

# **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

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## Legal and administrative information

<b>Chief Executive</b>	R Wilson
<b>Company secretary</b>	J Sibley
<b>Board of directors</b>	S Cader C Furnivall S Newcombe A Okill
<b>Registered office</b>	Unit 9 Kingside Business Park Ruston Road Woolwich London SE18 5BX
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Website	<a href="http://www.firststeptrust.org.uk">www.firststeptrust.org.uk</a>
E-mail	<a href="mailto:fst@firststeptrust.org.uk">fst@firststeptrust.org.uk</a>
<b>Company registration number</b>	03730562 (England and Wales)
<b>Charity registration number</b>	1077959
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Unity Trust Bank plc 4 The Square 111 Broad Street Birmingham B15 1AR
<b>Solicitors</b>	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**

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S Cader  
C Furnivall  
S Newcombe  
A Okill

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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 Abbeilles 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 Abbeilles.

Our Virtual Construction site is a programme that we are developing to help improve access to higher paid jobs in the construction industry. Our first 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 and 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. Lio 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 13<sup>th</sup> 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 Turbfield, 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 Turbefeild 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 regulatory 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](http://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.



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

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 £
<b>Fixed assets</b>					
Tangible assets	6		<b>904,104</b>		914,660
<b>Current assets</b>					
Debtors	7	<b>27,303</b>		79,923	
Short term deposits		<b>1,876,850</b>		1,875,716	
Cash at bank and in hand		<b>1,345,072</b>		936,490	
		<b>3,249,225</b>		2,892,129	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	<b>(182,529)</b>		(210,389)	
<b>Net current assets</b>			<b>3,066,696</b>		2,681,740
<b>Total net assets excluding pension liability</b>			<b>3,970,800</b>		3,596,400
Defined benefit pension scheme liability	16		<b>(803,147)</b>		(931,427)
<b>Total net assets</b>			<b>3,167,653</b>		2,664,973
<b>The funds of the charity:</b>					
Restricted funds	10		<b>147,280</b>		93,645
Unrestricted funds					
. Designated funds	11	<b>2,420,373</b>		1,971,328	
. General funds		<b>600,000</b>		600,000	
			<b>3,020,373</b>		2,571,328
<b>Total charity funds</b>	12		<b>3,167,653</b>		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 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>428,125</b>	19,496
<b>Cash flows from investing activities:</b>			
Investment income		<b>1,133</b>	1,027
Purchase of tangible fixed assets		<b>(19,542)</b>	(4,490)
<b>Net cash used in investing activities</b>		<b>(18,409)</b>	(3,463)
<b>Change in cash and cash equivalents in the year</b>		<b>409,716</b>	16,033
<b>Cash and cash equivalents at 1 April 2021</b>	B	<b>2,812,206</b>	2,796,173
<b>Cash and cash equivalents at 31 March 2022</b>	B	<b>3,221,922</b>	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 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>502,680</b>	(256,566)
<b>Adjustments for:</b>		
Depreciation charge	<b>30,098</b>	25,898
Actuarial (gain) loss on defined benefit pension scheme	<b>(196,975)</b>	110,431
Difference between pension charge and cash contributions	<b>49,425</b>	31,393
Defined pension scheme finance cost	<b>19,270</b>	19,116
Interest receivable	<b>(1,133)</b>	(1,027)
Decrease in debtors	<b>52,620</b>	30,500
(Decrease) increase in creditors	<b>(27,860)</b>	59,751
<b>Net cash provided by operating activities</b>	<b>428,125</b>	19,496

#### B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<b>1,876,850</b>	936,490
Short term deposits	<b>1,345,072</b>	1,875,716
<b>Total cash and cash equivalents</b>	<b>3,221,922</b>	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 liabilities 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 £
<b>UK Government grants</b>			
The National Lottery Community Fund	—	140,794	<b>140,794</b>
Walcott	—	25,000	<b>25,000</b>
<b>2022 Total funds</b>	<b>—</b>	<b>165,794</b>	<b>165,794</b>
	Unrestricted funds £	Restricted funds £	Total funds 2021 £
<i>UK Government grants</i>			
<i>UFI Technology</i>	—	50,000	50,000
<i>The National Lottery Community Fund</i>	—	114,375	114,375
<i>Covid furlough income</i>	—	55,142	55,142
<b>2021 Total funds</b>	<b>—</b>	<b>219,517</b>	<b>219,517</b>

## 2 Charitable activities

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

## 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
	<u>1,296,852</u>	<u>167,284</u>	<u>1,464,136</u>
Governance costs	13,000	—	13,000
2021 Total funds	<u>1,309,852</u>	<u>167,284</u>	<u>1,477,136</u>
Governance costs include:			
Audit fees	13,000	—	13,000
2021 Total governance costs	<u>13,000</u>	<u>—</u>	<u>13,000</u>

## 3. Net income (expenditure) for the year

This is stated after charging:

	2022 £	2021 £
Staff costs (note 4)	<b>795,729</b>	866,076
Auditor's remuneration		
. Statutory audit services	<b>13,000</b>	13,000
Depreciation (note 6)	<b>30,098</b>	25,898
Operating leases – land and buildings	<b>15,941</b>	108,262
Operating leases – plant and equipment	<b>1,152</b>	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
	<b>795,729</b>	<b>866,076</b>

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
	<b>2</b>	<b>2</b>

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	<b>19</b>	<b>27</b>

***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 £
<b>Cost</b>					
At 1 April 2021	698,325	407,998	11,723	1,629	<b>1,119,675</b>
Additions	—	—	5,717	13,825	<b>19,542</b>
Disposals	—	—	(4,232)	(1,478)	<b>(5,710)</b>
At 31 March 2022	<u>698,325</u>	<u>407,998</u>	<u>13,208</u>	<u>13,976</u>	<u><b>1,133,507</b></u>
<b>Depreciation</b>					
At 1 April 2021	166,241	32,071	5,482	1,221	<b>205,015</b>
Charge for period	14,070	8,160	4,003	3,865	<b>30,098</b>
On disposals	—	—	(4,232)	(1,478)	<b>(5,710)</b>
At 31 March 2022	<u>180,311</u>	<u>40,231</u>	<u>5,253</u>	<u>3,608</u>	<u><b>229,403</b></u>
<b>Net book values</b>					
At 31 March 2022	<u>518,014</u>	<u>367,767</u>	<u>7,955</u>	<u>10,368</u>	<u><b>904,104</b></u>
At 31 March 2021	<u>532,084</u>	<u>375,927</u>	<u>6,241</u>	<u>408</u>	<u><b>914,660</b></u>

#### 7 Debtors

	2022 £	2021 £
Trade debtors	<b>16,209</b>	40,010
Prepayments	<b>11,094</b>	26,729
Sundry Debtors	<b>—</b>	13,184
	<u><b>27,303</b></u>	<u>79,923</u>

## 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
	<b>182,529</b>	<b>210,389</b>

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	—	—	—	<b>7,800</b>
The National Lottery	82,845	140,794	(101,612)	—	<b>122,027</b>
Walcott Foundation	—	25,000	(11,250)	—	<b>13,750</b>
Driving Ambition Donations	3,000	2,000	(1,297)	—	<b>3,703</b>
	<b>93,645</b>	<b>167,794</b>	<b>(114,159)</b>	<b>—</b>	<b>147,280</b>

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
<i>Ufi Charitable Trust</i>	—	50,000	(50,000)	—	—
<i>The National Lottery</i>	10,000	—	(2,200)	—	7,800
<i>The National Lottery</i>	35,912	114,375	(59,942)	(7,500)	82,845
<i>Covid furlough income</i>	—	55,142	(55,142)	—	—
<i>Driving Ambition Donations</i>	—	3,000	—	—	3,000
	<b>45,912</b>	<b>222,517</b>	<b>(167,284)</b>	<b>(7,500)</b>	<b>93,645</b>

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)	<b>904,104</b>
New building fund	756,668	459,601	—	<b>1,216,269</b>
Project support fund	300,000	—	—	<b>300,000</b>
	<b>1,971,328</b>	<b>492,333</b>	<b>(30,098)</b>	<b>2,420,373</b>

♦ *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
	<b>1,964,369</b>	<b>32,857</b>	<b>(25,898)</b>	<b>1,971,328</b>

**12. Analysis of net assets between funds**

	General fund £	Designated funds £	Restricted funds £	Total 2022 £
<b>Fund balances at 31 March 2022 are represented by:</b>				
Tangible fixed assets	—	904,104	—	<b>904,104</b>
Current assets	1,585,676	1,516,269	147,280	<b>3,249,225</b>
Current liabilities	(182,529)	—	—	<b>(182,529)</b>
<b>Total net assets before non-current liabilities and pension liability</b>	<b>1,403,147</b>	<b>2,420,373</b>	<b>147,280</b>	<b>3,970,800</b>
Pension liability	(803,147)	—	—	<b>(803,147)</b>
<b>Total net assets</b>	<b>600,000</b>	<b>2,420,373</b>	<b>147,280</b>	<b>3,167,653</b>
 <i>Comparatives:</i>				
	General fund £	Designated funds £	Restricted funds £	Total 2021 £
<i>Fund balances at 31 March 2021 are represented by:</i>				
<i>Tangible fixed assets</i>	—	914,660	—	914,660
<i>Current assets</i>	1,741,816	1,056,668	93,645	2,892,129
<i>Current liabilities</i>	(210,389)	—	—	(210,389)
<i>Total net assets before non-current liabilities and pension liability</i>	<i>1,531,428</i>	<i>1,963,827</i>	<i>93,645</i>	<i>3,596,400</i>
<i>Pension liability</i>	<i>(931,427)</i>	—	—	<i>(931,427)</i>
<i>Total net assets</i>	<i>600,000</i>	<i>1,971,328</i>	<i>93,645</i>	<i>2,664,973</i>

**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:

	<b>Land and buildings</b>	
	<b>2022 £</b>	<b>2021 £</b>
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):

	<b>2022 % per annum</b>	2021 % per annum
RPI increases	<b>3.75%</b>	3.35%
CPI increases	<b>3.30%</b>	2.85%
Rate of increase in salaries	<b>4.30%</b>	3.85%
Rate of increase for pensions	<b>3.30%</b>	2.85%
Discount rate for liabilities	<b>2.60%</b>	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 2022 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%
	<b>2,113</b>	<b>100%</b>	<b>1,934</b>	<b>100%</b>

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
<b>Movement in deficit during the year</b>		
Deficit in scheme at 1 April	(931)	(770)
<i>Movement in year:</i>		
. 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
<b>Analysis of the amount charged to the statement of financial activities (SOFA)</b>		
Current service cost	88	68
Total operating charge	88	68
<b>Analysis of other finance charge</b>		
Interest on pension liabilities	18	18
Administrative expenses	1	1
Net finance cost	19	19
Net revenue account cost	107	87
<b>Amounts recognised as other gains and losses</b>		
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