

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 involved. 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 affects 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 Turbfield 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.



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

Principal accounting policies 31 March 2023

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 |
|----------------------|------------|

Principal accounting policies 31 March 2023

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 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.

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 £
<i>UK Government grants</i>			
<i>UFI Technology</i>	—	140,794	<i>140,794</i>
<i>The National Lottery Community Fund</i>	—	25,000	<i>25,000</i>
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	<u>708,122</u>	<u>407,998</u>	<u>10,910</u>	<u>13,826</u>	<u>1,140,856</u>
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	<u>194,232</u>	<u>48,391</u>	<u>3,702</u>	<u>6,914</u>	<u>253,239</u>
Net book values					
At 31 March 2023	<u>513,890</u>	<u>359,607</u>	<u>7,208</u>	<u>6,912</u>	<u>887,617</u>
At 31 March 2022	<u>518,014</u>	<u>367,767</u>	<u>7,955</u>	<u>10,368</u>	<u>904,104</u>

7 Debtors

	2023 £	2022 £
Trade debtors	14,409	16,209
Prepayments	14,185	11,094
	<u>28,594</u>	<u>27,303</u>

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
	<u>171,219</u>	<u>182,529</u>

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 held 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
	<u>2,420,373</u>	<u>1,255,352</u>	<u>(32,427)</u>	<u>3,643,298</u>

♦ *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
	<u>1,971,328</u>	<u>492,333</u>	<u>(30,098)</u>	<u>2,420,373</u>

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
 <i>Comparatives:</i>	 <i>General fund £</i>	 <i>Designated funds £</i>	 <i>Restricted funds £</i>	 <i>Total 2022 £</i>
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)
<i>Movement in year:</i>		
. 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