,750*	—	—	—	*13,750*
Driving Ambition Donations	*2,703*	*6,000*	*(8,703)*	—	—
The National Lottery (iii)	*5,425*	—	*(5,425*	—	—
UFi VocTech Fund	*(59,425)*	*75,000*	*(15,575)*	—	—
Andy Palmer Foundation	*3,000*	—	—	—	*3,000*
	23,546	*225,434*	*(194,782)*	—	*54,198*

10 Restricted funds (continued)

The specific purposes for which the funds are to be applied are as follows:

- ***The National Lottery***

  Three separate funds are hold for the following projects:

  i) Funding provided by the Community Fund to improve the delivery of Abbeville services to the local community by funding double glazing for the premises.

  ii) Funding received from the Community Fund for the SMaRT Pathways project to enable people with no formal educational qualifications and are long term unemployed to progress towards a career in the automotive industry. The total funding is £0.5m over a three year period.

  iii) Funding received to assist with cost of living crisis, specifically utility bills.

- ***Walcott Foundation***

  Funding was provided for residents of Lambeth who are employed by the charity.

- ***Driving Ambition***

  These funds represented donations received towards our Driving ambition programme.

- ***UFi VocTech Fund***

  This fund was received to develop a garage training programme utilising digital technologies in the provision of adult learning

- ***Andy Palmer Foundation***

  Funding for one workforce member to undertake their Motor Vehicle Technician Level 2 college course.

11. Designated funds

The funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	At 1 April 2024 £	New designations and transfers	Utilised/ realised £	**At 31 March 2025 £**
Fixed assets fund	878,440	19,396	(29,377)	**868,457**
New building fund	2,651,707	30,129	—	**2,681,838**
Project support fund	300,000	—	—	**300,000**
	3,830,147	49,525	(29,377)	**3,850,295**

- ***Fixed asset fund***

  This fund represents the net book value of the charity's fixed assets. The funds have been set aside to demonstrate the importance of those assets to the charity's continuing work, and to highlight that the funds do not represent monies available for future operational expenditure.

11. Designated funds (continued)

- ***New building fund***
  The Trust is seeking opportunities to acquire new premises to support the development of its core activities. This fund has been set aside for the purchase of new properties.

- ***Project support fund***
  The fund has been set aside to ensure that the trust is able to meet its obligations to employees and funders in the event of a serious incident or long-term absence.

Comparatives

	At 1 April 2023 £	*New designations and transfers*	*Utilised/ realised £*	*At 31 March 2024 £*
Fixed assets fund	*887,617*	*24,929*	*(34,106)*	*878,440*
New building fund	*2,455,681*	*196,026*	*—*	*2,651,707*
Project support fund	*300,000*	*—*	*—*	*300,000*
	3,643,298	*220,955*	*(34,106)*	*3,830,147*

12. Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	**Total 2025 £**
Fund balances at 31 March 2025 are represented by:				
Tangible fixed assets	—	868,457	—	**868,457**
Current assets	791,644	2,981,838	25,550	**3,799,032**
Current liabilities	(191,644)	—	—	**(191,644)**
Total net assets before non-current liabilities and pension liabilities	600,000	3,850,295	25,550	**4,475,845**
Pension liability	—	—	—	—
Total net assets	600,000	3,850,295	25,550	**4,475,845**

Comparatives

	General fund £	*Designated funds £*	*Restricted funds £*	*Total 2024 £*
Fund balances at 31 March 2024 are represented by:				
Tangible fixed assets	*—*	*878,438*	*—*	*878,438*
Current assets	*811,451*	*2,951,710*	*54,198*	*3,817,359*
Current liabilities	*(166,719)*	*—*	*—*	*(166,719)*
Total net assets before non-current liabilities and pension liabilities	*644,732*	*3,830,148*	*54,198*	*4,529,078*
Pension liability	*(44,732)*	*—*	*—*	*(44,732)*
Total net assets	*600,000*	*3,830,148*	*54,198*	*4,484,346*

13 Related party transactions

Other than those disclosed in note 4, there were no related party transactions undertaken during the year (2024: £nil).

14 Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any director, officer of the charitable company, or employee and to indemnify any director, officer of the company, or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance is £5,000,000 (2024 - £5,000,000) and the total premium paid in respect of such insurance was £1002 (2024 - £963).

15 Pension scheme

First Step Trust is one of the employing bodies included within the London Borough of Greenwich Pension Fund.

The total employer contribution in respect of the funded defined benefit scheme for the year was £23,063 (2024 - £33,191). The best estimate of contributions to be paid by the employer for the year beginning 1 April 2025 is £23,063.

The assets of the scheme are held independently of the charity's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The last comprehensive actuarial valuation was at 31 March 2022.

In order to assess the actuarial value of the charity's assets and liabilities at 31 March 2025, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2024. The major assumptions used by the actuary were (in nominal terms):

	2025 % per annum	2024 % per annum
CPI increases	**2.90%**	3.00%
Rate of increase in salaries	**3.90%**	4.00%
Rate of increase for pensions	**2.90%**	3.00%
Discount rate for liabilities	**5.70%**	4.85%

The mortality assumptions adopted at 31 March 2025 have been provided by the actuary and assume the following life expectancies:

- Male retiring at age 65 today 19.2 years (2024 – 19.3)
- Females retiring at age 65 today 22.7 years (2024 – 22.7)
- Male retiring at age 65 in 20 years 20.6 years (2024 – 20.6)
- Females retiring at age 65 in 20 years 24.2 years (2024 – 24.2).

15 Pension scheme (continued)

The estimated asset allocation of the whole fund as at 31 March 2025 is as follows:

	31 March 2025		31 March 2024	
	£'000	**%**	£'000	%
UK equities	**1,199**	**55%**	1,151	54%
Other bonds	**679**	**31%**	491	23%
Property	**231**	**11%**	207	10%
Cash	**67**	**3%**	45	2%
UK and overseas unit trusts	**—**	**—**	253	12%
	2,176	**100%**	2,147	100%

The value of First Step Trust's share in the pension scheme's assets and liabilities at 31 March were:

	31 March 2025 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000
Fair value of scheme assets	**2,176**	2,146	1,974	2,113	1,934	1,525
Present value of scheme liabilities	**(2,009)**	(2,191)	(2,090)	(2,916)	(2,865)	(2,295)
Adjustments recognised to cap the net scheme surplus*	**(167)**	—	—	—	—	—
Gain (Deficit) in scheme	**—**	(45)	(116)	(803)	(931)	(770)

*As the net surplus in the scheme is considered to be irrecoverable, the recognition of the surplus on the balance sheet has been restricted to £nil. An adjustment of £167k has been offset against the overall actuarial gain for the year.

The overall movement in First Step Trust's share of the deficit during the year was as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Movement in surplus during the year		
Gain (Deficit) in scheme at 1 April	**(45)**	(116)
Movement in year:		
. Current service cost	**(30)**	(44)
. Employer contributions	**23**	33
. Net finance charge and administration costs	**(3)**	(6)
. Actuarial gain	**222**	88
Adjustments recognised to cap the net scheme surplus	**(167)**	—
Surplus in scheme at 31 March	**—**	(45)

15 Pension scheme (continued)

Changes in First Step Trust's share of the present value of the scheme liabilities are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Scheme liabilities at start of period	**2,191**	2,090
Current service cost	**30**	44
Interest cost	**104**	100
Contributions by scheme participants	**12**	18
Estimated benefits paid	**(98)**	(29)
Change in actuarial assumptions	**(229)**	(32)
Scheme liabilities at end of period	**2,009**	2,191

Changes in First Step Trust's share in the fair value of the present value of the scheme assets are as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fair value of scheme assets at start of period	**2,147**	1,974
Interest on assets	**103**	95
Return on assets less interest	**(8)**	58
Administration expenses	**(2)**	(2)
Estimated benefits paid	**(98)**	(29)
Contributions by employer	**23**	33
Contributions by scheme participants	**12**	18
Fair value of scheme assets at end of period	**2,176**	2,147

15 Pension scheme (continued)

The pension charge for the year calculated under FRS 102 assumptions is reflected in the financial statements as follows:

	2025 £'000	2024 £'000
Analysis of the amount charged to the statement of financial activities (SOFA)		
Current service cost	**30**	44
Total operating charge	**30**	44
Analysis of other finance charge		
Interest on pension liabilities	**2**	5
Administrative expenses	**2**	2
Net finance cost	**4**	7
Net revenue account cost	**34**	51
Amounts recognised as other gains and losses		
Return on fund assets in excess of interest	**8**	58
Change in actuarial assumptions	**(229)**	30
Adjustments recognised to cap the net scheme surplus	**167**	—
	(55)	88

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities:

Assumption	**Change in assumption**	**Approximate impact on scheme liabilities**
Discount rate	Decrease/increase by 0.1% pa	+£44,000/-£42,000
Salaries	Decrease/increase by 0.1% pa	+£43,000/-£43,000
Pension	Decrease/increase by 0.1% pa	+£44,000/-£42,000
Rate of mortality	1 year increase/decrease in life expectancy	+£45,000/-£42,000

FIRST STEP TRUST

England & Wales - Charity number 1077959

Accounts

First Step Trust

Annual Report and Financial Statements

31 March 2024

Company Limited by Guarantee
Registration Number
03730562 (England and Wales)

Charity Registration Number
1077959

Contents

Reports

Legal and administrative information 1

Directors' report 2

Independent auditor's report 9

Financial statements

Statement of financial activities 14

Balance sheet 15

Statement of cash flows 16

Principal accounting policies 17

Notes to the financial statements 20

Legal and administrative information

Chief Executive	R Wilson
Company secretary	Position currently vacant
Board of directors	R Barringer C E Jelf J G J Hryniewicz M M Khan A P Milnes
Registered office	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
Telephone	020 8855 7386
Facsimile	020 8855 7386
Website	www.firststeptrust.org.uk
E-mail	fst@firststeptrust.org.uk
Company registration number	03730562 (England and Wales)
Charity registration number	1077959
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
Solicitors	Burley Law Ltd Universities Centre Faraday Wharf Holt Street Birmingham B7 4BB

The directors present the statutory report and financial statements of First Step Trust ("FST") for the year ended 31 March 2024.

The report, which constitutes a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

FST was incorporated on 10 March 1999 (and commenced activities on 1 January 2000) as a company limited by guarantee and not having share capital (registration number 03730562). It has also been registered as a charity since 1994 (registration number 1077959) prior to its incorporation, and is permitted to exclude the word "limited" from its name under Section 60 of the Companies Act 2006.

Organisational structure

Overall responsibility for the company lies with the directors who meet on a regular basis to decide upon policy and strategy. The day to day running of the company is delegated to the Chief Executive and his Deputy.

Current policies and procedures are easily accessible and are kept updated on the Trust's website.

Key management personnel

The board of directors, the Chief Executive, the Deputy Chief Executive and a further seven employees with management responsibilities for the company's operations, finance, catering and garages, are considered to comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The directors give their time freely and no director received remuneration in the year.

The pay of the key management personnel is reviewed annually by the board of directors and are aligned with average earnings of similar charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The directors of the charitable company constitute the trustees of the charity. The following directors served during the year and up to the date of approval of this report:

Directors	
P Holbrook	Appointed 2 October 2023, resigned 2 September 2024
R Barringer	
S Cader	Resigned 25 November 2024
C Furnivall	Resigned 25 January 2024
M M Khan	
C E Jelf	Appointed 18 October 2024
J G J Hryniewicz	Appointed 18 October 2024
A P Milnes	Appointed 21 October 2024
S Newcombe	Resigned 14 June 2024
A Okill	Resigned 4 October 2023
S M Price	Resigned 2 September 2024

No director received any remuneration for services as a director (2023 - £nil). No director was reimbursed travelling expenses (2023 – £nil)

Members' liability

In the event of the company being wound up, members and those who cease to be members within one year, are required to contribute an amount not exceeding £1 per person.

Statement of directors' responsibilities

The directors of First Step Trust are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The directors' report has been prepared in accordance with the special provisions of Part 16 of the Companies Act 2006 relating to small companies including the exemption from preparing a strategic report.

Directors' induction process

As an organisation FST wants to make sure that the directors, in addition to understanding the full range of their responsibilities and obligations, understand the underpinning values and commitment to service users.

In order to achieve these objectives the induction process for new or potential directors includes a period of voluntary work and an invitation to attend two or three Board Meetings before a formal decision is made.

OBJECTIVES AND ACTIVITIES

Principal aims and activities

FST aims to support or promote such charitable purposes as the directors may in their absolute discretion determine, but in particular to assist those in the community with mental health problems and other disabilities or disadvantages by the application of FST principles to the provision of services for such people.

Such activities include:

- To establish further employment projects for people with mental health problems and other disabilities throughout the UK;
- To test the capacity of the FST model as a means of providing work experience and employment opportunities in areas outside traditional 'blue collar' employment; and

OBJECTIVES AND ACTIVITIES (continued)

Principal aims and activities (continued)

- To lay the foundations for the longer term growth of FST as a national charity.

Public benefit statement

The directors confirm that they have complied with their duty under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. On pages 5 to 9, the annual report gives a detailed description of the activities undertaken by the charitable company during the year in furtherance of its charitable purposes, and the directors are satisfied that all such activities provide a public benefit.

ACHIEVEMENTS AND PERFORMANCE

Achievements in the year

During the time since our last report we have continued to restructure the organisation as we move closer to expanding the delivery of our range of programmes nationally. During the year, board members left: Carole Furnivall (Chair), Sally Newcombe (Health & Safety) and Amanda Okill left. These were long term members of the board, helping develop FST from its beginnings and their contribution has been much valued.

Carole was replaced as Chair by Peter Holbrook OBE. Unfortunately, following a major accident, Peter stepped down, resulting in Mohammed Khan taking up the position of acting chair. We are thankful to Mohammed Khan for taking this on temporarily until we recruit a new chair.

We would like to take this opportunity to thank Carole, Sally, Amanda for their long term commitment to FST and for staggering their departure to enable us to begin recruiting the new board. We would also like to thank Steve and Peter for their contribution to the long term plan for FST and for their commitment to the organisation's growth during their time with us.

Given FST's continuing development in the area of training and technology we recognise the need to bring new skills to the board. We therefore continue to recruit new Trustees and are pleased to confirm the appointment of Andrew Milnes, Clive Jelf and Jan Hryniewicz to the board.

Andy is a retried BP executive with experience of supporting small business development in the private and VCS sectors. Clive also has extensive experience of supporting small businesses and charities to thrive across London over many years. Jan joined FST in 2003 when he was referred to us by his mental health support worker. Since then, Jan became our first ever salaried Employment Development Worker and stayed with us until 2005. Jan has kept in touch with FST over the years and is now ready to support the organisation as a Trustee with a specific remit of ensuring that the core values and philosophy remain our focus as the organisation moves on to a new stage of development.

ACHIEVEMENTS AND PERFORMANCE (continued)

Achievements in the year (continued)
Work has continued to increase the range of courses available to our own workforce and other disadvantaged learners. The garage programme is being extended to include a new Electric Vehicle Awareness programme aimed at people who work in all aspects of the motor industry who may have contact with electric vehicles in the course of their working day e.g., vehicle technicians, sales staff, customer service staff.

The programme is being developed through the support of Andy Palmer (Palmer Foundation) Steve Nash (CEO at the Institute of the Motor Industry) and Andy Turbefield (Head of Quality at Halfords). Other programmes under consideration include a basic electrical skills course aimed at helping the people we support gain the skills and knowledge required to undertake basic tasks e.g., battery change safely.

The 10 Module garage training programme is now fully registered as an IMI approved programme and we have now registered the VR (virtual reality) tyre changing programme as a 2 part programme. Part A allows trainees to learn how to safely remove and replace a damaged tyre then rebalance it before putting it back onto the vehicle. Part B is about applying the same skills, knowledge, and competences in a real world garage. Both parts of the programme are backed up by the Our Virtual Garage® workbook which provides access to the underpinning knowledge required to achieve IMI certification. FST is the first organisation to develop an IMI Approved garage training programme offering access to an award that recognises VR competence.

We're excited to announce the development of a brand new Pre CSCS (Construction Skills Certification Scheme) aimed at helping the people we support overcome some of the barriers to learning involved in gaining a 'Green Card'. This is essential for working on a construction site. This programme will be an interactive programme that feeds into our VR excavator programme which may be extended to include a wider range of construction vehicles e.g., forklift, dumper truck etc.

The relationship with Halfords, the IMI and the Palmer Foundation is also going well. To date we have now placed 6 FST 'graduates' with Halfords, 5 young black men and 1 white woman. We have also supported another 3 young black men to apply for a college place to study for a Level 2 Motor Vehicle Technician or equivalent. Another 3 young men are working towards joining Halfords at a future date.

Developing the accessible training programmes has also enabled us up to open up new training opportunities for the FST workforce and local people. For example we now employ 8 people as trainers delivering our programmes across London. 5 are people with lived experience of mental health problems or other disadvantages.

This includes Laura (workforce member discussed in last year's report) who is now employed by FST as our Automotive Training and Support Worker following her successful completion of the Level 2 Motor Vehicle Technician. Laura will be providing training for other FST workforce members using our 10 Module programme.

Work is also continuing to develop VR training opportunities in the secure services projects in the North West.

ACHIEVEMENTS AND PERFORMANCE (continued)

Achievements in the year (continued)

Across all the projects, we engaged with 454 people during the year, primarily people with mental health problems or other disabilities, with 54% referred through forensic services. 26% being women.

These formed a diverse population with 68% of black or ethnic minority origins. The age distribution indicates that the FST workforce overall continues to represent a relatively young population of people with long term mental health problems with 50% aged 26 to 45. Through our short courses we continue to succeed in engaging more young people with 24% of those attending aged 25 and under.

FST continues to work with those furthest from the labour market: 100% of the total workforce have been unemployed for at least 12 months before joining FST, while 67% have not been employed for over five years including 44% who have never worked at all. A significant number of these are educationally disadvantaged with half of them leaving school without any qualifications. Despite their disadvantage, people are keen to progress towards improving their employability, looking to gain skills, qualifications, and employment opportunities.

Of the 95 workforce members in the projects (45 of whom are in secure units), 48 have a Personal Development Plan with an employment aim, 5 are actively job seeking with 4 submitting job applications. 2 have gained interviews and were successful in obtaining full time paid employment outside of FST. Another has obtained p/time paid employment at FST.

We continue to support 3 people who have left FST and are currently in full time employment and 8 FST employees recruited from the shop floor. In addition, 3 leavers have left to attend college and we are supporting 4 people at college while still attending FST part time.

Total courses attended: 660 of which 438 completed, 89 are currently in progress and 133 were discontinued.
Of these, 116 were formal qualification courses. 100 passes were achieved and 12 are currently in progress.

Areas in which training was undertaken included VR Garage, Catering (incorporating Food Hygiene Level 2 and 3) and Construction, practical motor mechanics, Driving Ambition, Customer Service and Health & Safety.

Thanks to

- The Milnes family for their continued support for our Driving Ambition® programme
- UFi VocTech Trust funding for the 10 Module programme
- The Palmer Foundation for their ongoing support
- Andy Turbefield Head of Quality at Halfords AutoCentres for advice and support to develop the 10 module programme.

FINANCIAL REVIEW

Financial report for the period

A summary of the results for the year can be found on page 14 of the attached financial statements.

Total income was £1,407,878 (2023 - £1,577,678) of which £1,121,514 (2023 - £1,395,751) was income generated from the various activities outlined in "achievements and performance".

Total expenditure amounted to £1,278,337 (2023 - £1,224,755). Staff costs, including agency costs, of £746,570 continue to be the largest single item of expenditure and represent 53% of total income (2023 – staff costs were £723,631 and 46% of total income).

The surplus for the year amounted to £129,541 before actuarial gains of £87,961 on the defined benefit pension scheme (2023 - surplus of £352,923 before actuarial gains of £746,268) which generated a positive net movement on funds of £217,502 (2023 positive net movement in funds of £1,099,191).

Reserves policy

The board of directors have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, which are represented by the general fund, and those designated for specific purposes or otherwise committed.

The directors aim to hold general funds equal to approximately six months' unrestricted fund expenditure (approximately £600,000) and the general fund balance at 31 March 2024 was retained at the level £600,000.

It has been agreed by the board of directors that the charity should have sufficient general funds to enable the charity to meet statutory and moral obligations to funders, employees and people using the services of the FST in the event of losing grant funding. The "project support" designated fund balance has been retained at a level of £300,000 at 31 March 2024. The directors also recognise that there may be a call on reserves in future to purchase a building in Crayford or Lambeth and therefore the designated new building fund of £2,455,681 at 31 March 2023 has been increased to £2,651,707.

The directors have also considered applying surplus funds in to investments. However, after having taken advice and in view of the continuing uncertainties around market volatility, it has been decided to delay any decision for the time being. This will be kept under review.

The directors have re-examined FST's requirements for reserves in light of the charity's sustainability in the foreseeable future. They consider that the current reserves policy protects FST and its longer term charitable objectives by providing sufficient reserves to adjust to changing financial circumstances: to cover any temporary shortfalls in income, provide adequate working capital to cover core expenditure and respond to unforeseen events until specific mitigating action can be implemented.

FINANCIAL REVIEW (continued)

Financial position

The net current asset position at 31 March 2024 of £3.65m is an improvement on the prior year of £3.5m and the charity continues to have a strong working capital base, with £3.5m being held in cash at 31 March 2024 (2023 - £3.6m).

The balance sheet shows total funds of £4,484,346 (2023 - £4,266,844) of which £54,198 is restricted funding (2023 - £23,546) and £4,430,148 is unrestricted which consists of £3,830,148 of designated funding for specific purposes as explained in the reserves policy above (2023 - £3,643,298), and a general fund reserve of £600,000 (unchanged from 2023 of £600,000). Included in general fund reserves is a defined benefit pension scheme liability of £44,732 (2023 - £115,811).

The designated funds include a fixed assets fund of £878,438 (being fixed assets not represented by restricted and general funds); a project support fund of £300,000 which has been set aside to ensure that FST is able to meet its obligations to its employees and funders in the event of a serious incident or long term absence; and a new building fund of £2,651,709, the aim of which is to reduce long term administrative costs through the purchase of its own premises.

General funds or free reserves of the charity at 31 March 2024 totalled £600,000 The directors are satisfied that the current level of free reserves is sufficient to meet the charity's immediate operational needs and meets the desired target as noted in the reserves policy above.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity. The directors believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Signed on behalf of the Board of Directors

.....

Director: Mohammad Mohtashim Khan

Approved by the board on:

18 December 2024

Independent auditor's report to the members of First Step Trust

Opinion

We have audited the financial statements of First Step Trust (the 'charitable company') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charitable company and management.

- We obtained an understanding of the legal and regularity frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, Health & Safety and Minimum Wage regulations.

- We understood how the charitable company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes of the charitable company.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;

- Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and

- Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors. There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Auditor's responsibilities for the audit of the financial statements (continued)
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

20 December 2024

Statement of financial activities Year to 31 March 2024
(Including Income and Expenditure account)

	Notes	**Unrestricted funds £**	**Restricted funds £**	**Total funds 2024 £**	Unrestricted funds £	Restricted funds £	Total funds 2023 £
Income from:							
Donations and legacies		**368**	**6,000**	**6,368**	5,312	3,000	8,312
Charitable activities:							
. Grant funding	1	**—**	**219,434**	**219,434**	—	152,258	152,258
. Trading activities		**1,121,514**	**—**	**1,121,514**	1,395,751	—	1,395,751
Interest receivable		**50,193**	**—**	**50,193**	19,416	—	19,416
Other		**10,369**	**—**	**10,369**	1,941	—	1,941
Total income		**1,182,444**	**225,434**	**1,407,878**	1,422,420	155,258	1,577,678
Expenditure on:							
Charitable activities	2	**1,083,555**	**194,782**	**1,278,337**	945,763	278,992	1,224,755
Total expenditure		**1,083,555**	**194,782**	**1,278,337**	945,763	278,992	1,224,755
Net income (expenditure) for the year	3	**98,889**	**30,652**	**129,541**	476,657	(123,734)	352,923
Other recognised gains/(losses):							
Actuarial gain on defined benefit pension scheme	15	**87,961**	**—**	**87,961**	746,268	—	746,268
Net movement in funds for the year		**186,850**	**30,652**	**217,502**	1,222,925	(123,734)	1,099,191
Fund balances brought forward at 1 April 2023		**4,243,298**	**23,546**	**4,266,844**	3,020,373	147,280	3,167,653
Fund balances carried forward at 31 March 2024		**4,430,148**	**54,198**	**4,484,346**	4,243,298	23,546	4,266,844

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet 31 March 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	6		**878,438**		887,617
Current assets					
Debtors	7	**325,672**		28,594	
Short term deposits		**1,946,458**		1,896,266	
Cash at bank and in hand		**1,545,229**		1,741,397	
		3,817,359		3,666,257	
Current liabilities					
Creditors: amounts falling due within one year	8	**(166,719)**		(171,219)	
Net current assets			**3,650,640**		3,495,038
Total net assets excluding pension liability			**4,529,078**		4,382,655
Defined benefit pension scheme liability	15		**(44,732)**		(115,811)
Total net assets			**4,484,346**		4,266,844
The funds of the charity:					
Restricted funds	10		**54,198**		23,546
Unrestricted funds					
. Designated funds	11	**3,830,148**		3,643,298	
. General funds		**600,000**		600,000	
			4,430,148		4,243,298
Total charity funds	12		**4,484,346**		4,266,844

Approved by the directors and signed on its behalf by:

Mohammad Mohtashim Khan

Director of First Step Trust
Company registration number
03730562 (England and Wales)

Approved on: 18 December 2024

Statement of cash flows 31 March 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash (used in) / provided by operating activities	A	**(171,242)**	412,264
Cash flows from investing activities:			
Investment income		**50,193**	19,416
Purchase of tangible fixed assets		**(24,927)**	(15,940)
Net cash provided by (used in) investing activities		**25,266**	3,476
Change in cash and cash equivalents in the year		**(145,976)**	415,740
Cash and cash equivalents at 1 April 2023	B	**3,637,663**	3,221,922
Cash and cash equivalents at 31 March 2024	B	**3,491,687**	3,637,663

Notes to the statement of cash flows for the year to 31 March 2024.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	**217,502**	1,099,191
Adjustments for:		
Depreciation charge	**34,106**	32,427
Actuarial (gain) loss on defined benefit pension scheme	**(87,961)**	(746,268)
Difference between pension charge and cash contributions	**10,551**	37,137
Defined pension scheme finance cost	**6,335**	21,793
Interest receivable	**(50,193)**	(19,416)
(Increase) decrease in debtors	**(297,077)**	(1,290)
Increase (decrease) in creditors	**(4,500)**	(11,310)
Net cash (used in) / provided by operating activities	**(171,242)**	412,264

B Analysis of cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	**1,545,229**	1,741,397
Short term deposits	**1,946,458**	1,896,266
Total cash and cash equivalents	**3,491,687**	3,637,663

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2024.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

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

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the directors' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant estimates and judgments are:

Defined benefit pension scheme
The charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The directors estimates of these factors determine the net pension obligation in the balance sheet and the directors obtain professional valuations from qualified actuaries to provide assumptions that reflect historical experience and current trends. For details of assumptions adopted, see note 15.

Assessment of going concern
The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern and that the charity will have sufficient resources to meet its liabilities as they fall due. The directors are of the opinion that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from Government and other agencies have been included as income from charitable activities where these relate to delivering specific projects, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from trading activities represents the sale of goods and services and includes income receivable under service agreements with public health bodies. Income from goods is recognised when the risks and rewards of ownership have passed to the buyer. Income from services is recognised when the services are provided to the buyer.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities:

The costs of charitable activities comprises direct expenditure on the provision of the charity's services, i.e. carrying out of projects consistent with the charity's primary charitable objectives, and includes support costs and governance costs.

Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs and also include support in the form of personnel development, financial procedures, the provision of office services and equipment and a suitable working environment. Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to the day to day, management of the charitable company's activities.

Tangible fixed assets

All tangible fixed assets are stated at cost less depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Freehold buildings 2% on cost
- Long leasehold buildings 2% on cost
- Plant, machinery and other equipment 50% on cost

Tangible fixed assets (continued)

- Motor vehicles 25% on cost

Freehold land is not depreciated.

Debtors
Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Financial instruments
The company only holds basic financial instruments as defined in FRS102. The financial assets and financial labilities of the company and their measurement basis is as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash and cash equivalents – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost. Taxation and social security are not included in the financial instrument disclosure definition. Deferred income is not deemed to be a financial liability, as cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting
The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The designated funds are monies set aside out of general funds and designated for specific purposes by the directors.

The restricted funds were monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

Defined benefit pension scheme

The charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the SORP FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises: • the increase in pension benefit liability arising from employee service during the period; and • the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense'.

Defined contribution pension plans

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in independently administered funds.

1 Grant funding for specific activities

	Unrestricted funds £	Restricted funds £	**Total funds 2024 £**
UK Government grants			
The National Lottery Community Fund	—	144,434	**144,434**
UFi VocTech Trust	—	75,000	**75,000**
2024 Total funds	—	219,434	**219,434**

	Unrestricted funds £	*Restricted funds £*	*Total funds 2023 £*
UK Government grants			
The National Lottery Community Fund	—	*57,258*	*57,258*
UFi VocTech Trust	—	*85,000*	*85,000*
The National Lottery Community Fund	—	*10,000*	*10,000*
2023 Total funds	—	*152,258*	*152,258*

2 Charitable activities

	Unrestricted funds £	Restricted funds £	**Total funds 2024 £**
Staff costs (note 4)	593,486	153,084	**746,570**
Interest on defined benefit pension liability	6,335	—	**6,335**
Direct materials	153,310	7,195	**160,505**
Travel expenses	38,247	2,281	**40,528**
Premises costs	24,718	25,425	**50,143**
Printing, postage and stationery	2,556	—	**2,556**
Events and publicity	10,446	—	**10,446**
Telephone	6,290	—	**6,290**
Recruitment	6,762	1,089	**7,851**
Insurance	14,896	—	**14,896**
Consultancy, legal fees, subscriptions and bank charges	147,267	—	**147,267**
Depreciation	34,106	—	**34,106**
Training and development	23,963	8,708	**32,671**
Other expenses including bad debt recoveries	3,672	—	**3,672**
	1,066,055	197,782	**1,263,837**
Governance costs	14,500	—	**14,500**
2024 Total funds	1,080,555	197,782	**1,278,337**
Governance costs include:			
Audit fees	14,500	14,500	**14,500**
2024 Total governance costs	14,500	14,500	**14,500**

2 Charitable activities (continued)

Comparative year

	Unrestricted funds £	*Restricted funds £*	*Total funds 2023 £*
Staff costs (note 4)	*535,009*	*188,622*	*723,631*
Interest on defined benefit pension liability	*21,793*	*—*	*21,793*
Direct materials	*86,581*	*59,780*	*146,361*
Travel expenses	*25,494*	*649*	*26,143*
Premises costs	*25,695*	*24,639*	*50,334*
Printing, postage and stationery	*3,506*	*—*	*3,506*
Events and publicity	*3,898*	*—*	*3,898*
Telephone	*4,636*	*—*	*4,636*
Recruitment	*7,613*	*3,392*	*11,005*
Insurance	*10,836*	*—*	*10,836*
Consultancy, legal fees, subscriptions and bank charges	*162,719*	*—*	*162,719*
Depreciation	*32,427*	*—*	*32,427*
Training and development	*11,246*	*1,910*	*13,156*
Other expenses including bad debt recoveries	*1,311*	*—*	*1,311*
	932,763	*278,992*	*1,211,755*
Governance costs	*13,000*	*—*	*13,000*
2023 Total funds	*945,763*	*278,992*	*1,224,755*
Governance costs include:			
Audit fees	*13,000*	*—*	*13,000*
2023 Total governance costs	*13,000*	*—*	*13,000*

3. Net income for the year

This is stated after charging:

	2024 £	2023 £
Staff costs (note 4)	**746,570**	723,631
Auditor's remuneration		
. Statutory audit services	**14,500**	13,000
Depreciation (note 6)	**34,106**	32,427
Operating leases – land and buildings	**21,748**	24,200
Operating leases – plant and equipment	**1,507**	108,262

4. Staff costs including key management personnel and directors' remuneration and expenses

	2024 **£**	2023 £
Staff costs during the period were as follows:		
Wages and salaries	**638,651**	589,885
Social security costs	**56,249**	56,196
Other pension costs	**51,490**	77,550
	746,570	723,631

Included in wages and salaries is £14,820 of statutory contractual redundancy payment made to one employee (2023 – two employee of £19,716).

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2024 **Number**	2023 Number
£80,001 - £90,000	**1**	1
£90,001 - £100,000	**1**	1
	2	2

Both of the above employees had benefits accruing to them under the charitable company's defined benefit pension scheme and employer contributions paid to the scheme during the year for the two employees totalled £33,191 (2023 - £33,468).

The average number of employees during the year involved in charitable activities was:

	2024 **Number**	2023 Number
Charitable activities	**21**	**21**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and comprise the directors, the Chief Executive, the Deputy Chief Executive and six individuals with management responsibilities over key areas of the company's operations.

The directors received no remuneration.

The number of key management personnel receiving remuneration was 7 (2023: 7). The total remuneration (including employers national insurance and pension contributions) paid to the key management personnel was £421,872 (2023 -£383,485).

Directors' expenses

No expenses were reimbursed to directors or incurred on their behalf during the year. (2023 – None).

5. Taxation

First Step Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6. Tangible fixed assets

	Freehold land and buildings £	Long leasehold buildings £	Plant machinery and equipment £	Motor vehicles £	**Total £**
Cost					
At 1 April 2023	708,122	407,998	10,910	13,826	**1,140,856**
Additions	13,232	—	11,695	—	**24,927**
Disposals	—	—	(5,717)	—	**(5,717)**
At 31 March 2024	721,354	407,998	16,888	13,826	**1,160,066**
Depreciation					
At 1 April 2023	194,232	48,391	3,702	6,914	253,239
Charge for period	14,531	8,160	7,959	3,456	**34,106**
On disposals	—	—	(5,717)	—	**(5,717)**
At 31 March 2024	208,763	56,551	5,944	10,370	**281,628**
Net book values					
At 31 March 2024	512,591	351,447	10,944	3,456	**878,438**
At 31 March 2023	513,890	359,607	7,208	6,912	**887,617**

7. Debtors

	2024 £	2023 £
Trade debtors	**312,534**	14,409
Prepayments	**13,138**	14,185
	325,672	28,594

8. Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	**10,895**	11,649
Other creditors	**8,453**	9,695
Social security and other taxes	**80,817**	84,274
Accruals and deferred income	**66,554**	65,601
	166,719	171,219

Included in creditors is £Nil of deferred income relating to funding for services to be delivered in 2024/25 (2023 - £30,000).

9. Financial instruments and financial risk management

The charity only holds basic financial instruments, all measured at amortised cost as follows:

	2024 £	2023 £
Financial assets measured at amortised cost	**3,804,221**	3,652,072
Financial liabilities measured at amortised cost	**55,902**	56,945

The charity has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The charity seeks to meet its financial obligations through cash flows from its charitable activities. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10. Restricted funds

In the year 2023/24, restricted funds consisted of:

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	**At 31 March 2024 £**
The National Lottery (i)	7,800	—	—	—	**7,800**
The National Lottery (ii)	50,293	144,434	(165,079)	—	**29,648**
Walcott Foundation	13,750	—	—	—	**13,750**
Driving Ambition Donations	2,703	6,000	(8,703)	—	—
The National Lottery (iii)	5,425	-	(5,425)	—	—
UFi VocTech Fund	(59,425)	75,000	(15,575)	—	—
Andy Palmer Foundation	3,000	—	—	—	**3,000**
	23,546	225,434	(194,782)	—	**54,198**

	At 1 April 2022 £	*Income £*	*Expenditure £*	*Transfers £*	*At 31 March 2023 £*
The National Lottery (i)	*7,800*	—	—	—	*7,800*
The National Lottery (ii)	*122,027*	*57,258*	*(128,992)*	—	*50,293*
Walcott Foundation	*13,750*	—	—	—	*13,750*
Driving Ambition Donations	*3,703*	—	*(1,000)*	—	*2,703*
The National Lottery (iii)	—	*10,000*	*(4,575)*	—	*5,425*
UFi VocTech Fund	—	*85,000*	*(144,425)*	—	*(59,425)*
Andy Palmer Foundation	—	*3,000*	—	—	*3,000*
	147,280	*155,258*	*(278,992)*	—	*23,546*

The charity had spent in excess of the income received for the Ufi VocTech project at 31 March 2023. The project was funded in arrears and was conditional on milestones being achieved before funding was released and recognised as income. The charity received funding post year end to cover the deficit of £59,425 and no transfer from general reserves was required

10 Restricted funds (continued)

The specific purposes for which the funds are to be applied are as follows:

- *The National Lottery*
  Three separate funds are hold for the following projects:

i) Funding provided by the Community Fund to improve the delivery of Abbeville services to the local community by funding double glazing for the premises.

ii) Funding received from the Community Fund for the SMaRT Pathways project to enable people with no formal educational qualifications and are long term unemployed to progress towards a career in the automotive industry. The total funding is £0.5m over a three year period.

iii) Funding received to assist with cost of living crisis, specifically utility bills.

- *Walcott Foundation*
  Funding was provided for residents of Lambeth who are employed by the charity.

- *Driving Ambition*
  These funds represented donations received towards our Driving ambition programme.

- *UFi VocTech Fund*
  This fund was received to develop a garage training programme utilising digital technologies in the provision of adult learning

- *Andy Palmer Foundation*
  Funding was for one workforce member to undertake their Motor Vehicle Technician Level 2 college course in September 2023.

11. Designated funds

The funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	At 1 April 2023 £	New designations and transfers	Utilised/ realised £	**At 31 March 2024 £**
Fixed assets fund	887,617	24,929	(34,106)	**878,440**
New building fund	2,455,681	196,026	—	**2,651,707**
Project support fund	300,000	—	—	**300,000**
	3,643,298	220,955	(34,106)	**3,830,147**

- *Fixed asset fund*
  This fund represents the net book value of the charity's fixed assets. The funds have been set aside to demonstrate the importance of those assets to the charity's continuing work, and to highlight that the funds do not represent monies available for future operational expenditure.

- *New building fund*
  The Trust is seeking opportunities to acquire new premises to support the development of its core activities. This fund has been set aside for the purchase of new properties.

- *Project support fund*
  The fund has been set aside to ensure that the trust is able to meet its obligations to employees and funders in the event of a serious incident or long-term absence.

Comparatives

	At 1 April 2022 £	*New designations and transfers*	*Utilised/ realised £*	*At 31 March 2023 £*
Fixed assets fund	*904,104*	*15,940*	*(32,427)*	*887,617*
New building fund	*1,216,269*	*1,239,412*	—	*2,455,681*
Project support fund	*300,000*	—	—	*300,000*
	2,420,373	*1,255,352*	*(32,427)*	*3,643,298*

12. Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	**Total 2024 £**
Fund balances at 31 March 2024 are represented by:				
Tangible fixed assets	—	878,438	—	**878,438**
Current assets	811,451	2,951,710	54,198	**3,817,359**
Current liabilities	(166,719)	—	-	**(166,719)**
Total net assets before non-current liabilities and pension liabilities	644,732	3,830,148	54,198	**4,529,078**
Pension liability	(44,732)	—	—	**(44,732)**
Total net assets	600,000	3,830,148	54,198	**4,484,346**

Comparatives:	*General fund £*	*Designated funds £*	*Restricted funds £*	*Total 2023 £*
Fund balances at 31 March 2023 are represented by:				
Tangible fixed assets	—	*887,617*	—	*887,617*
Current assets	*887,030*	*2,755,681*	*23,546*	*3,666,257*
Current liabilities	*(171,219)*	—	—	*(171,219)*
Total net assets before non-current liabilities and pension liabilities	*715,811*	*3,643,298*	*23,546*	*4,382,655*
Pension liability	*(115,811)*	—	—	*(115,811)*
Total net assets	*600,000*	*3,643,298*	*23,546*	*4,266,844*

13. Related party transactions

There were no related party transactions undertaken during the year (2023: £nil).

14. Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any director, officer of the charitable company, or employee and to indemnify any director, officer of the company, or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance is £5,000,000 (2023 - £5,000,000) and the total premium paid in respect of such insurance was £963 (2023 - £660).

15. Pension scheme

First Step Trust is one of the employing bodies included within the London Borough of Greenwich Pension Fund.

The total employer contribution in respect of the funded defined benefit scheme for the year was £33,191 (2023 - £33,468). The best estimate of contributions to be paid by the employer for the year beginning 1 April 2024 is £33,191

The assets of the scheme are held independently of the charity's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The last comprehensive actuarial valuation was at 31 March 2022.

In order to assess the actuarial value of the charity's assets and liabilities at 31 March 2024; the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2022. The major assumptions used by the actuary were (in nominal terms):

	2024 % per annum	2023 % per annum
CPI increases	**3.00%**	2.95%
Rate of increase in salaries	**4.00%**	3.95%
Rate of increase for pensions	**3.00%**	2.95%
Discount rate for liabilities	**4.85%**	4.80%

The mortality assumptions adopted at 31 March 2023 have been provided by the actuary and assume the following life expectancies:

- Male retiring at age 65 today 19.3 years (2023 – 19.6)
- Females retiring at age 65 today 22.7 years (2023 – 23.0)
- Male retiring at age 65 in 20 years 20.6 years (2023 – 21.0)
- Females retiring at age 65 in 20 years 24.2 years (2023 – 24.5)

15 Pension scheme (continued)

The estimated asset allocation of the whole fund as at 31 March 2024 is as follows:

	31 March 2024		31 March 2023	
	£'000	**%**	£'000	%
UK equities	**1,151**	**54%**	1,047	53%
Other bonds	**491**	**23%**	449	23%
Property	**207**	**10%**	197	10%
Cash	**45**	**2%**	34	2%
UK and overseas unit trusts	**253**	**12%**	247	12%
	2,147	**100%**	1,974	100%

The value of First Step Trust's share in the pension scheme's assets and liabilities at 31 March were:

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000
Fair value of scheme assets	2,146	1,974	2,113	1,934	1,525	1,710
Present value of scheme liabilities	(2,191)	(2,090)	(2,916)	(2,865)	(2,295)	(2,516)
Deficit in scheme	(45)	(116)	(803)	(931)	(770)	(806)

The overall movement in First Step Trust's share of the deficit during the year was as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Movement in deficit during the year		
Deficit in scheme at 1 April	**(116)**	(803)
Movement in year:		
. Current service cost	**(44)**	(71)
. Employer contributions	**33**	34
. Net finance charge and administration costs	**(6)**	(22)
. Actuarial gain	**88**	746
Deficit in scheme at 31 March	**(45)**	(116)

15 Pension scheme (continued)

Changes in First Step Trust's share of the present value of the scheme liabilities are as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Scheme liabilities at start of period	**2,090**	2,915
Current service cost	**44**	71
Interest cost	**100**	75
Contributions by scheme participants	**18**	18
Estimated benefits paid	**(29)**	(89)
Change in actuarial assumptions	**(32)**	(900)
Scheme liabilities at end of period	**2,191**	2,090

Changes in First Step Trust's share in the fair value of the present value of the scheme assets are as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fair value of scheme assets at start of period	**1,974**	2,112
Interest on assets	**95**	54
Return on assets less interest	**58**	(110)
Other actuarial (losses)	**—**	(44)
Administration expenses	**(2)**	1
Estimated benefits paid	**(29)**	(89)
Contributions by employer	**33**	34
Contributions by scheme participants	**18**	16
Fair value of scheme assets at end of period	**2,147**	1,974

15 Pension scheme (continued)

The pension charge for the year calculated under FRS 102 assumptions is reflected in the financial statements as follows:

	2024 £'000	2023 £'000
Analysis of the amount charged to the statement of financial activities (SOFA)		
Current service cost	**44**	71
Total operating charge	**44**	71
Analysis of other finance charge		
Interest on pension liabilities	**5**	21
Administrative expenses	**2**	1
Net finance cost	**7**	22
Net revenue account cost	**51**	93
Amounts recognised as other gains and losses		
Return on fund assets in excess of interest	**58**	(110)
Change in actuarial assumptions	**30**	856
	88	746

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Assumption	**Change in assumption**	**Approximate impact on scheme liabilities**
Discount rate	Decrease/increase by 0.1% pa	+£44,000/-£42,000
Salaries	Decrease/increase by 0.1% pa	+£43,000/-£43,000
Pension	Decrease/increase by 0.1% pa	+£44,000/-£42,000
Rate of mortality	1 year increase/decrease in life expectancy	+£45,000/-£42,000

FIRST STEP TRUST

England & Wales - Charity number 1077959

Accounts

First Step Trust

Annual Report and Financial Statements

31 March 2023

Company Limited by Guarantee
Registration Number
03730562 (England and Wales)

Charity Registration Number
1077959

Contents

Reports

Legal and administrative information 1

Directors' report 1

Independent auditor's report 10

Financial statements

Statement of financial activities 14

Balance sheet 15

Statement of cash flows 16

Principal accounting policies 17

Notes to the financial statements 20

Legal and administrative information

Chief Executive	R Wilson
Company secretary	J Sibley
Board of directors	R Barringer S Cader C Furnivall M M Khan S Newcombe S M Price
Registered office	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
Telephone	020 8855 7386
Facsimile	020 8855 7386
Website	www.firststeptrust.org.uk
E-mail	fst@firststeptrust.org.uk
Company registration number	03730562 (England and Wales)
Charity registration number	1077959
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
Solicitors	Burley Law Ltd Universities Centre Faraday Wharf Holt Street Birmingham B7 4BB

The directors present the statutory report and financial statements of First Step Trust ("FST") for the year ended 31 March 2023.

The report, which constitutes a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

FST was incorporated on 10 March 1999 (and commenced activities on 1 January 2000) as a company limited by guarantee and not having share capital (registration number 03730562). It has also been registered as a charity since 1994 (registration number 1077959) prior to its incorporation, and is permitted to exclude the word "limited" from its name under Section 60 of the Companies Act 2006.

Organisational structure

Overall responsibility for the company lies with the directors who meet on a regular basis to decide upon policy and strategy. The day to day running of the company is delegated to the Chief Executive and his Deputy.

Current policies and procedures are easily accessible and are kept updated on the Trust's website.

Key management personnel

The board of directors, the Chief Executive, the Deputy Chief Executive and a further seven employees with management responsibilities for the company's operations, finance, catering and garages, are considered to comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The directors give their time freely and no director received remuneration in the year.

The pay of the key management personnel is reviewed annually by the board of directors and are aligned with average earnings of similar charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The directors of the charitable company constitute the trustees of the charity.

The following directors served during the year and up to the date of approval of this report:

Directors	
R Barringer	Appointed 24 October 2022
S Cader	
C Furnivall	
M M Khan	Appointed 2 January 2023
S Newcombe	
A Okill	Resigned 4 October 2023
S M Price	Appointed 2 January 2023

No director received any remuneration for services as a director (2022 - £nil). No director was reimbursed travelling expenses (2022 – £nil)

Members' liability

In the event of the company being wound up, members and those who cease to be members within one year, are required to contribute an amount not exceeding £1 per person.

Statement of directors' responsibilities

The directors of First Step Trust are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The directors' report has been prepared in accordance with the special provisions of Part 16 of the Companies Act 2006 relating to small companies including the exemption from preparing a strategic report.

Directors' induction process

As an organisation FST wants to make sure that the directors, in addition to understanding the full range of their responsibilities and obligations, understand the underpinning values and commitment to service users.

In order to achieve these objectives the induction process for new or potential directors includes a period of voluntary work and an invitation to attend two or three Board Meetings before a formal decision is made.

OBJECTIVES AND ACTIVITIES

Principal aims and activities

FST aims to support or promote such charitable purposes as the directors may in their absolute discretion determine, but in particular to assist those in the community with mental health problems and other disabilities or disadvantages by the application of FST principles to the provision of services for such people.

Such activities include:

- To establish further employment projects for people with mental health problems and other disabilities throughout the UK;
- To test the capacity of the FST model as a means of providing work experience and employment opportunities in areas outside traditional 'blue collar' employment; and

OBJECTIVES AND ACTIVITIES (continued)

Principal aims and activities (continued)

- To lay the foundations for the longer term growth of FST as a national charity.

Public benefit statement

The directors confirm that they have complied with their duty under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. On pages 5 to 9, the annual report gives a detailed description of the activities undertaken by the charitable company during the year in furtherance of its charitable purposes, and the directors are satisfied that all such activities provide a public benefit.

ACHIEVEMENTS AND PERFORMANCE

Future direction

This year has seen steady growth in our Virtual Reality (VR) and tech assisted learning and development programmes for the automotive trades, the catering industry. The programmes have been delivered both inside the secure estate and the wider community, offering access to automotive skills and food hygiene qualifications and on the job experience. Further programmes are in the planning stage working with the aim of developing prototypes early in the new year.

We continue to have good working relationships with Halfords Autocentres, I.M.I. (Institute of Motoring Industry) and Bridgestone Tyres, The Palmer Foundation and others. We are grateful for the support given to help us develop the best quality programmes without compromising on our objectives of making learning more accessible to those furthest away from the labour market. The aim is to use a blended training model utilising the relevant aspects of VR, video, and other accessible learning formats enabling graduates to move into employment or college.

This approach has already produced results with 3 young men moving on from FST paid job roles and apprenticeships. One young woman has also managed to secure a place with Bromley college to undertake a Level 2 Motor Vehicle Technician course (see below).

We were also pleased to be successful in gaining funding from Knowledge Transfer Partnership (Innovate UK) to develop a learning app that will make it easier for people to access learning materials as well as develop an understanding of how they learn. We are partnered with University of Southampton in this exciting development.

Achievements in the year

SMaRT Garage Services continues to develop generating nearly £90,000 trading income this year and providing steady stream of training and work experience placements both to the community and secure services.

Work continues at FST's other projects, with 2 significant changes:

- the FST project in Liverpool has successfully relocated to Rowan View (Ashworth Hospital) following the closure of the Scott Clinic. This has gone well and the team now engaging more patients in the kitchen and other areas. A pilot VR garage training programme is up and running and achieving good results.

ACHIEVEMENTS AND PERFORMANCE (continued)

Achievements in the year(continued)

- FST Abbevilles (Lambeth) has sadly closed down due to loss of funding. We are exploring a number of options for its future, but it will remain closed for the present.

Across all the projects, 350 people attended during the year, primarily people with mental health problems or other disabilities, with 40% referred through forensic services. These formed a diverse population with 54% of black or ethnic minority origins. The age distribution indicates that the FST workforce overall continues to represent a relatively young population of people with long term mental health problems with 60% aged 26 to 45. Through our short courses we are succeeding in engaging more young people with 27% of those attending aged 25 and under.

FST continues to work with those furthest from the labour market: 100% of the total workforce have been unemployed for at least 12 months before joining FST, while 75% have not been employed for over five years including 33% who have never worked. A significant number of these are educationally disadvantaged with half of them leaving school without any qualifications.

Despite their disadvantage, people are keen to progress towards employment, looking to gain skills, qualifications and employment opportunities. Even though over three quarters of our volunteer workforce had been unemployed for over 5 years when they came to FST, we were successful this past year in enabling almost 30% to access employment, 11 of those sustaining employment within FST. In addition, 108 certificates/qualifications were gained in Literacy/numeracy, Finance, Customer Care, Motor Vehicle Practical, Catering and Health & Safety level.

Laura's story

Now in her mid-thirties, Laura has spent a lifetime struggling with serious mental health issues including anxiety and anorexia.

The youngest of 6 siblings, she had a difficult childhood. Disruptive at school, she was kicked out in her early teens, drinking by the age of 13 and self-harming. In addition to drinking, by the age of 17 she had developed anorexia nervosa and has been living with it since then.

Despite all this she managed to get to college to do an Art course, to complete it successfully, achieving a National Diploma in Photography. She went on to university and her life began to look much better when she met her future husband there.

Unfortunately, after a period when things seemed better, Laura found she was again spending a lot of time at home on her own. Things began to slip again as she started self-harming and drinking. "It seemed as though my world had fallen apart. I know people will find it hard to understand but I really felt I was not worthy, that I didn't deserve to be happy and never would be". She did try to get on top of her problems joining a substance misuse treatment programme but ended up being hospitalised for a month. By then she was

ACHIEVEMENTS AND PERFORMANCE (continued)

Laura's story (continued)

experiencing all of the negative symptoms that had affected her life, drinking far too much and losing her battle with anorexia.

After a few weeks in hospital things had begun to turn around again. Laura had begun to put on weight and was "eating properly. Something had changed for me as I began to realise that I wanted to get better and stay as well as I possibly could."

Laura was then referred to First Step Trust (FST). She joined the garage and discovered that she really enjoyed working on vehicles; "it feels really good to be able to fix things. I enjoy all aspects of the job including using garage tools and equipment as well as the diagnostic equipment we use to find faults etc."

"If you'd have asked me a couple of years ago that I would be working in a garage I would have laughed. Working in the garage has given me so much self-confidence and self-belief. I enjoy teaching others what I know and feel useful. My life has a new purpose and meaning."

"I want to go to college to take a level 2 Motor Vehicle Technician course in September. Thanks to the support of the Palmer Foundation, I am now able to do this. I wanted to go to college last year but simply couldn't afford the costs involve. My long-term ambition is to develop a career in the motor industry. I've not had a drink for more than 16 months now. I'm also exercising to stay fit but being careful not to trigger the Anorexia."

Ronnie Wilson MBE Chief Executive of FST says" Laura's story shows how severe and enduring mental health problems like anorexia nervosa impact on a person's life. I've known many people both men and women, who have spent a long time battling the symptoms. It is a cruel illness, that effects the lives of the person concerned and everyone around them. I have the utmost respect for Laura and others who despite numerous setbacks have kept on going. FST will do everything we can to help Laura succeed. I would also like to thank the Palmer Foundation for their support."

FST Board and staffing

FST is well experienced in its current areas of operation. However, the new directions being undertaken require additional skills in VR and technology, Business development and marketing both within the staff and Board of Trustees. We were therefore delighted to recruit 3 new trustees this year, 2 from senior management within the finance sector with skills in finance, business planning and technology and one a previous manager of FST garage services with lived experience.

New staffing posts have been designed for recruitment in the coming year to provide VR and tech skills as well as organisational management, business development and marketing.

ACHIEVEMENTS AND PERFORMANCE (continued)

Thanks to

- The Milnes family for their continued support for our Driving Ambition® programme
- UFi VocTech Trust funding for the 10 Module programme
- The Palmer Foundation for their ongoing support
- Andy Turbefield Head of Quality at Halfords AutoCentres for advice and support to develop the 10 module programme.

FINANCIAL REVIEW

Financial report for the period

A summary of the results for the year can be found on page 14 of the attached financial statements.

Total income was £1,577,678 (2022 - £1,492,237) of which £1,395,751 (2022 - £1,301,281) was income generated from the various activities outlined in "achievements and performance".

Total expenditure amounted to £1,224,755 (2022 - £1,186,532). Staff costs, including agency costs, of £723,631 continue to be the largest single item of expenditure and represent 46% of total income (2022 – staff costs were £795,729 and 53% of total income).

The surplus for the year amounted to £352,923 before actuarial gains of £746,268 on the defined benefit pension scheme (2022 - surplus of £305,705 before actuarial gains of £196,975) which generated a positive net movement on funds of £1,099,191 (2022 positive net movement in funds of £502,680).

Reserves policy

The board of directors have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, which are represented by the general fund, and those designated for specific purposes or otherwise committed.

The directors aim to hold general funds equal to approximately six months' unrestricted fund expenditure (approximately £600,000) and the general fund balance at 31 March 2023 was retained at the level £600,000, unchanged from 2022.

It has been agreed by the board of directors that the charity should have sufficient general funds to enable the charity to meet statutory and moral obligations to funders, employees and people using the services of the FST in the event of losing grant funding. The "project support" designated fund balance has been retained at a level of £300,000 at 31 March 2023. The directors also recognise that there may be a call on reserves in future to purchase a building in Crayford or Lambeth and therefore the designated new building fund of £1,216,269 at 31 March 2022 has been increased to £2,455,681.

The directors have also considered applying surplus funds in to investments. However, after having taken advice and in view of the continuing uncertainties around market volatility, it has been decided to delay any decision for the time being. This will be kept under review.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The directors have re-examined FST's requirements for reserves in light of the charity's sustainability in the foreseeable future. They consider that the current reserves policy protects FST and its longer term charitable objectives by providing sufficient reserves to adjust to changing financial circumstances: to cover any temporary shortfalls in income, provide adequate working capital to cover core expenditure and respond to unforeseen events until specific mitigating action can be implemented.

Financial position

The net current asset position at 31 March 2023 at £3.5m is an improvement on the prior year of £3.1m and the charity continues to have a strong working capital base, with £3.6m being held in cash at 31 March 2023 (2022 - £3.2m).

The balance sheet shows total funds of £4,266,844 (2022 - £3,167,653) of which £23,546 is restricted funding (2022 - £147,280) and £4,243,298 is unrestricted which consists of £3,643,298 of designated funding for specific purposes as explained in the reserves policy above (2022 - £3,020,373), and a general fund reserve of £600,000 (£600,000). Included in general fund reserves is a defined benefit pension scheme liability of £115,811 (2022 - £803,147).

The designated funds include a fixed assets fund of £887,617 (being fixed assets not represented by restricted and general funds); a project support fund of £300,000 which has been set aside to ensure that FST is able to meet its obligations to its employees and funders in the event of a serious incident or long term absence; and a new building fund of £2,485,681, the aim of which is to reduce long term administrative costs through the purchase of its own premises.

General funds or free reserves of the charity at 31 March 2023 totalled £600,000. The directors are satisfied that the current level of free reserves is sufficient to meet the charity's immediate operational needs and meets the desired target as noted in the reserves policy above.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity. The directors believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Signed on behalf of the Board of Directors

Carole Furnivall
Director:

Approved by the board on: 11 December 2023

Independent auditor's report to the members of First Step Trust

Opinion

We have audited the financial statements of First Step Trust (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charitable company and management.

- We obtained an understanding of the legal and regularity frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, Health & Safety and Minimum Wage regulations.

- We understood how the charitable company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes of the charitable company.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;

- Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and

- Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors. There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Auditor's responsibilities for the audit of the financial statements (continued)
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Date: 22 December 2023

Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2023
(Including Income and Expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Income from:							
Donations and legacies		**5,312**	**3,000**	**8,312**	5,387	2,000	7,387
Charitable activities:							
. Grant funding	1	**—**	**152,258**	**152,258**	—	165,794	165,794
. Trading activities		**1,395,751**	**—**	**1,395,751**	1,301,281	—	1,301,281
Interest receivable		**19,416**	**—**	**19,416**	1,133	—	1,133
Other		**1,941**	**—**	**1,941**	16,642	—	16,642
Total income		**1,422,420**	**155,258**	**1,577,678**	1,324,443	167,794	1,492,237
Expenditure on:							
Charitable activities	2	**945,763**	**278,992**	**1,224,755**	1,072,373	114,159	1,186,532
Total expenditure		**945,763**	**278,992**	**1,224,755**	1,072,373	114,159	1,186,532
Net income (expenditure) for the year	3	**476,657**	**(123,734)**	**352,923**	252,070	53,635	305,705
Other recognised gains/(losses):							
Actuarial gain on defined benefit pension scheme	15	**746,268**	**—**	**746,268**	196,975	—	196,975
Net movement in funds for the year		**1,222,925**	**(123,734)**	**1,099,191**	449,045	53,635	502,680
Fund balances brought forward at 1 April 2022		**3,020,373**	**147,280**	**3,167,653**	2,571,328	93,645	2,664,973
Fund balances carried forward at 31 March 2023		**4,243,298**	**23,546**	**4,266,844**	3,020,373	147,280	3,167,653

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	6		**887,617**		904,104
Current assets					
Debtors	7	**28,594**		27,303	
Short term deposits		**1,896,266**		1,876,850	
Cash at bank and in hand		**1,741,397**		1,345,072	
		3,666,257		3,249,225	
Current liabilities					
Creditors: amounts falling due within one year	8	**(171,219)**		(182,529)	
Net current assets			**3,495,038**		3,066,696
Total net assets excluding pension liability			**4,382,655**		3,970,800
Defined benefit pension scheme liability	16		**(115,811)**		(803,147)
Total net assets			**4,266,844**		3,167,653
The funds of the charity:					
Restricted funds	10		**23,546**		147,280
Unrestricted funds					
. Designated funds	11	**3,643,298**		2,420,373	
. General funds		**600,000**		600,000	
			4,243,298		3,020,373
Total charity funds	12		**4,266,844**		3,167,653

Approved by the directors and signed on its behalf by:

Carole Furnivall
Director of First Step Trust
Company registration number
03730562 (England and Wales)

Approved on:11 December 2023

Statement of cash flows 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	**412,264**	428,125
Cash flows from investing activities:			
Investment income		**19,416**	1,133
Purchase of tangible fixed assets		**(15,940)**	(19,542)
Net cash provided by (used in) investing activities		**3,476**	(18,409)
Change in cash and cash equivalents in the year		**415,740**	409,716
Cash and cash equivalents at 1 April 2022	B	**3,221,922**	2,812,206
Cash and cash equivalents at 31 March 2023	B	**3,637,663**	3,221,922

Notes to the statement of cash flows for the year to 31 March 2023.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	**1,099,191**	502,680
Adjustments for:		
Depreciation charge	**32,427**	30,098
Actuarial (gain) loss on defined benefit pension scheme	**(746,268)**	(196,975)
Difference between pension charge and cash contributions	**37,137**	49,425
Defined pension scheme finance cost	**21,793**	19,270
Interest receivable	**(19,416)**	(1,133)
(Increase) decrease in debtors	**(1,290)**	52,620
Decrease in creditors	**(11,310)**	(27,860)
Net cash provided by operating activities	**412,264**	428,125

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	**1,741,397**	1,345,072
Short term deposits	**1,896,266**	1,876,850
Total cash and cash equivalents	**3,637,663**	3,221,922

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2023.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

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

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the directors' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant estimates and judgments are:

Defined benefit pension scheme
The charity has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The directors estimates of these factors determine the net pension obligation in the balance sheet and the directors obtain professional valuations from qualified actuaries to provide assumptions that reflect historical experience and current trends. For details of assumptions adopted, see note 15

Assessment of going concern
The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern and that the charity will have sufficient resources to meet its liabilities as they fall due. The directors are of the opinion that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income
Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from Government and other agencies have been included as income from charitable activities where these relate to delivering specific projects, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from trading activities represents the sale of goods and services and includes income receivable under service agreements with public health bodies. Income from goods is recognised when the risks and rewards of ownership have passed to the buyer. Income from services is recognised when the services are provided to the buyer.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities:
The costs of charitable activities comprises direct expenditure on the provision of the charity's services, i.e. carrying out of projects consistent with the charity's primary charitable objectives, and includes support costs and governance costs.

Support and governance costs
Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs and also include support in the form of personnel development, financial procedures, the provision of office services and equipment and a suitable working environment.

Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to the day to day, management of the charitable company's activities.

Tangible fixed assets
All tangible fixed assets are stated at cost less depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Freehold buildings 2% on cost

Tangible fixed assets continued

♦ Long leasehold buildings	2% on cost
♦ Plant, machinery and other equipment	50% on cost
♦ Motor vehicles	25% on cost

Freehold land is not depreciated.

Debtors
Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Financial instruments
The company only holds basic financial instruments as defined in FRS102. The financial assets and financial labilities of the company and their measurement basis is as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash and cash equivalents – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 8. Taxation and social security are not included in the financial instrument disclosure definition. Deferred income is not deemed to be a financial liability, as cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting
The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

Fund accounting continued

The designated funds are monies set aside out of general funds and designated for specific purposes by the directors.

The restricted funds were monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

Defined benefit pension scheme

The charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the SORP FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises: • the increase in pension benefit liability arising from employee service during the period; and • the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense'.

Defined contribution pension plans

The charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the charity pays fixed contributions into a separate entity. Once the contributions have been paid the charity has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the charity in independently administered funds.

1 Grant funding for specific activities

	Unrestricted funds £	Restricted funds £	**Total funds 2023 £**
UK Government grants			
The National Lottery Community Fund	—	57,258	**57,258**
UFi VocTech Trust	—	85,000	**85,000**
The National Lottery Community Fund	—	10,000	**10,000**
2023 Total funds	—	152,258	**152,258**

	Unrestricted funds £	*Restricted funds £*	*Total funds 2022 £*
UK Government grants			
UFI Technology	—	*140,794*	*140,794*
The National Lottery Community Fund	—	*25,000*	*25,000*
2022 Total funds	—	*165,794*	*165,794*

2 Charitable activities

	Unrestricted funds £	Restricted funds £	**Total funds 2023 £**
Staff costs (note 4)	535,009	188,622	**723,631**
Interest on defined benefit pension liability	21,793	—	**21,793**
Direct materials	86,581	59,780	**146,361**
Travel expenses	25,494	649	**26,143**
Premises costs	25,695	24,639	**50,334**
Printing, postage and stationery	3,506	—	**3,506**
Events and publicity	3,898	—	**3,898**
Telephone	4,636	—	**4,636**
Recruitment	7,613	3,392	**11,005**
Insurance	10,836	—	**10,836**
Consultancy, legal fees, subscriptions and bank charges	162,719	—	**162,719**
Depreciation	32,427	—	**32,427**
Training and development	11,246	1,910	**13,156**
Other expenses including bad debt recoveries	1,311	—	**1,311**
	932,763	278,992	**1,211,755**
Governance costs	13,000	—	**13,000**
2023 Total funds	945,763	278,992	**1,224,755**
Governance costs include:			
Audit fees	13,000	—	**13,000**
2023 Total governance costs	13,000	—	**13,000**

2 Charitable activities (continued)

Comparative year

	Unrestricted funds £	*Restricted funds £*	*Total funds 2022 £*
Staff costs (note 4)	*707,727*	*88,002*	*795,729*
Interest on defined benefit pension liability	*19,270*	*—*	*19,270*
Direct materials	*162,279*	*—*	*162,279*
Travel expenses	*30,014*	*568*	*30,582*
Premises costs	*17,513*	*20,639*	*38,152*
Printing, postage and stationery	*2,968*	*—*	*2,968*
Events and publicity	*2,889*	*—*	*2,889*
Telephone	*7,682*	*—*	*7,682*
Recruitment	*2,931*	*2,183*	*5,114*
Insurance	*10,528*	*—*	*10,528*
Consultancy, legal fees, subscriptions and bank charges	*62,234*	*—*	*62,234*
Depreciation	*30,098*	*—*	*30,098*
Training and development	*7,627*	*2,767*	*10,394*
Other expenses including bad debt recoveries	*(4,387)*	*—*	*(4,387)*
	1,059,373	*114,159*	*1,173,532*
Governance costs	*13,000*	*—*	*13,000*
2021 Total funds	*1,072,373*	*114,159*	*1,186,532*
Governance costs include:			
Audit fees	*13,000*	*—*	*13,000*
2022 Total governance costs	*13,000*	*—*	*13,000*

3. Net income for the year

This is stated after charging:

	2023 £	2022 £
Staff costs (note 4)	**723,631**	795,729
Auditor's remuneration		
. Statutory audit services	**13,000**	13,000
Depreciation (note 6)	**32,427**	30,098
Operating leases – land and buildings	**24,200**	15,941
Operating leases – plant and equipment	**1,382**	108,262

4 Staff costs including key management personnel and directors' remuneration and expenses

	2023 **£**	2022 £
Staff costs during the period were as follows:		
Wages and salaries	**589,885**	641,181
Social security costs	**56,196**	59,828
Other pension costs	**77,550**	94,720
	723,631	795,729

Included in wages and salaries is £19,716 of statutory contractual redundancy payments made to two employees (2022 – one employee of £12,512).

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2023 **Number**	2022 Number
£80,001 - £90,000	**1**	1
£90,001 - £100,000	**1**	1
	2	2

Both of the above employees had benefits accruing to them under the charitable company's defined benefit pension scheme and employer contributions paid to the scheme during the year for the two employees totalled £33,468 (2022 - £32,710).

The average number of employees during the year involved in charitable activities was:

	2023 **Number**	2022 Number
Charitable activities	**21**	19

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and comprise the directors, the Chief Executive, the Deputy Chief Executive and six individuals with management responsibilities over key areas of the company's operations.

The directors received no remuneration.

The number of key management personnel receiving remuneration was 7 (2022: 7). The total remuneration (including employers national insurance and pension contributions) paid to the key management personnel was £383,485 (2022 -£428,237).

Directors' expenses

No expenses were reimbursed to directors or incurred on their behalf during the year. (2022 – None).

5 Taxation

First Step Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Tangible fixed assets

	Freehold land and buildings £	Long leasehold buildings £	Plant machinery and equipment £	Motor vehicles £	**Total £**
Cost					
At 1 April 2022	698,325	407,998	13,208	13,976	**1,133,507**
Additions	11,717	—	4,223	—	**15,940**
Disposals	(1,920)	—	(6,521)	(150)	**(8,591)**
At 31 March 2023	708,122	407,998	10,910	13,826	**1,140,856**
Depreciation					
At 1 April 2022	180,311	40,231	5,253	3,608	**229,403**
Charge for period	15,841	8,160	4,970	3,456	**32,427**
On disposals	(1,920)	—	(6,521)	(150)	**(8,591)**
At 31 March 2023	194,232	48,391	3,702	6,914	**253,239**
Net book values					
At 31 March 2023	513,890	359,607	7,208	6,912	**887,617**
At 31 March 2022	518,014	367,767	7,955	10,368	**904,104**

7 Debtors

	2023 £	2022 £
Trade debtors	**14,409**	16,209
Prepayments	**14,185**	11,094
	28,594	27,303

8 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	**11,649**	20,740
Other creditors	**9,695**	25,766
Social security and other taxes	**84,274**	85,134
Accruals and deferred income	**65,601**	50,889
	171,219	182,529

Included in creditors is £30,000 of deferred income relating to funding for services to be delivered in 2023/24 (2022 - £30,525).

9 Financial instruments and financial risk management

The charity only holds basic financial instruments, all measured at amortised cost as follows:

	2023 £	2022 £
Financial assets measured at amortised cost	**3,652,072**	3,238,131
Financial liabilities measured at amortised cost	**56,945**	66,870

The charity has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The charity seeks to meet its financial obligations through cash flows from its charitable activities. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10 Restricted funds

In the year 2022/23, restricted funds consisted of:

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	**At 31 March 2023 £**
The National Lottery (i)	7,800	—	—	—	**7,800**
The National Lottery (ii)	122,027	57,258	(128,992)	—	**50,293**
Walcott Foundation	13,750	—	—	—	**13,750**
Driving Ambition Donations	3,703	—	(1,000)	—	**2,703**
The National Lottery (iii)	—	10,000	(4,575)	—	**5,425**
UFi VocTech Fund	—	85,000	(144,425)	—	**(59,425)**
Andy Palmer Foundation	—	3,000	—	—	**3,000**
	147,280	155,258	(278,992)	—	**23,546**

The charity had spent in excess of the income received for the Ufi VocTech project at 31 March 2023. The project is funded in arrears and is conditional on milestones being achieved before funding is released and recognised as income. The charity received funding post year end to cover the deficit of £59,425 and no transfer from general reserves was required.

	At 1 April 2021 £	*Income £*	*Expenditure £*	*Transfers £*	*At 31 March 2022 £*
The National Lottery (i)	*7,800*	—	—	—	*7,800*
The National Lottery (ii)	*82,845*	*140,794*	*(101,612)*	—	*122,027*
Walcott Foundation	—	*25,000*	*(11,250)*	—	*13,750*
Driving Ambition Donations	*3,000*	*2,000*	*(1,297)*	—	*3,703*
	93,645	*167,794*	*(114,159)*	—	*147,280*

10 Restricted funds (continued)

The specific purposes for which the funds are to be applied are as follows:

- *The National Lottery*
  Three separate funds are hold for the following projects:

i) Funding provided by the Community Fund to improve the delivery of Abbeville services to the local community by funding double glazing for the premises.

ii) Funding received from the Community Fund for the SMaRT Pathways project to enable people with no formal educational qualifications and are long term unemployed to progress towards a career in the automotive industry. The total funding is £0.5m over a three year period.

iii) Funding received to assist with cost of living crisis, specifically utility bills.

- *Walcott Foundation*
  Funding was provided for residents of Lambeth who are employed by the charity.

- *Driving Ambition*
  These funds represented donations received towards our Driving ambition programme.

- *UFi VocTech Fund*
  This fund was received to develop a garage training programme utilising digital technologies in the provision of adult learning

- *Andy Palmer Foundation*
  Funding was for one workforce member to undertake their Motor Vehicle Technician Level 2 college course in September 2023.

11. Designated funds

The funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	At 1 April 2022 £	New designations and transfers	Utilised/ realised £	**At 31 March 2023 £**
Fixed assets fund	904,104	15,940	(32,427)	**887,617**
New building fund	1,216,269	1,239,412	—	**2,455,681**
Project support fund	300,000	—	—	**300,000**
	2,420,373	1,255,352	(32,427)	**3,643,298**

- *Fixed asset fund*
  This fund represents the net book value of the charity's fixed assets. The funds have been set aside to demonstrate the importance of those assets to the charity's continuing work, and to highlight that the funds do not represent monies available for future operational expenditure.

- *New building fund*
  The Trust is seeking opportunities to acquire new premises to support the development of its core activities. This fund has been set aside for the purchase of new properties.

- *Project support fund*
  The fund has been set aside to ensure that the trust is able to meet its obligations to employees and funders in the event of a serious incident or long-term absence.

Comparatives

	At 1 April 2021 £	*New designations and transfers*	*Utilised/ realised £*	*At 31 March 2022 £*
Fixed assets fund	*914,660*	*19,542*	*(30,098)*	*904,104*
New building fund	*756,668*	*459,601*	—	*1,216,269*
Project support fund	*300,000*	—	—	*300,000*
	1,971,328	*492,333*	*(30,098)*	*2,420,373*

12. Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	**Total 2023 £**
Fund balances at 31 March 2023 are represented by:				
Tangible fixed assets	—	887,617	—	**887,617**
Current assets	887,030	2,755,681	23,546	**3,666,257**
Current liabilities	(171,219)	—	—	**(171,219)**
Total net assets before non-current liabilities and pension liabilities	715,811	3,643,298	23,546	**4,382,655**
Pension liability	(115,811)	—	—	**(115,811)**
Total net assets	600,000	3,643,298	23,546	**4,266,844**

Comparatives:	*General fund £*	*Designated funds £*	*Restricted funds £*	*Total 2022 £*
Fund balances at 31 March 2022 are represented by:				
Tangible fixed assets	—	*904,104*	—	*904,104*
Current assets	*1,585,676*	*1,516,269*	*147,280*	*3,249,225*
Current liabilities	*(182,529)*	—	—	*(182,529)*
Total net assets before non-current liabilities and pension liabilities	*1,403,147*	*2,420,373*	*147,280*	*3,970,800*
Pension liability	*(803,147)*	—	—	*(803,147)*
Total net assets	*600,000*	*2,420,373*	*147,280*	*3,167,653*

13. Related party transactions

There were no related party transactions (2022: £nil) undertaken during the year.

14. Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any director, officer of the charitable company, or employee and to indemnify any director, officer of the company, or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance is £5,000,000 (2022 - £1,000,000) and the total premium paid in respect of such insurance was £660 (2022 - £626).

15. Pension scheme

First Step Trust is one of the employing bodies included within the London Borough of Greenwich Pension Fund.

The total employer contribution in respect of the funded defined benefit scheme for the year was £33,468 (2022 - £38,131). The best estimate of contributions to be paid by the employer for the year beginning 1 April 2023 is £33,468

The assets of the scheme are held independently of the charity's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The next comprehensive actuarial valuation will be at 31 March 2023.

In order to assess the actuarial value of the charity's assets and liabilities at 31 March 2023; the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2022. The major assumptions used by the actuary were (in nominal terms):

	2023 % per annum	2022 % per annum
CPI increases	**2.95%**	3.30%
Rate of increase in salaries	**3.95%**	4.30%
Rate of increase for pensions	**2.95%**	3.30%
Discount rate for liabilities	**4.80%**	2.60%

The mortality assumptions adopted at 31 March 2023 have been provided by the actuary and assume the following life expectancies:

- Male retiring at age 65 today 19.6 years (2022 – 20.5)
- Females retiring at age 65 today 23 years (2022 – 23.4)
- Male retiring at age 65 in 20 years 21 years (2022 – 20.0)
- Females retiring at age 65 in 20 years 24.5 years (2022 – 25.0)

16 Pension scheme (continued)

The estimated asset allocation of the whole fund as at 31 March 2023 is as follows:

	31 March 2023		31 March 2022	
	£'000	**%**	£'000	%
UK equities	**1,047**	**53%**	1,205	57%
Other bonds	**449**	**23%**	365	17%
Property	**197**	**10%**	230	11%
Cash	**34**	**2%**	53	3%
UK and overseas unit trusts	**247**	**12%**	260	12%
	1,974	**100%**	2,113	100%

The value of First Step Trust's share in the pension scheme's assets and liabilities at 31 March were:

	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000
Fair value of scheme assets	1,974	2,113	1,934	1,525	1,710	1,551
Present value of scheme liabilities	(2,090)	(2,916)	(2,865)	(2,295)	(2,516)	(2,282)
Deficit in scheme	(116)	(803)	(931)	(770)	(806)	(731)

The overall movement in First Step Trust's share of the deficit during the year was as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Movement in deficit during the year		
Deficit in scheme at 1 April	**(803)**	(931)
Movement in year:		
. Current service cost	**(71)**	(88)
. Employer contributions	**34**	38
. Net finance charge and administration costs	**(22)**	(19)
. Actuarial gain	**746**	197
Deficit in scheme at 31 March	**(116)**	(803)

16 Pension scheme (continued)

Changes in First Step Trust's share of the present value of the scheme liabilities are as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Scheme liabilities at start of period	**2,915**	2,865
Current service cost	**71**	88
Interest cost	**75**	56
Contributions by scheme participants	**18**	19
Estimated benefits paid	**(89)**	(17)
Change in actuarial assumptions	**(900)**	(97)
Scheme liabilities at end of period	**2,090**	2,916

Changes in First Step Trust's share in the fair value of the present value of the scheme assets are as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Fair value of scheme assets at start of period	**2,112**	1,934
Interest on assets	**54**	38
Return on assets less interest	**(110)**	100
Other actuarial (losses)	**(44)**	-
Administration expenses	**1**	1
Estimated benefits paid	**(89)**	(17)
Contributions by employer	**34**	38
Contributions by scheme participants	**16**	19
Fair value of scheme assets at end of period	**1,974**	2,113

16 Pension scheme (continued)

The pension charge for the year calculated under FRS 102 assumptions is reflected in the financial statements as follows:

	2023 £'000	2022 £'000
Analysis of the amount charged to the statement of financial activities (SOFA)		
Current service cost	**71**	88
Total operating charge	**71**	88
Analysis of other finance charge		
Interest on pension liabilities	**21**	18
Administrative expenses	**1**	1
Net finance cost	**22**	19
Net revenue account cost	**93**	107
Amounts recognised as other gains and losses		
Return on fund assets in excess of interest	**(110)**	100
Change in actuarial assumptions	**856**	97
	746	197

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Assumption	**Change in assumption**	**Approximate impact on scheme liabilities**
Discount rate	Decrease/increase by 0.1% pa	+£43,000/-£43,000
Rate of mortality	1 year increase/decrease in life expectancy	+£137,000/-£137,000

FIRST STEP TRUST

England & Wales - Charity number 1077959

Accounts

First Step Trust

Annual Report and Financial Statements

31 March 2022

Company Limited by Guarantee
Registration Number
03730562 (England and Wales)

Charity Registration Number
1077959

Contents

Reports

Legal and administrative information 1

Directors' report 2

Independent auditor's report 14

Financial statements

Statement of financial activities 18

Balance sheet 19

Statement of cash flows 20

Principal accounting policies 21

Notes to the financial statements 25

Legal and administrative information

Chief Executive	R Wilson
Company secretary	J Sibley
Board of directors	S Cader C Furnivall S Newcombe A Okill
Registered office	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
Telephone	020 8855 7386
Facsimile	020 8855 7386
Website	www.firststeptrust.org.uk
E-mail	fst@firststeptrust.org.uk
Company registration number	03730562 (England and Wales)
Charity registration number	1077959
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
Solicitors	Mark Eisenthal & Co 44 Wellington Street Covent Garden London WC2E 7BD

The directors present the statutory report and financial statements of First Step Trust ("FST") for the year ended 31 March 2022.

The report, which constitutes a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

FST was incorporated on 10 March 1999 (and commenced activities on 1 January 2000) as a company limited by guarantee and not having share capital (registration number 03730562). It has also been registered as a charity since 1994 (registration number 1077959) prior to its incorporation, and is permitted to exclude the word "limited" from its name under Section 60 of the Companies Act 2006.

Organisational structure

Overall responsibility for the company lies with the directors who meet on a regular basis to decide upon policy and strategy. The day to day running of the company is delegated to the Chief Executive and his Deputy.

Current policies and procedures are easily accessible and are kept updated on the Trust's website.

Key management personnel

The board of directors, the Chief Executive, the Deputy Chief Executive and a further seven employees with management responsibilities for the company's operations, finance, catering and garages, are considered to comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The directors give their time freely and no director received remuneration in the year.

The pay of the key management personnel is reviewed annually by the board of directors and are aligned with average earnings of similar charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The directors of the charitable company constitute the trustees of the charity.

The following directors served during the year and up to the date of approval of this report:

Directors
S Cader
C Furnivall
S Newcombe
A Okill

No director received any remuneration for services as a director (2021 - £nil). No director was reimbursed travelling expenses (2021 – £nil)

Members' liability

In the event of the company being wound up, members and those who cease to be members within one year, are required to contribute an amount not exceeding £1 per person.

Statement of directors' responsibilities

The directors of First Step Trust are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The directors' report has been prepared in accordance with the special provisions of Part 16 of the Companies Act 2006 relating to small companies including the exemption from preparing a strategic report.

Directors' induction process

As an organisation FST wants to make sure that the directors, in addition to understanding the full range of their responsibilities and obligations, understand the underpinning values and commitment to service users.

In order to achieve these objectives the induction process for new or potential directors includes a period of voluntary work and an invitation to attend two or three Board Meetings before a formal decision is made.

OBJECTIVES AND ACTIVITIES

Principal aims and activities

FST aims to support or promote such charitable purposes as the directors may in their absolute discretion determine, but in particular to assist those in the community with mental health problems and other disabilities or disadvantages by the application of FST principles to the provision of services for such people.

Such activities include:

- To establish further employment projects for people with mental health problems and other disabilities throughout the UK;
- To test the capacity of the FST model as a means of providing work experience and employment opportunities in areas outside traditional 'blue collar' employment; and
- To lay the foundations for the longer term growth of FST as a national charity.

Public benefit statement

The directors confirm that they have complied with their duty under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. On pages 5 to 13, the annual report gives a detailed description of the activities undertaken by the charitable company during the year in furtherance of its charitable purposes, and the directors are satisfied that all such activities provide a public benefit.

ACHIEVEMENTS AND PERFORMANCE

COVID pandemic

The main impact of COVID for FST has been an acceleration in the development of online training and a greater emphasis on the need for us to go ahead with the new services including SMaRT Pathways. COVID also meant that we have had to close two garages (Salford and Crayford). The West Norwood garage was returned to the landlord in December 2020 after they decided that they wanted to sell the building.

Future direction

We currently have 2 social enterprises (Woolwich garage and Abbevilles) providing access to a range of flexible work experience placements. We are also offering work experience at the main office in Woolwich.

We have a number of training programmes at various stages of development which will be brought under the SMaRT Pathways 'umbrella'. This will help us improve our offer to funders and future workforce members, so we need to get new staff and structures in place to take this forward.

We need to review what our offer is so that we can help workforce members (current and future) set goals for themselves that they can achieve with the support of FST staff. This will involve us sitting down to discuss what ambitions and skills each workforce member has and which ones they need to develop with FST. Once we know what each workforce member's skills are and work out how to help them gain the remaining skills they need. Some people will need help with self-confidence, self-esteem, literacy / numeracy or help in dealing with anxiety. Supporting people with some of these issues is beyond the scope of what FST does so the overall Personal Development Plan (PDP) for each person needs to be updated so that we can refer people to other agencies for help with some of these. There will only be a few places for people to attend for longer than 1 or 2 sessions at a time. Some people may have achieved as much as they can at FST and only need a couple of sessions a week to keep their skills up until they finish college. For those who are already be qualified we will do what we can to get them a work placement with Halfords or another employer. They will also be invited to work with the Trainer Technician (TT) by e.g. running specific training courses for new and existing workforce members. The TT will draw up a list of everyone in that garage or on the garage list and some indication of where each workforce member is in terms of the overall objectives of the 10-module programme.

Moving to the new structure has led to us making two posts redundant. We would like to take this opportunity to thank Warren Cox and Katie Ryan for their hard work and dedication over many years. Both have moved to pastures new and we wish them all the best for the future.

The new training model offers a range of access points including 3 VR programmes Our Virtual Garage® tyre changing programme. This programme is based on the creation of a virtual garage reproducing the garage environment and tyre changing equipment used at our Woolwich garage. The training model has been successfully delivered in a number of environments in the community, inside 3 Medium Secure Units in London and HMP Swaleside in Kent. Our Virtual Garage® programme when fully functional will lead to and

ACHIEVEMENTS AND PERFORMANCE (continued)

Future direction (continued)
IMI approved Certificate of Personal Development and one year's registration with the IMI professional Register. The programme includes on the job training and access to 40 hour work experience at our Woolwich garage. We are also working with Halfords AutoCentres to develop the programme for use within their garage network.

Our Virtual Kitchen® is a programme reproduces the Abbevilles kitchen providing opportunities for end users to gain the skills and underpinning knowledge to Achieve Level 2 and Level 3 Food Hygiene qualifications. The VR kitchen is linked to a bespoke workbook, on the job training and access to 40 hour work experience at Abbevilles.

Our Virtual Construction site is a programme that we are developing to help improve access to higher paid jobs in the construction industry. Our firs VR programme features the opportunity to drive and operate a JCB type excavator with a backhoe. Access to a basic Construction Skills Safety Certificate (CSCS Green Card Card) is free to unemployed people including people with mental health problems and other disadvantages. The Green Card scheme allows the holder to work on site as a labourer. Our aim is to enhance this by providing access to a VR training programme where the end user is able to learn the skills and competences required to operate a JCB type excavator. This programme is in the first stage so we should have a prototype programme in place by October 2022. We are also developing a pre CSCS course to help people in secure settings prepare for the CSCS process on release or discharge. The long term aim is to develop a construction site with opportunities to use a range of construction equipment e.g. forklift, dumper truck, cement mixer etc backed up by bespoke workbooks to help build and consolidate learning.

The programmes areas have been chosen because there are severe shortages of skilled competent people. Salary levels are at or above National Living Wage (or London Living Wage) with a view to ending welfare benefits dependency for this group.

Using VR means that we are able to take virtual workplaces into secure environments thus providing safe and secure access to a range of training and development opportunities whilst service users are being detained.

Other VR programmes being explored include a VR hair and beauty salon, a DJ mixing desk.

Key highlights for this year include:

- A number of appointments to the newly created training posts on Lambeth and Woolwich to deliver the new model.
- 310 places were taken up by workforce members during the year, leading to 209 qualifications gained and 73 courses still in progress.
- Three workforce members are involved in coproducing our new Train the Trainers programme. The programme has 4 part time paid employment places for people with lived experience of mental health problems and other disadvantages.
- Development of 3 new Virtual Reality programmes:

ACHIEVEMENTS AND PERFORMANCE (continued)

Our virtual Garage®

- Tyre programme where end users can change a tyre and rebalance the wheel ready for refitting is being updated to ensure that we own the Intellectual Property rights.
- Trainer Technical post filled.
- Revision of 12 Module programme led to a more streamlined version with 10 Modules.
- Commissioned Ideas4Learning (learning and development consultancy) to produce an accessible bespoke workbook to accompany the programme.
- Background work required for IMI registration is now complete and our application is being processed. Work involved included the creation of a more structured approach to delivering higher quality outcomes
- We have commissioned a VR developer to reproduce the 4 post vehicle lift used at the Woolwich garage. This will enable und users to perform a number of tasks including remove and refit wheels, change oil, brake components and other tasks vital for employment in the automotive trades.

Lio's Story

Lio joined First Step Trust (FST) in February 2022 after being referred to us by his support worker. When he came to us, Lio had been through a difficult couple of years following a traumatic personal event just before the pandemic. Both of these affected his self-confidence and his final years of education.

Lio has a strong interest in becoming a mechanic and had managed to gain a bit of experience at a friend's uncle's garage. He had also spent some time on FST's Virtual Reality garage where he had removed and replaced a tyre before rebalancing the wheel ready to go back onto the vehicle.

ACHIEVEMENTS AND PERFORMANCE (continued)

Our virtual Garage® (continued)

Lio's Story (continued)

Within a few weeks of joining FST's SMaRT Garage in Woolwich SE18, Lio had overcome his initial difficulties and was thriving. He is an enthusiastic learner despite a severe lack of confidence in his literacy and numeracy. Garage Manager at SMaRT, Darren McEvilly, said "when Lio came to us it was clear he had a fantastic attitude to work and a clear aptitude for automotive tasks. I knew that given the right opportunities he would shine."

Lio was enrolled onto FST's 10 Module Training programme which is designed to equip disadvantaged learners with the skills, confidence and competences across a range of workshop skills giving them a fair chance to gain employment.

The 10 Module programme is flexible and person centred so is suitable for anyone with a learning disadvantage e.g. dyslexia. Lio thrived in this situation and within a few weeks was thinking about his future options.

FST has a strong relationship with Halfords Autocentres who have provided access to their in-house training materials which underpin the 10 Module programme. By the end of May Lio felt confident enough to take up an offer of a work placement at a Halfords Autocentre initially doing 1 day a week work experience. Leo then increased his time to 3 days a week.

Dean Robinson the Halfords Autocentre Manager and Lio's mentor David Stroud have been very impressed with his skills and depth of knowledge across a number of areas in the workshop. Dean said "Lio has been a pleasure to work with and has quickly become a valued member of our team. Working with Lio clearly demonstrates that people can overcome disadvantage and thrive when given a fair opportunity to do so". Dave said "Lio works really hard and isn't afraid to stop and ask how to do something, he's exactly the type of learner we need and has every opportunity to become a great vehicle technician".

Lio was offered a full time position at Halfords on 13th June 2022. Speaking about the experience, Lio said "when I started at FST I never dreamed that it would lead to something like this. I really can't find the words to say how grateful I am to everyone at FST and Halfords Autocentres for giving me the chance to fulfil my dreams, I am so happy".

Lio's experience has helped FST and Halfords Autocentre better understand how the 10 Module Programme can be developed to make it easier for Halfords and other employers tap into a new source of potential recruits. Both organisations will be working closely over the next few months further developing the 10 Module Programme with a view to its potential launch across Halfords Group.

Andy Turbefield, Head of Quality for Halfords Autocentres said "As an Automotive Sector, we must broaden our search for new talent as it is becoming getting harder to recruit skilled people. Working with First Step Trust has enabled Halfords to look outside the tried and tested recruitment models and prove that people furthest from employment can become valued colleagues and deliver a great service to our customers. We look forward to

ACHIEVEMENTS AND PERFORMANCE (continued)

Our virtual Garage® (continued)

Lio's Story (continued)

continuing to support FST and ready new colleagues like Lio for the Halfords Apprentice Program and a fantastic career in the Automotive sector."

As Ronnie Wilson CEO of FST puts it "Disabled and disadvantaged people are often overlooked by employers. This is a big mistake as the evidence shows that people from this background appreciate and value the opportunity to work. With a bit of support and (possibly) some minor adjustments to the way jobs are done great things can be achieved."

Our virtual Kitchen®

- VR programme in being tested alongside a bespoke workbook and access to the Abbevilles kitchen.
- Support videos are being produced so that the programme can be delivered in the community and secure settings

Our virtual construction site

- VR programme almost complete
- Pre CSCS programme in development

ACHIEVEMENTS AND PERFORMANCE (continued)

FST Board

The board recognises that we need to expand and recruit new members to the Board with the relevant skills to ensure that the new programme develops as quickly as possible. Our intention is to recruit people with an expertise in technology, training / learning and development. We currently have one person with lived experience on the board and are in the process of supporting another workforce member to take up the offer of a place on the board.

Thanks to

- The Milnes family for their continued support for our Driving Ambition® programme
- Dr Paul Lelliott OBE for his donation to the Driving Ambition® programme
- UFi VocTech Trust funding for the 10 Module programme
- Andy Turbefield Head of Quality at Halfords AutoCentres for advice and support to develop the 10 module programme

Other news

Our CEO Ronnie is a member of the IMI Equality Diversity and Inclusion task force

FINANCIAL REVIEW

Financial report for the period

A summary of the results for the year can be found on page 18 of the attached financial statements.

Total income was £1,492,237 (2021 - £1,331,001) of which £1,301,281 (2021 - £1,019,034) was income generated from the various activities outlined in "achievements and performance".

Total expenditure amounted to £1,186,532 (2021 - £1,477,136). Staff costs, including agency costs, of £795,729 continue to be the largest single item of expenditure and represent 53% of total income (2021 – staff costs were £866,076 and 65% of total income).

The surplus for the year amounted to £305,705 before actuarial gains of £196,975 on the defined benefit pension scheme (2021 - deficit of £146,135 before actuarial losses of £110,431) which generated a positive net movement on funds of £502,680 (2021 negative net movement in funds of £256,566).

Reserves policy

The board of directors have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, which are represented by the general fund, and those designated for specific purposes or otherwise committed.

The directors aim to hold general funds equal to approximately six months' unrestricted fund expenditure (approximately £600,000) and the general fund balance at 31 March 2022 was retained at the level £600,000, unchanged from 2021.

It has been agreed by the board of directors that the charity should have sufficient general funds to enable the charity to meet statutory and moral obligations to funders, employees and people using the services of the FST in the event of losing grant funding. The "project support" designated fund balance has been retained at a level of £300,000 at 31 March 2022. The directors also recognise that there may be a call on reserves in future to purchase a building in Crayford or Lambeth and therefore the designated new building fund of £756,668 at 31 March 2021 has been increased to £1,216,269.

The directors have also considered applying surplus funds in to investments. However, after having taken advice and in view of the continuing uncertainties around market volatility, it has been decided to delay any decision for the time being. This will be kept under review.

The directors have re-examined FST's requirements for reserves in light of the charity's sustainability in the foreseeable future. They consider that the current reserves policy protects FST and its longer term charitable objectives by providing sufficient reserves to adjust to changing financial circumstances: to cover any temporary shortfalls in income, provide adequate working capital to cover core expenditure and respond to unforeseen events until specific mitigating action can be implemented.

FINANCIAL REVIEW (continued)

Financial position

The net current asset position at 31 March 2022 at £3.067m is an improvement on the prior year of £2.682m and the charity continues to have a strong working capital base, with £3.2m being held in cash at 31 March 2022 (2021 - £2.8m).

The balance sheet shows total funds of £3,167,653 (2021 - £2,664,973) of which £147,280 is restricted funding (2021 - £93,645) and £3,020,373 is unrestricted which consists of £2,420,373 of designated funding for specific purposes as explained in the reserves policy above (2021 - £1,971,328), and a general fund reserve of £600,000 (£600,000). Included in general fund reserves is a defined benefit pension scheme liability of £803,147 (2021 - £931,427).

The designated funds include a fixed assets fund of £904,104 (being fixed assets not represented by restricted and general funds); a project support fund of £300,000 which has been set aside to ensure that FST is able to meet its obligations to its employees and funders in the event of a serious incident or long term absence; and a new building fund of £1,216,269, the aim of which is to reduce long term administrative costs through the purchase of its own premises.

General funds or free reserves of the charity at 31 March 2022 totalled £600,000. The directors are satisfied that the current level of free reserves is sufficient to meet the charity's immediate operational needs and meets the desired target as noted in the reserves policy above.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity. The directors believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Signed on behalf of the Board of Directors

Carole Furnivall
Director:

Approved by the board on: 25 November 2022

Independent auditor's report to the members of First Step Trust

Opinion

We have audited the financial statements of First Step Trust (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charitable company and management.

- We obtained an understanding of the legal and regularity frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, Health & Safety and Minimum Wage regulations.

- We understood how the charitable company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes of the charitable company.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;

- Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and

Auditor's responsibilities for the audit of the financial statements (continued)

- Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisors. There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

16 December 2022

Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2022
(Including Income and Expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	**Total funds 2022 £**	Unrestricted funds £	Restricted funds £	Total funds 2021 £
Income from:							
Donations and legacies		5,387	2,000	**7,387**	250	3,000	3,250
Charitable activities:							
. Grant funding	1	—	165,794	**165,794**	—	219,517	219,517
. Trading activities		1,301,281	—	**1,301,281**	1,019,034	—	1,019,034
Interest receivable		1,133	—	**1,133**	1,027	—	1,027
Other		16,642	—	**16,642**	88,173	—	88,173
Total income		1,324,443	167,794	**1,492,237**	1,108,484	222,517	1,331,001
Expenditure on:							
Charitable activities	2	1,072,373	114,159	**1,186,532**	1,309,852	167,284	1,477,136
Total expenditure		1,072,373	114,159	**1,186,532**	1,309,852	167,284	1,477,136
Net income (expenditure) for the year	3	252,070	53,635	**305,705**	(201,368)	55,233	(146,135)
Transfers	10	—	—	—	7,500	(7,500)	—
Other recognised gains/(losses):							
Actuarial gain (loss) on defined benefit pension scheme	16	196,975	—	**196,975**	(110,431)	—	(110,431)
Net movement in funds for the year		449,045	53,635	**502,680**	(304,299)	47,733	(256,566)
Fund balances brought forward at 1 April 2021		2,571,328	93,645	**2,664,973**	2,875,627	45,912	2,921,539
Fund balances carried forward at 31 March 2022		**3,020,373**	**147,280**	**3,167,653**	2,571,328	93,645	2,664,973

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet 31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	6		**904,104**		914,660
Current assets					
Debtors	7	**27,303**		79,923	
Short term deposits		**1,876,850**		1,875,716	
Cash at bank and in hand		**1,345,072**		936,490	
		3,249,225		2,892,129	
Current liabilities					
Creditors: amounts falling due within one year	8	**(182,529)**		(210,389)	
Net current assets			**3,066,696**		2,681,740
Total net assets excluding pension liability			**3,970,800**		3,596,400
Defined benefit pension scheme liability	16		**(803,147)**		(931,427)
Total net assets			**3,167,653**		2,664,973
The funds of the charity:					
Restricted funds	10		**147,280**		93,645
Unrestricted funds					
. Designated funds	11	**2,420,373**		1,971,328	
. General funds		**600,000**		600,000	
			3,020,373		2,571,328
Total charity funds	12		**3,167,653**		2,664,973

Approved by the directors and signed on its behalf by:

Carole Furnivall
Director of First Step Trust
Company registration number
03730562 (England and Wales)

Approved on: 25 November 2022

Statement of cash flows 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	**428,125**	19,496
Cash flows from investing activities:			
Investment income		**1,133**	1,027
Purchase of tangible fixed assets		**(19,542)**	(4,490)
Net cash used in investing activities		**(18,409)**	(3,463)
Change in cash and cash equivalents in the year		**409,716**	16,033
Cash and cash equivalents at 1 April 2021	B	**2,812,206**	2,796,173
Cash and cash equivalents at 31 March 2022	B	**3,221,922**	2,812,206

Notes to the statement of cash flows for the year to 31 March 2022.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	**502,680**	(256,566)
Adjustments for:		
Depreciation charge	**30,098**	25,898
Actuarial (gain) loss on defined benefit pension scheme	**(196,975)**	110,431
Difference between pension charge and cash contributions	**49,425**	31,393
Defined pension scheme finance cost	**19,270**	19,116
Interest receivable	**(1,133)**	(1,027)
Decrease in debtors	**52,620**	30,500
(Decrease) increase in creditors	**(27,860)**	59,751
Net cash provided by operating activities	**428,125**	19,496

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**1,876,850**	936,490
Short term deposits	**1,345,072**	1,875,716
Total cash and cash equivalents	**3,221,922**	2,812,206

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2022.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

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

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the directors' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

There are no areas requiring the use of estimates and critical judgements that may significantly impact on the charity's financial activities and financial position.

Assessment of going concern
The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern and that the charity will have sufficient resources to meet its liabilities as they fall due. The directors are of the opinion that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income
Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income (continued)
Grants from Government and other agencies have been included as income from charitable activities where these relate to delivering specific projects, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from trading activities represents the sale of goods and services and includes income receivable under service agreements with public health bodies. Income from goods is recognised when the risks and rewards of ownership have passed to the buyer. Income from services is recognised when the services are provided to the buyer.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities:
The costs of charitable activities comprises direct expenditure on the provision of the charity's services, i.e. carrying out of projects consistent with the charity's primary charitable objectives, and includes support costs and governance costs.

Support and governance costs
Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs and also include support in the form of personnel development, financial procedures, the provision of office services and equipment and a suitable working environment.

Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to the day to day, management of the charitable company's activities.

Tangible fixed assets
All tangible fixed assets are stated at cost less depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

♦ Freehold buildings	2% on cost
♦ Long leasehold buildings	2% on cost
♦ Plant, machinery and other equipment	50% on cost
♦ Motor vehicles	25% on cost

Freehold land is not depreciated.

Debtors
Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Financial instruments
The company only holds basic financial instruments as defined in FRS102. The financial assets and financial labilities of the company and their measurement basis is as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash and cash equivalents – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 8. Taxation and social security are not included in the financial instrument disclosure definition. Deferred income is not deemed to be a financial liability, as cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting
The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The designated funds are monies set aside out of general funds and designated for specific purposes by the directors.

The restricted funds were monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

The charity is a member of a defined benefit pension scheme. Pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Any change in the asset or liability between balance sheet dates is reflected on the statement of financial activities.

1 Grant funding for specific activities

	Unrestricted funds £	Restricted funds £	**Total funds 2022 £**
UK Government grants			
The National Lottery Community Fund	—	140,794	**140,794**
Walcott	—	25,000	**25,000**
2022 Total funds	—	165,794	**165,794**

	Unrestricted funds £	*Restricted funds £*	*Total funds 2021 £*
UK Government grants			
UFI Technology	—	*50,000*	*50,000*
The National Lottery Community Fund	—	*114,375*	*114,375*
Covid furlough income	—	*55,142*	*55,142*
2021 Total funds	—	*219,517*	*219,517*

2 Charitable activities

	Unrestricted funds £	Restricted funds £	**Total funds 2022 £**
Staff costs (note 4)	707,727	88,002	**795,729**
Interest on defined benefit pension liability	19,270	—	**19,270**
Direct materials	162,279	—	**162,279**
Travel expenses	30,014	568	**30,582**
Premises costs	17,513	20,639	**38,152**
Printing, postage and stationery	2,968	—	**2,968**
Events and publicity	2,889	—	**2,889**
Telephone	7,682	—	**7,682**
Recruitment	2,931	2,183	**5,114**
Insurance	10,528	—	**10,528**
Consultancy, legal fees, subscriptions and bank charges	62,234	—	**62,234**
Depreciation	30,098	—	**30,098**
Training and development	7,627	2,767	**10,394**
Other expenses including bad debt recoveries	(4,387)	—	**(4,387)**
	1,059,373	114,159	**1,173,532**
Governance costs	13,000	—	**13,000**
2022 Total funds	1,072,373	114,159	**1,186,532**
Governance costs include:			
Audit fees	13,000	—	**13,000**
2022 Total governance costs	13,000	—	**13,000**

2 Charitable activities (continued)

Comparative year

	Unrestricted funds £	*Restricted funds £*	*Total funds 2021 £*
Staff costs (note 4)	*745,739*	*120,337*	*866,076*
Interest on defined benefit pension liability	*19,116*	*—*	*19,116*
Direct materials	*161,694*	*—*	*161,694*
Travel expenses	*19,338*	*—*	*19,338*
Premises costs	*274,311*	*22,200*	*296,511*
Printing, postage and stationery	*2,098*	*—*	*2,098*
Events and publicity	*494*	*—*	*494*
Telephone	*9,863*	*100*	*9,963*
Recruitment	*798*	*395*	*1,193*
Insurance	*16,928*	*—*	*16,928*
Consultancy, legal fees, subscriptions and bank charges	*19,158*	*24,240*	*43,398*
Depreciation	*25,898*	*—*	*25,898*
Training and development	*1,235*	*12*	*1,247*
Other expenses	*182*	*—*	*182*
	1,296,852	*167,284*	*1,464,136*
Governance costs	*13,000*	*—*	*13,000*
2021 Total funds	*1,309,852*	*167,284*	*1,477,136*
Governance costs include:			
Audit fees	*13,000*	*—*	*13,000*
2021 Total governance costs	*13,000*	*—*	*13,000*

3. Net income (expenditure) for the year

This is stated after charging:

	2022 £	2021 £
Staff costs (note 4)	**795,729**	866,076
Auditor's remuneration		
. Statutory audit services	**13,000**	13,000
Depreciation (note 6)	**30,098**	25,898
Operating leases – land and buildings	**15,941**	108,262
Operating leases – plant and equipment	**1,152**	108,262

4 Staff costs including key management personnel and directors' remuneration and expenses

	2022 **£**	2021 £
Staff costs during the period were as follows:		
Wages and salaries	**641,181**	723,082
Social security costs	**59,828**	65,648
Other pension costs	**94,720**	77,346
	795,729	866,076

Included in wages and salaries is £12,512 of statutory contractual redundancy payments made to one employee (2021 – Nil).

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2022 **Number**	2021 Number
£80,001 - £90,000	**1**	1
£90,001 - £100,000	**1**	1
	2	2

Both of the above employees had benefits accruing to them under the charitable company's defined benefit pension scheme and employer contributions paid to the scheme during the year for the two employees totalled £32,710 (2021 - £31,627).

The average number of employees during the year involved in charitable activities was:

	2022 **Number**	2021 Number
Charitable activities	**19**	**27**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and comprise the directors, the Chief Executive, the Deputy Chief Executive and six individuals with management responsibilities over key areas of the company's operations.

The directors received no remuneration.

The number of key management personnel receiving remuneration was 7 (2021: 8). The total remuneration (including employers national insurance and pension contributions) paid to the key management personnel was £428,237 (2021 -£447,231).

4 Staff costs including key management personnel and directors' remuneration and expenses (continued)

Directors' expenses

No expenses were reimbursed to directors or incurred on their behalf during the year. (2020 – None).

5 Taxation

First Step Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Tangible fixed assets

	Freehold land and buildings £	Long leasehold buildings £	Plant machinery and equipment £	Motor vehicles £	**Total £**
Cost					
At 1 April 2021	698,325	407,998	11,723	1,629	**1,119,675**
Additions	—	—	5,717	13,825	**19,542**
Disposals	—	—	(4,232)	(1,478)	**(5,710)**
At 31 March 2022	698,325	407,998	13,208	13,976	**1,133,507**
Depreciation					
At 1 April 2021	166,241	32,071	5,482	1,221	**205,015**
Charge for period	14,070	8,160	4,003	3,865	**30,098**
On disposals	—	—	(4,232)	(1,478)	**(5,710)**
At 31 March 2022	180,311	40,231	5,253	3,608	**229,403**
Net book values					
At 31 March 2022	518,014	367,767	7,955	10,368	**904,104**
At 31 March 2021	532,084	375,927	6,241	408	**914,660**

7 Debtors

	2022 £	2021 £
Trade debtors	**16,209**	40,010
Prepayments	**11,094**	26,729
Sundry Debtors	**—**	13,184
	27,303	79,923

8 Creditors: amounts falling due within one year

	2022 **£**	2021 £
Trade creditors	**20,740**	22,023
Other creditors	**25,766**	7,046
Social security and other taxes	**85,134**	60,107
Accruals and deferred income	**50,889**	121,213
	182,529	210,389

Included in creditors is £30,525 of deferred income relating to funding for services to be delivered in 2022/23 (2021 - £1,964).

9 Financial instruments and financial risk management

The charity only holds basic financial instruments, all measured at amortised cost as follows:

	2022 **£**	2021 £
Financial assets measured at amortised cost	**3,238,131**	2,865,400
Financial liabilities measured at amortised cost	**66,870**	150,282

The charity has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The charity seeks to meet its financial obligations through cash flows from its charitable activities. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10 Restricted funds

In the year 2021/22, restricted funds consisted of:

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	**At 31 March 2022 £**
The National Lottery	7,800	—	—	—	**7,800**
The National Lottery	82,845	140,794	(101,612)	—	**122,027**
Walcott Foundation	—	25,000	(11,250)	—	**13,750**
Driving Ambition Donations	3,000	2,000	(1,297)	—	**3,703**
	93,645	167,794	(114,159)	—	**147,280**

	At 1 April 2020 £	*Income £*	*Expenditure £*	*Transfers £*	*At 31 March 2021 £*
Ufi Charitable Trust	—	*50,000*	*(50,000)*	—	—
The National Lottery	*10,000*	—	*(2,200)*	—	*7,800*
The National Lottery	*35,912*	*114,375*	*(59,942)*	*(7,500)*	*82,845*
Covid furlough income	—	*55,142*	*(55,142)*	—	—
Driving Ambition Donations	—	*3,000*	—	—	*3,000*
	45,912	*222,517*	*(167,284)*	*(7,500)*	*93,645*

The specific purposes for which the funds are to be applied are as follows:

- *The National Lottery*
  The funding was provided by the Community Fund to improve the delivery of Abbeville services to the local community by funding double glazing for the premises.

- *The National Lottery*
  This represents funding received from the Community Fund for the SMaRT Pathways project to enable people with no formal educational qualifications and are long term unemployed to progress towards a career in the automotive industry. The total funding is £0.5m over a three year period.

- *Walcott Foundation*
  Funding was provided for residents of Lambeth who are employed by the charity.

- *Driving Ambition*
  These funds represented donations received towards our Driving ambition programme.

11. Designated funds

The funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	At 1 April 2021 £	New designations and transfers	Utilised/ realised £	**At 31 March 2022 £**
Fixed assets fund	914,660	19,542	(30,098)	**904,104**
New building fund	756,668	459,601	—	**1,216,269**
Project support fund	300,000	—	—	**300,000**
	1,971,328	492,333	(30,098)	**2,420,373**

- *Fixed asset fund*
  This fund represents the net book value of the charity's fixed assets. The funds have been set aside to demonstrate the importance of those assets to the charity's continuing work, and to highlight that the funds do not represent monies available for future operational expenditure.

- *New building fund*
  The Trust is seeking opportunities to acquire new premises to support the development of its core activities. This fund has been set aside for the purchase of new properties.

- *Project support fund*
  The fund has been set aside to ensure that the trust is able to meet its obligations to employees and funders in the event of a serious incident or long-term absence.

Comparatives

	At 1 April 2020 £	*New designations and transfers*	*Utilised/ realised £*	*At 31 March 2021 £*
Fixed assets fund	*936,068*	*4,490*	*(25,898)*	*914,660*
New building fund	*578,301*	*178,367*	—	*756,668*
Project support fund	*450,000*	*(150,000)*	—	*300,000*
	1,964,369	*32,857*	*(25,898)*	*1,971,328*

12. Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	**Total 2022 £**
Fund balances at 31 March 2022 are represented by:				
Tangible fixed assets	—	904,104	—	**904,104**
Current assets	1,585,676	1,516,269	147,280	**3,249,225**
Current liabilities	(182,529)	—	—	**(182,529)**
Total net assets before non-current liabilities and pension liability	1,403,147	2,420,373	147,280	**3,970,800**
Pension liability	(803,147)	—	—	**(803,147)**
Total net assets	600,000	2,420,373	147,280	**3,167,653**

Comparatives:	*General fund £*	*Designated funds £*	*Restricted funds £*	*Total 2021 £*
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	—	*914,660*	—	*914,660*
Current assets	*1,741,816*	*1,056,668*	*93,645*	*2,892,129*
Current liabilities	*(210,389)*	—	—	*(210,389)*
Total net assets before non-current liabilities and pension liability	*1,531,428*	*1,963,827*	*93,645*	*3,596,400*
Pension liability	*(931,427)*	—	—	*(931,427)*
Total net assets	*600,000*	*1,971,328*	*93,645*	*2,664,973*

13. Related party transactions

There were no Related party transactions (2021: £nil) undertaken during the year.

14. Leasing commitment

Operating leases

At 31 March 2022, the charity's future minimum payments under non-cancellable operating leases was as follows:

	Land and buildings	
	2022 £	2021 £
Within one year	—	18,750
	—	18,750

15. Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any director, officer of the charitable company, or employee and to indemnify any director, officer of the company, or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance is £1,000,000 (2021 - £1,000,000) and the total premium paid in respect of such insurance was £626 (2021 - £442).

16. Pension scheme

First Step Trust is one of the employing bodies included within the London Borough of Greenwich Pension Fund.

The total employer contribution in respect of the funded defined benefit scheme for the year was £38,131 (2021 - £36,998). The best estimate of contributions to be paid by the employer for the year beginning 1 April 2023 is £38,170

The assets of the scheme are held independently of the charity's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The next comprehensive actuarial valuation will be at 31 March 2022.

In order to assess the actuarial value of the charity's assets and liabilities at 31 March 2022; the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2021. The major assumptions used by the actuary were (in nominal terms):

	2022 % per annum	2021 % per annum
RPI increases	**3.75%**	3.35%
CPI increases	**3.30%**	2.85%
Rate of increase in salaries	**4.30%**	3.85%
Rate of increase for pensions	**3.30%**	2.85%
Discount rate for liabilities	**2.60%**	1.95%

16 Pension scheme (continued)

The mortality assumptions adopted at 31 March 2022 have been provided by the actuary and assume the following life expectancies:

- Male retiring at age 65 today 20.5 years (2021 – 20.5)
- Females retiring at age 65 today 23.4 years (2021 – 23.3)
- Male retiring at age 65 in 20 years 22.0 years (2021 – 21.9)
- Females retiring at age 65 in 20 years 25.0 years (2021 – 24.9)

The estimated asset allocation of the whole fund as at 31 March 202 is as follows:

	31 March 2022		31 March 2021	
	£'000	**%**	£'000	%
UK equities	**1,205**	**57%**	179	9%
Other bonds	**365**	**17%**	324	17%
Property	**230**	**11%**	171	9%
Cash	**53**	**3%**	24	1%
Unitised insurance policies	—	—	755	39%
UK and overseas unit trusts	**260**	**12%**	481	25%
	2,113	**100%**	1,934	100%

The value of First Step Trust's share in the pension scheme's assets and liabilities at 31 March were:

	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000
Fair value of scheme assets	2,113	1,934	1,525	1,710	1,551	1,490
Present value of scheme liabilities	(2,916)	(2,865)	(2,295)	(2,516)	(2,282)	(2,184)
Deficit in scheme	(803)	(931)	(770)	(806)	(731)	(694)

16 Pension scheme (continued)

The overall movement in First Step Trust's share of the deficit during the year was as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Movement in deficit during the year		
Deficit in scheme at 1 April	**(931)**	(770)
Movement in year:		
. Current service cost	**(88)**	(68)
. Employer contributions	**38**	37
. Net finance charge	**(19)**	(19)
. Actuarial gain (loss)	**197**	(111)
Deficit in scheme at 31 March	**(803)**	(931)

Changes in First Step Trust's share of the present value of the scheme liabilities are as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Scheme liabilities at start of period	**2,865**	2,295
Current service cost	**88**	68
Interest cost	**56**	54
Contributions by scheme participants	**19**	19
Estimated benefits paid	**(17)**	(17)
Change in actuarial assumptions	**(97)**	446
Scheme liabilities at end of period	**2,916**	2,865

Changes in First Step Trust's share in the fair value of the present value of the scheme assets are as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of scheme assets at start of period	**1,934**	1,525
Interest on assets	**38**	36
Return on assets less interest	**100**	335
Administration expenses	**1**	(1)
Estimated benefits paid	**(17)**	(17)
Contributions by employer	**38**	37
Contributions by scheme participants	**19**	19
Fair value of scheme assets at end of period	**2,113**	1,934

16 Pension scheme (continued)

The pension charge for the year calculated under FRS 102 assumptions is reflected in the financial statements as follows:

	2022 £'000	2021 £'000
Analysis of the amount charged to the statement of financial activities (SOFA)		
Current service cost	**88**	68
Total operating charge	**88**	68
Analysis of other finance charge		
Interest on pension liabilities	**18**	18
Administrative expenses	**1**	1
Net finance cost	**19**	19
Net revenue account cost	**107**	87
Amounts recognised as other gains and losses		
Return on fund assets in excess of interest	**100**	336
Change in actuarial assumptions	**97**	(447)
	197	111

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Assumption	**Change in assumption**	**Approximate impact on scheme liabilities**
Discount rate	Decrease/increase by 0.1% pa	+£43,000/-£43,000
Rate of mortality	1 year increase/decrease in life expectancy	+£137,000/-£137,000

FIRST STEP TRUST

England & Wales - Charity number 1077959

Accounts

First Step Trust

Annual Report and Financial Statements

31 March 2021

Company Limited by Guarantee
Registration Number
03730562 (England and Wales)

Charity Registration Number
1077959

Contents

Reports

Legal and administrative information 1

Directors' report 2

Independent auditor's report 13

Financial statements

Statement of financial activities 17

Balance sheet 18

Statement of cash flows 19

Principal accounting policies 20

Notes to the financial statements 24

Legal and administrative information

Chief Executive	R Wilson
Company secretary	J Sibley
Board of directors	S Cader C Furnivall S Newcombe A Okill
Registered office	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
Telephone	020 8855 7386
Facsimile	020 8855 7386
Website	www.firststeptrust.org.uk
E-mail	fst@firststeptrust.org.uk
Company registration number	03730562 (England and Wales)
Charity registration number	1077959
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
Solicitors	Mark Eisenthal & Co 44 Wellington Street Covent Garden London WC2E 7BD

The directors present the statutory report and financial statements of First Step Trust ("FST") for the year ended 31 March 2021.

The report, which constitutes a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

FST was incorporated on 10 March 1999 (and commenced activities on 1 January 2000) as a company limited by guarantee and not having share capital (registration number 03730562). It has also been registered as a charity since 1994 (registration number 1077959) prior to its incorporation, and is permitted to exclude the word "limited" from its name under Section 60 of the Companies Act 2006.

Organisational structure

Overall responsibility for the company lies with the directors who meet on a regular basis to decide upon policy and strategy. The day to day running of the company is delegated to the Chief Executive and his Deputy.

Current policies and procedures are easily accessible and are kept updated on the Trust's website.

Key management personnel

The board of directors, the Chief Executive, the Deputy Chief Executive and a further seven employees with management responsibilities for the company's operations, finance, catering and garages, are considered to comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The directors give their time freely and no director received remuneration in the year.

The pay of the key management personnel is reviewed annually by the board of directors and are aligned with average earnings of similar charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The directors of the charitable company constitute the trustees of the charity.

The following directors served during the year and up to the date of approval of this report:

Directors
S Cader
C Furnivall
S Newcombe
A Okill

No director received any remuneration for services as a director (2020 - £nil). No director was reimbursed travelling expenses (2020 – £nil)

Members' liability

In the event of the company being wound up, members and those who cease to be members within one year, are required to contribute an amount not exceeding £1 per person.

Statement of directors' responsibilities

The directors of First Step Trust are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The directors' report has been prepared in accordance with the special provisions of Part 16 of the Companies Act 2006 relating to small companies including the exemption from preparing a strategic report.

Directors' induction process

As an organisation FST wants to make sure that the directors, in addition to understanding the full range of their responsibilities and obligations, understand the underpinning values and commitment to service users.

In order to achieve these objectives the induction process for new or potential directors includes a period of voluntary work and an invitation to attend two or three Board Meetings before a formal decision is made.

OBJECTIVES AND ACTIVITIES

Principal aims and activities

FST aims to support or promote such charitable purposes as the directors may in their absolute discretion determine, but in particular to assist those in the community with mental health problems and other disabilities or disadvantages by the application of FST principles to the provision of services for such people.

Such activities include:

- To establish further employment projects for people with mental health problems and other disabilities throughout the UK;
- To test the capacity of the FST model as a means of providing work experience and employment opportunities in areas outside traditional 'blue collar' employment; and
- To lay the foundations for the longer term growth of FST as a national charity.

Public benefit statement

The directors confirm that they have complied with their duty under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. On pages 5 to 12, the annual report gives a detailed description of the activities undertaken by the charitable company during the year in furtherance of its charitable purposes, and the directors are satisfied that all such activities provide a public benefit.

ACHIEVEMENTS AND PERFORMANCE

Management of Covid-19 and lockdown

This has been a difficult year for all with the Covid-19 pandemic impacting on much that could be achieved. For most of the year FST has either been in lockdown or working within a framework necessary to minimise spread of the virus. This was managed by a clear risk management strategy, monitored at Board level and reviewed as required by any shifts in Government policy and changes in the progress of the pandemic.

It is much sadness that we had to close down the Salford garage in October as it was no longer viable resulting in 2 redundancies and the early ending of an apprenticeship.

During the lockdown, despite challenges FST was successful in maintaining contact with workforce over the phone and zoom providing phones for those who didn't have them. We also provided food packages where required.

Online training was provided and with tablets supplied for those without means of accessing the Internet. Support was also provided to those struggling with access to food and other essentials. Thank you Good Things Foundation for donating 10 tablets.

Once out of lockdown, FST's projects (main office, Woolwich garage, Abbevilles, Lambeth gardening, Edenfield and Ashworth Hospital) remained available to workforce members. We sustained this for most of the year, albeit with small numbers attending in a controlled, socially distanced environment. This has allowed the administration to function at Main Office, some garage trading, grounds maintenance contracts and workforce training.

We are pleased to report that staff remained on full pay throughout the pandemic either working from home or furloughed.

The pandemic also provided a spur to some significant reorganisation that had been under consideration for some time but was brought forward either because of restrictions in capacity to bring in trading income or because of premises leasing issues. In addition to the closure of Salford garage, the lease for the Lambeth garage came to an end on 6th December 2020. We are still looking for new premises but it is proving quite difficult to secure suitable accommodation. In addition to the above closures we have had to review our operations at the Bexley garage following an increase in rent. We have however, managed to negotiate an early termination of the lease and we expect to be returning the premises to the landlord at the end of October 2021.

On a more positive note this year has also provided the opportunity to review Abbevilles and rebrand extending the menu to include fish and chips allowing us to reach out to new customers. The premises were refurbished with new equipment installed and the workforce retrained.

One further major change In November 2020, was the relocation of FST project in Merseyside from its long time base of Scott Clinic to the new Merseycare Trust flagship MSU at Rowan View, Maghul (Ashworth site). FST runs a café, a modern and busy catering

venue that provides a freshly prepared menu to both the staff and service users on site. FST also runs an on-site shop, selling confectionary and toiletries

Development of SMaRT Pathways

Work has progressed well on this important development for FST. Using a range of technologies including Virtual Reality and video a virtual garage replicating FST's Woolwich garage has been created, with embedded video instruction and 'how to' guides, featuring FST workforce members. This familiar environment creates confidence in the learner to engage with the activities. This is the first in a 10 part programme for motor vehicle maintenance and involves training people to remove/replace a tyre and then balance the wheel. Once completed the aim is to meet the requirements for Institute of Motor Industry (IMI) recognition.

Having Beta tested the programme with FST workforce members, funding has now been secured to beta test the programme across 5 medium secure units in London to assess whether the programme is suitable for use in secure settings. To carry this work forward, two trainers, have been recruited, both ex workforce members: an Automotive Skills Trainer (AST) and a Basic Skills Trainer.

Workforce achievements

Numbers attending are understandably lower than the previous year, but despite the demands of negotiating Covid-19 restrictions, FST was successful in delivering almost 2,000 work experience sessions for over 130 people, working in the Main office and finance department, garage, grounds maintenance and restaurant.

89% of these are people with mental health problems, and those with a history of offending from 43% of the total workforce. 56% of the workforce are people from Black and ethnic minorities.

It is worth noting that the FST workforce overall continues to represent a relatively young population of people with long term mental health problems with 33% aged under 35 and 61% aged under 45.

These are all people very far removed from the labour market with 30% never having worked at all. Of those who have been employed at some point, 86% have been unemployed for 6 years and more.

Welfare benefits received also indicate the majority of the workforce is not yet work ready, (56% on PIP or ESA).

Training

44 new training places were taken up during the year alongside 25 continuing from previous year. 20 in-house courses were completed. 14 accredited qualifications attained in a range of subjects: Food Hygiene, admin, motor vehicle practical, driving ambition and health & safety. 3 people were successful in gaining paid employment while 4 people continued actively seeking work.

One workforce member is applying for her ADI (Advance Driving Instructor) trainee licence and continued studying for the theory element of the training while waiting for COVID-19 restrictions to be relaxed to proceed with course completion. We would like to thank the Milnes family for funding this piece of work and other elements of the Driving Ambition® programme.

Work contracts

Trading levels were inevitably reduced compared to the previous year but, nevertheless, FST's social enterprises were successful in generating £226,000 by delivering:

- 458 MOT's, 438 motor vehicle repairs/services and 44 car valeting
- 3 catering and event functions from Abbevilles
- 28 garden/facilities maintenance visits across contracts
- 61 rubbish clearances

Funders, partners and other supporters during the year include, in alphabetical order:

Funders:

Bracton Centre

Greater Manchester West Mental Health NHS Foundation Trust

London Borough of Lambeth

Mersey Care NHS Trust

National Lottery

NHS Lambeth CCG

Oxleas NHS Foundation Trust

Royal Borough of Greenwich

South London Mental Health and Community Partnership (SLP)

Shaftsbury Clinic – Springfield Hospital

UFI VocTech Trust

Supporters:

Austella Ltd

Beacon Group Limited

Bexley Accessible Transport Scheme

Bridgestone

BTD Electrical

Canary Wharf Ltd

Centaur Travel

Good Things Foundation

Halfords Auto Centres

Institute of the Motor Industry

Kam Kee Foods

London Borough of Lambeth

NHS England

Parsley & Time Ltd

R&B Star Ltd

Re-Ropes

Royal Borough of Greenwich

Small Business Saturday

Social Enterprise UK

South East London Chamber of Commerce

Southern Motor Factors

South London & Maudsley

Stone & Ceramic Ltd

Visit Greenwich

A special thank you to Andy and Alex of Bridgestone North Europe region for their assistance in helping us to devise and develop a new marketing strategy.

We appreciate the support from the Milnes family in sponsorship for driving ambition and Dr and Mrs Lelliott who also made a donation for our Driving Ambition © programme.

FINANCIAL REVIEW

Financial report for the period

A summary of the results for the year can be found on page 17 of the attached financial statements.

Total income was £1,331,001 (2020 - £1,603,230) of which £1,019,034 (2020 - £1,518,648) was income generated from the various activities outlined on pages 6 to 8.

Total expenditure amounted to £1,477,136 (2020 - £1,628,055). Staff costs, including agency costs, of £866,076 continue to be the largest single item of expenditure and represent 65% of total income (2020 – staff costs were £966,043 and 60% of total income).

The deficit for the year amounted to £146,135 before actuarial losses of £110,431 on the defined benefit pension scheme (2020 - deficit of £24,825 before actuarial gains of £143,624) which generated a negative net movement on funds of £256,566 (2020 positive net movement in funds of £118,699).

Reserves policy

The board of directors have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, which are represented by the general fund, and those designated for specific purposes or otherwise committed.

The directors aim to hold general funds equal to approximately six months' unrestricted fund expenditure (approximately £600,000) and the general fund balance at 31 March 2021 was set at £600,000, down from the £911,258 held in 2020.

It has been agreed by the board of directors that the charity should have sufficient general funds to enable the charity to meet statutory and moral obligations to funders, employees and people using the services of the FST in the event of losing grant funding. The "project support" designated fund balance has been retained at a level of £450,000 at 31 March 2021. The directors also recognise that there may be a call on reserves in future to purchase a building in Crayford or Lambeth and therefore the designated new building fund of £578,301 at 31 March 2020 has been increased to £756,668.

The directors have also considered applying surplus funds in to investments. However, after have taken advice and in view of the uncertainties around coronavirus and Brexit, it has been decided to delay any decision for the time being. This will be kept under review.

The directors have re-examined FST's requirements for reserves in light of the possible impact of coronavirus on the charity in the foreseeable future. They consider that the current reserves policy protects FST and its longer term charitable objectives by providing sufficient reserves to adjust to changing financial circumstances: to cover any temporary shortfalls in income, provide adequate working capital to cover core expenditure and respond to unforeseen events until specific mitigating action can be implemented.

FINANCIAL REVIEW (continued)

Financial position

The net current asset position at 31 March 2021 at £2.682m is consistent with the prior year of £2.755m and the charity continues to have a strong working capital base, with £2.8m being held in cash at 31 March 2021 (2020 - £2.8m).

The balance sheet shows total funds of £2,664,973 (2020 - £2,921,539) of which £93,645 is restricted funding (2020 - £45,912) and £2,571,328 is unrestricted which consists of £1,971,328 of designated funding for specific purposes as explained in the reserves policy above (2020 - £1,964,369), and a general fund reserve of £600,000 (£900,001). Included in general fund reserves is a defined benefit pension scheme liability of £931,427 (2020 - £770,487).

The designated funds include a fixed assets fund of £914,660 (being fixed assets not represented by restricted and general funds); a project support fund of £300,000 which has been set aside to ensure that FST is able to meet its obligations to its employees and funders in the event of a serious incident or long term absence; and a new building fund of £756,668, the aim of which is to reduce long term administrative costs through the purchase of its own premises.

General funds or free reserves of the charity at 31 March 2021 totalled £600,000. The directors are satisfied that the current level of free reserves is sufficient to meet the charity's immediate operational needs and meets the desired target as noted in the reserves policy above.

Risk management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity. The directors believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

POST BALANCE SHEET EVENTS

The impact of COVID-19 continued to present operational challenges in respect of Abbevilles. As a result of the restrictions on the hospitality industry the decision was made to provide a take-away service only during the first few months of the year.

Signed on behalf of the Board of Directors

Director

Approved by the board on:

Independent auditor's report to the members of First Step Trust

Opinion

We have audited the financial statements of First Step Trust (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charitable company and management.

- We obtained an understanding of the legal and regularity frameworks that are applicable to the charitable company and determined that the most significant are Companies Act 2006, Health & Safety and Minimum Wage regulations.

- We understood how the charitable company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes of the charitable company.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design and implementation of controls in place to prevent and detect fraud;

- Identifying and testing journal entries, in particular adjustments made at the year-end for financial statement preparation; and

Assessing the extent of compliance with relevant laws and regulations by reviewing correspondence with regulators and legal advisorsThere are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and

Auditor's responsibilities for the audit of the financial statements (continued)

regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2021
(Including Income and Expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	**Total funds 2021 £**	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Income from:							
Donations and legacies		250	3,000	**3,250**	1,477	—	1,477
Charitable activities:							
. Grant funding	1	—	219,517	**219,517**	—	73,125	73,125
. Trading activities		1,019,034	—	**1,019,034**	1,518,648	—	1,518,648
Interest receivable		1,027	—	**1,027**	7,500	—	7,500
Other		88,173	—	**88,173**	2,480	—	2,480
Total income		1,108,484	222,517	**1,331,001**	1,530,105	73,125	1,603,230
Expenditure on:							
Charitable activities	2	1,309,852	167,284	**1,477,136**	1,600,842	27,213	1,628,055
Total expenditure		1,309,852	167,284	**1,477,136**	1,600,842	27,213	1,628,055
Net (expenditure)/income for the year	3	(201,368)	55,233	**(146,135)**	(70,737)	45,912	(24,825)
Transfers	10	7,500	(7,500	—	—	—	—
Other recognised gains/(losses):							
Actuarial (loss) gain on defined benefit pension scheme	16	(110,431)	—	**(110,431)**	143,524	—	143,524
Net movement in funds for the year		(304,299)	47,733	**(256,566)**	72,787	45,912	118,699
Fund balances brought forward at 1 April 2020		2,875,627	45,912	**2,921,539**	2,802,840	—	2,802,840
Fund balances carried forward at 31 March 2021		**2,571,328**	**93,645**	**2,664,973**	2,875,627	45,912	2,921,539

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

Balance sheet 31 March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	6		**914,660**		936,068
Current assets					
Debtors	7	**79,923**		110,423	
Short term deposits		**1,875,716**		1,874,689	
Cash at bank and in hand		**936,490**		921,484	
		2,892,129		2,906,596	
Current liabilities					
Creditors: amounts falling due within one year	8	**(210,389)**		(150,638)	
Net current assets			**2,681,740**		2,755,958
Total net assets excluding pension liability			**3,596,400**		3,692,026
Defined benefit pension scheme liability	16		**(931,427)**		(770,487)
Total net assets			**2,664,973**		2,921,539
The funds of the charity:					
Restricted funds	10		**93,645**		45,912
Unrestricted funds					
. Designated funds	11	**1,971,328**		1,964,369	
. General funds		**600,000**		911,258	
			2,571,328		2,875,627
Total charity funds	12		**2,664,973**		2,921,539

Approved by the directors and signed on its behalf by:

Director of First Step Trust

Company registration number

03730562 (England and Wales)

Approved on:

Statement of cash flows 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	**19,496**	126,381
Cash flows from investing activities:			
Investment income		**1,027**	7,500
Purchase of tangible fixed assets		**(4,490)**	(16,571)
Net cash used in investing activities		**(3,463)**	(9,071)
Change in cash and cash equivalents in the year		**16,033**	117,310
Cash and cash equivalents at 1 April 2020	B	**2,796,173**	2,678,863
Cash and cash equivalents at 31 March 2021	B	**2,812,206**	2,796,173

Notes to the statement of cash flows for the year to 31 March 2021.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	**(256,566)**	118,699
Adjustments for:		
Depreciation charge	**25,898**	27,041
Actuarial loss (gain) on defined benefit pension scheme	**110,431**	(143,524)
Difference between pension charge and cash contributions	**31,393**	87,251
Defined pension scheme finance cost	**19,116**	20,480
Interest receivable	**(1,027)**	(7,500)
Decrease in debtors	**30,500**	50,715
Increase in creditors	**59,751**	(26,781)
Net cash provided by operating activities	**19,496**	126,381

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**936,490**	921,484
Short term deposits	**1,875,716**	1,874,689
Total cash and cash equivalents	**2,812,206**	2,796,173

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2021.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

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

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the directors' to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results may differ from those estimates.

There are no areas requiring the use of estimates and critical judgements that may significantly impact on the charity's financial activities and financial position.

Assessment of going concern
The directors have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The directors have made this assessment in respect to a period of one year from the date of approval of these accounts.

The directors have considered the continuing impact of the Covid-19 pandemic on the charity and have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern and that the charity will have sufficient resources to meet its liabilities as they fall due. The directors are of the opinion that it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from Government and other agencies have been included as income from charitable activities where these relate to delivering specific projects, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from trading activities represents the sale of goods and services and includes income receivable under service agreements with public health bodies. Income from goods is recognised when the risks and rewards of ownership have passed to the buyer. Income from services is recognised when the services are provided to the buyer.

Interest income from cash at bank is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities:

The costs of charitable activities comprises direct expenditure on the provision of the charity's services, i.e. carrying out of projects consistent with the charity's primary charitable objectives, and includes support costs and governance costs.

Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs and also include support in the form of personnel development, financial procedures, the provision of office services and equipment and a suitable working environment.

Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to the day to day, management of the charitable company's activities.

Tangible fixed assets

All tangible fixed assets are stated at cost less depreciation. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

♦ Freehold buildings	2% on cost
♦ Long leasehold buildings	2% on cost
♦ Plant, machinery and other equipment	50% on cost
♦ Motor vehicles	25% on cost

Freehold land is not depreciated.

Debtors

Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents cash that is available on demand or has a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Financial instruments

The company only holds basic financial instruments as defined in FRS102. The financial assets and financial labilities of the company and their measurement basis is as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 7. Prepayments are not financial instruments.

Cash and cash equivalents – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 8. Taxation and social security are not included in the financial instrument disclosure definition. Deferred income is not deemed to be a financial liability, as cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The designated funds are monies set aside out of general funds and designated for specific purposes by the directors.

The restricted funds were monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pension costs

The charity is a member of a defined benefit pension scheme. Pension scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Any change in the asset or liability between balance sheet dates is reflected on the statement of financial activities.

1 Grant funding for specific activities

	Unrestricted funds £	Restricted funds £	**Total funds 2021 £**
UK Government grants			
UFI Technology	—	50,000	**50,000**
The National Lottery Community Fund	—	114,375	**114,375**
Covid furlough income	—	55,142	**55,142**
2020 Total funds	—	219,517	**219,517**

	Unrestricted funds £	*Restricted funds £*	*Total funds 2020 £*
UK Government grants			
UFI Technology	—	*20,000*	*20,000*
The National Lottery Community Fund	—	*53,125*	*53,125*
2020 Total funds	—	*73,125*	*73,125*

2 Charitable activities

	Unrestricted funds £	Restricted funds £	**Total funds 2021 £**
Staff costs (note 4)	745,739	120,337	**866,076**
Interest on defined benefit pension liability	19,116	—	**19,116**
Direct materials	161,694	—	**161,694**
Travel expenses	19,338	—	**19,338**
Premises costs	274,311	22,200	**296,511**
Printing, postage and stationery	2,098	—	**2,098**
Events and publicity	494	—	**494**
Telephone	9,863	100	**9,963**
Recruitment	798	395	**1,193**
Insurance	16,928	—	**16,928**
Consultancy, legal fees, subscriptions and bank charges	19,158	24,240	**43,398**
Depreciation	25,898	—	**25,898**
Training and development	1,235	12	**1,247**
Other expenses	182	—	**182**
	1,296,852	167,284	**1,464,136**
Governance costs	13,000	—	**13,000**
2021 Total funds	1,309,852	167,284	**1,477,136**
Governance costs include:			
Audit fees	13,000	—	**13,000**
Actuarial fees			
2021 Total governance costs	13,000	—	**13,000**

2 Charitable activities (continued)

Comparative year

	Unrestricted funds £	*Restricted funds £*	*Total funds 2020 £*
Staff costs (note 4)	*936,580*	*23,477*	*960,057*
Agency costs (note 4)	*5,986*	*—*	*5,986*
Interest on defined benefit pension liability	*20,480*	*—*	*20,480*
Direct materials	*302,449*	*—*	*302,449*
Travel expenses	*38,513*	*1,134*	*39,647*
Premises costs	*192,425*	*—*	*192,425*
Printing, postage and stationery	*2,297*	*—*	*2,297*
Events and publicity	*1,130*	*—*	*1,130*
Telephone	*10,435*	*—*	*10,435*
Recruitment	*1,451*	*849*	*2,300*
Insurance	*28,190*	*—*	*28,190*
Consultancy, legal fees, subscriptions and bank charges	*13,000*	*1,375*	*14,375*
Depreciation	*27,041*	*—*	*27,041*
Training and development	*2,426*	*—*	*2,426*
Other expenses	*5,180*	*378*	*5,558*
	1,587,583	*27,213*	*1,614,796*
Governance costs	*13,259*	*—*	*13,259*
2020 Total funds	*1,600,842*	*27,213*	*1,628,055*
Governance costs include:			
Audit fees	*13,000*	*—*	*13,000*
Actuarial fees	*259*	*—*	*259*
2020 Total governance costs	*13,259*	*—*	*13,259*

3 Net expenditure for the year

This is stated after charging:

	2021 £	2020 £
Staff costs (note 4)	**866,076**	966,043
Auditor's remuneration		
. Statutory audit services	**13,000**	13,000
. Taxation services	—	1,300
Depreciation (note 6)	**25,898**	27,041
Operating leases – land and buildings	**108,262**	111,076

4 Staff costs including key management personnel and directors' remuneration and expenses

	2021 **£**	2020 £
Staff costs during the period were as follows:		
Wages and salaries	**723,082**	756,810
Social security costs	**65,648**	72,009
Other pension costs	**77,346**	131,238
	866,076	960,057
Agency staff costs	—	5,986
	866,076	966,043

Included in wages and salaries is £21,814 of statutory contractual redundancy payments made to three employees.

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 **Number**	2020 Number
£80,001 - £90,000	1	—
£90,001 - £100,000	**1**	2
	2	2

Both of the above employees had benefits accruing to them under the charitable company's defined benefit pension scheme and employer contributions paid to the scheme during the year for the two employees totalled £31,627 (2020 - £27,866).

The average number of employees during the year involved in charitable activities was:

	2021 **Number**	2020 Number
Charitable activities	**27**	**33**

4 Staff costs including key management personnel and directors' remuneration and expenses (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and comprise the directors, the Chief Executive, the Deputy Chief Executive and six individuals with management responsibilities over key areas of the company's operations.

The number of key management personnel was 8 (2020: 9). The total remuneration (including employers national insurance and pension contributions) paid to the key management personnel was £447,231 (2020 - £392,804).

The directors received no remuneration.

Directors' expenses

No expenses were reimbursed to directors or incurred on their behalf during the year. (2020 – None).

5 Taxation

First Step Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Tangible fixed assets

	Freehold land and buildings £	Long leasehold buildings £	Plant machinery and equipment £	Motor vehicles £	**Total £**
Cost					
At 1 April 2020	698,325	405,798	13,695	2,429	**1,120,247**
Additions	—	2,200	2,290	—	**4,490**
Disposals	—	—	(4,263)	(800)	**(5,063)**
At 31 March 2021	698,325	407,998	11,723	1,629	**1,119,675**
Depreciation					
At 1 April 2020	152,170	23,911	6,484	1,614	**184,1797**
Charge for period	14,071	8,160	3,261	407	**25,898**
On disposals	—	—	(4,263)	(800)	**(5,063)**
At 31 March 2021	166,241	32,071	5,482	1,221	**205,015**
Net book values					
At 31 March 2021	537,084	375,927	6,241	408	**914,660**
At 31 March 2020	546,155	381,888	2,116	814	**936,068**

7 Debtors

	2021 £	2020 £
Trade debtors	**40,010**	64,030
Prepayments	**26,729**	46,393
Sundry Debtors	**13,184**	-
	79,923	110,423

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	**22,023**	34,215
Other creditors	**7,046**	6,836
Social security and other taxes	**60,107**	69,039
Accruals and deferred income	**121,213**	40,548
	210,389	150,638

9 Financial instruments and financial risk management

The charity only holds basic financial instruments, all measured at amortised cost as follows:

	2021 £	2020 £
Financial assets measured at amortised cost	2,865,400	2,860,203
Financial liabilities measured at amortised cost	150,282	57,635

The charity has exposure to one main area of risk, liquidity risk.

Liquidity risk

The objective of the charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The charity seeks to meet its financial obligations through cash flows from its charitable activities. In the event that the cash flows would not cover all the financial liabilities, the charity has sufficient cash reserves available to meet any shortfall.

10 Restricted funds

In the year 2020/21, restricted funds consisted of:

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Ufi Charitable Trust	—	50,000	(50,000)	—	—
The National Lottery	10,000	—	(2,200)	—	**7,800**
The National Lottery	35,912	114,375	(59,942)	(7,500)	**82,845**
Covid furlough income	—	55,142	(55,142)	—	—
Driving Ambition Donations	—	3,000	—	—	**3,000**
	45,912	222,517	(167,284)	(7,500)	**93,645**

	At 1 April 2019 £	*Income £*	*Expenditure £*	*At 31 March 2020 £*
Ufi Charitable Trust	—	*20,000*	*(20,000)*	—
The National Lottery	—	*10,000*	—	*10,000*
The National Lottery	—	*43,125*	*(7,213)*	*35,912*
	—	*73,125*	*27,213*	*45,912*

The specific purposes for which the funds are to be applied are as follows:

- *Ufi Charitable Trust*
  This fund was received to explore the feasibility of using digital technologies in the provision of adult learning
- *The National Lottery*
  The funding was provided by the Community Fund to improve the delivery of Abbeville services to the local community by funding double glazing for the premises.
- *The National Lottery*
  This represents funding received from the Community Fund for the SMaRT Pathways project to enable people with no formal educational qualifications and are long term unemployed to progress towards a career in the automotive industry. The total funding is £0.5m over a three year period.
- *Covid furlough income*
  This fund represented monies from received under the covid furlough scheme.
- *Driving Ambition*
  These funds represented donations received towards our Driving ambition programme,

11 Designated funds

The funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the directors for specific purposes:

	At 1 April 2020 £	New designations and transfers	Utilised/ realised £	**At 31 March 2021 £**
Fixed assets fund	936,068	4,490	(25,898)	**914,660**
New building fund	578,301	178,367	—	**756,668**
Project support fund	450,000	(150,000)	—	**300,000**
	1,964,369	32,857	(25,898)	**1,971,328**

- *Fixed asset fund*
  This fund represents the net book value of the charity's fixed assets. The funds have been set aside to demonstrate the importance of those assets to the charity's continuing work, and to highlight that the funds do not represent monies available for future operational expenditure.

- *New building fund*
  The Trust is seeking opportunities to acquire new premises to support the development of its core activities. This fund has been set aside for the purchase of new properties.

- *Project support fund*
  The fund has been set aside to ensure that the trust is able to meet its obligations to employees and funders in the event of a serious incident or long-term absence.

Comparatives

	At 1 April 2019 £	*New designations and transfers*	*Utilised/ realised £*	*At 31 March 2020 £*
Fixed assets fund	*946,538*	*16,571*	*(27,041)*	*936,068*
New building fund	*506,301*	*72,000*	—	*578,301*
Project support fund	*450,000*	—	—	*450,000*
	1,902,839	*88,571*	*(27,041)*	*1,964,369*

12 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	**Total 2021 £**
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	—	914,660	—	**914,660**
Current assets	1,741,816	1,056,668	93,645	**2,892,129**
Current liabilities	(210,389)	—	—	**(210,389)**
Total net assets before non-current liabilities and pension liability	1,531,428	1,963,827	93,645	**3,596,400**
Pension liability	(931,427)	—	—	**(931,427)**
Total net assets	600,000	1,971,328	93,645	**2,664,973**

Comparatives:	*General fund £*	*Designated funds £*	*Restricted funds £*	*Total 2020 £*
Fund balances at 31 March 2020 are represented by:				
Tangible fixed assets	*—*	*936,068*	*—*	*936,068*
Current assets	*1,832,383*	*1,028,301*	*45,912*	*2,906,596*
Current liabilities	*(150,638)*	*—*	*—*	*(150,638)*
Total net assets before non-current liabilities and pension liability	*1,681,745*	*1,964,369*	*45,912*	*3,692,026*
Pension liability	*(770,487)*	*—*	*—*	*(770,487)*
Total net assets	*911,258*	*1,964,369*	*45,912*	*2,921,539*

13 Related party transactions

Carole Furnivall, a director of the charitable company, charged consultancy fees and expenses of £nil (2020: £3,640) in connection with welfare monitoring undertaken during the year.

14 Leasing commitment

Operating leases

At 31 March 2021 the charity's future minimum payments under non-cancellable operating leases was as follows:

	Land and buildings	
	2021 £	2020 £
Within one year	**18,750**	85,375
In two to five years	—	159,167
	18,750	244,542

15 Indemnity insurance

The charity has purchased insurance to protect the charity from loss arising from any wrongful or dishonest act of any director, officer of the charitable company, or employee and to indemnify any director, officer of the company, or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance is £1,000,000 (2020 - £1,000,000) and the total premium paid in respect of such insurance was £442 (2020 - £476).

16 Pension scheme

First Step Trust is one of the employing bodies included within the London Borough of Greenwich Pension Fund.

The total employer contribution in respect of the funded defined benefit scheme for the year was £36,998 (2020 - £32,656). The best estimate of contributions to be paid by the employer for the year beginning 1 April 2020 is £37,000.

The assets of the scheme are held independently of the charity's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The next comprehensive actuarial valuation will be at 31 March 2022.

In order to assess the actuarial value of the charity's assets and liabilities at 31 March 2021; the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2020. The major assumptions used by the actuary were (in nominal terms):

	2021 % per annum	2020 % per annum
RPI increases	**3.35%**	2.95%
CPI increases	**2.85%**	1.95%
Rate of increase in salaries	**3.85%**	2.95%
Rate of increase for pensions	**2.85%**	1.95%
Discount rate for liabilities	**1.95%**	2.35%

The mortality assumptions adopted at 31 March 2021 have been provided by the actuary and assume the following life expectancies:

- Male retiring at age 65 today 20.5 years (2020 – 20.8)
- Females retiring at age 65 today 23.3 years (2020 – 23.5)
- Male retiring at age 65 in 20 years 21.9 years (2020 – 22.3)
- Females retiring at age 65 in 20 years 24.9 years (2020 – 25.1)

16. Pension scheme (continued)

The estimated asset allocation of the whole fund as at 31 March 2021 is as follows:

	31 March 2021		31 March 2020	
	£'000	**%**	£'000	%
UK equities	**179**	**9%**	140	9%
Other bonds	**324**	**17%**	289	19%
Property	**171**	**9%**	171	11%
Cash	**24**	**1%**	25	2%
Unitised insurance policies	**755**	**39%**	567	37%
UK and overseas unit trusts	**481**	**25%**	333	22%
	1,934	**100%**	1,525	100%

The value of First Step Trust's share in the pension scheme's assets and liabilities at 31 March were:

	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Fair value of charity's estimated share of scheme assets*	1,934	1,525	1,710	1,551	1,490	1,241
Present value of scheme liabilities	(2,865)	(2,295)	(2,516)	(2,282)	(2,184)	(1,797)
Deficit in scheme	(931)	(770)	(806)	(731)	(694)	(556)

The overall movement in First Step Trust's share of the deficit during the year was as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Movement in deficit during the year		
Deficit in scheme at 1 April	**(770)**	(806)
Movement in year:		
. Current service cost	**(68)**	(120)
. Employer contributions	**37**	33
. Net finance charge	**(19)**	(20)
. Actuarial (loss) gain	**(111)**	143
Deficit in scheme at 31 March	**(931)**	(770)

17 16 Pension scheme (continued)

Changes in First Step Trust's share of the present value of the scheme liabilities are as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Scheme liabilities at start of period	**2,295**	2,516
Current service cost	**68**	85
Interest cost	**54**	59
Past service costs, including curtailments	**—**	35
Contributions by scheme participants	**19**	19
Estimated benefits paid	**(17)**	(16)
Change in actuarial assumptions	**446**	(403)
Scheme liabilities at end of period	**2,865**	2,295

Changes in First Step Trust's share in the fair value of the present value of the scheme assets are as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fair value of scheme assets at start of period	**1,525**	1,710
Interest on assets	**36**	41
Return on assets less interest	**335**	(260)
Administration expenses	**(1)**	(2)
Estimated benefits paid	**(17)**	(16)
Contributions by employer	**37**	33
Contributions by scheme participants	**19**	19
Fair value of scheme assets at end of period	**1,934**	1,525

16 Pension scheme (continued)

The pension charge for the year calculated under FRS 102 assumptions is reflected in the financial statements as follows:

	2021 £'000	2020 £'000
Analysis of the amount charged to the statement of financial activities (SOFA)		
Current service cost	**68**	120
Total operating charge	**68**	120
Analysis of other finance charge		
Interest on pension liabilities	**18**	18
Administrative expenses	**1**	2
Net finance cost	**19**	20
Net revenue account cost	**87**	140
Amounts recognised as other gains and losses		
Return on fund assets in excess of interest	**336**	(260)
Change in actuarial assumptions	**(447)**	403
	111	143

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Assumption	**Change in assumption**	**Approximate impact on scheme liabilities**
Discount rate	Decrease/increase by 0.1% pa	+£43,000/-£43,000
Rate of mortality	1 year increase/decrease in life expectancy	+£137,000/-£137,000