

First Steps Bath

Financial Statements for the year ended 31st March 2014

IN PARTNERSHIP WITH

**Bath & North East
Somerset Council**

Sirona
care & health

NHS
*Bath and
North East Somerset*

Charity registration number 1012690



Registered Company number 02656485

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COMPANIES HOUSE

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

CHAIR'S REPORT

This year has been another successful year for First Steps. Our new Chief Executive, Roz Lambert, hit the ground running at the beginning of the year and has wasted no time in ensuring that First Steps not only continued to deliver excellent and appropriate services for families and children but that the organisation also developed its services further in line with the changing context in which it works.

A major project during the year was the remodelling of the centre at Woodhouse Road, which has increased the number of spaces available for 2 year olds and provided the opportunity to improve the day-care environment. The First Steps costs of remodelling have been mostly met within the current year's budget.

The continued improvement in our Children's Centre work is evident in the increase levels of children and families accessing the services, the high level of contact with families in greatest need and the development of new services tailored to meet local needs of families and children.

In response to representations made we are pleased that the reduction in the level of Local Authority Children Centre funding has been mitigated and deferred. Strategic planning for the future for First Steps, in the context of funding and other changes is continuing.

On behalf of the Trustees I want to thank First Steps staff, volunteers and partners for all their commitment and hard work in continuing to provide and develop high quality and effective services.

Best wishes



Sue Pendle

Chair

FIRST STEPS (BATH)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

The Trustee Board present their Report together with the financial statements for the year ended 31 March 2014.

REFERENCE AND ADMINISTRATIVE INFORMATION

Chair of Trustees	Sue Pendle	Independent HR Consultant
Vice Chair	Laura Pilkington	Repairs Manager, The Curo Group
Treasurer	Mike Turner	European Company Director
Other trustees	Val Wheeler	Retired Health Visitor
	*Shirley Stevens	Parent at Moorlands, Teacher,
	*Claire Sands	Play Development Officer, Children's Scrap Store
	Meg North	Retired Adult Community Education Improvement Manager
	Trish O'Donnell	Development Manager for NSPCC
	Dougie Brown	Senior Head of Programmes for Education Training and Development, Princes Trust

* Denotes parents whose children used First Steps (Bath) services during the year.

Board Advisors	Bridget Wells Helen Rugg	Commissioning Manager, B&NES Early Childhood Services Clinical Team Leader Health Visitor for Bath City (South Team) Sirona Care & Health
Senior Management Team	Roz Lambert Sarah Elliott Phil Holford Ann Thurgood Lysha Goode	Chief Executive Finance & Administration Manager (Company Secretary) Family Services Manager (left Nov 2013) Children's Services Manager - Twerton Children's Services Manager - Moorlands
Registered office	Woodhouse Road Twerton, Bath, BA2 1SY	
E-mail	info@firststepsbath.org.uk	
Website	www.firststepsbath.org.uk	
Auditors	Moore Stephens 30 Gay Street Bath BA1 2PA	
Bankers	NatWest Bank plc, High St, Bath, BA1 3TJ	
Solicitors	Withy King, James St. West, Bath BA1 2BT	

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

First Steps (Bath) is a company limited by guarantee and is a registered charity, which is governed by its Memorandum and Articles of Association dated May 1992. The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Trustee Board.

Organisational Structure

First Steps (Bath) is governed by a Charity Board of Trustees, which includes parents using our services and local professionals. The Board's membership reflects key stakeholders in the local community including local public services, local businesses, independent consultants, voluntary organisations and schools. Trustees therefore bring a wide range of individual skills and experience to the Board.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure (continued)

The Trustee Board, which met six times during the year, makes decisions on the annual budget, formulates policy and considers strategic issues which affect the charity. At the Annual General Meeting the Trustees elect the Chairperson.

The Trustees of First Steps (Bath) delegate the day-to-day running of the charity to the Director and Senior Management Team, who attend Trustee Board meetings in an advisory capacity. The Trustee Board has power to require the Director and members of staff to withdraw from meetings whenever confidential matters are being discussed.

Advisors / commissioners from the Early Years and Extended Services section of Bath and North East Somerset Council's ('B&NES') Children's Services attend some of the Board meetings in a non-voting capacity.

Recruitment and appointment of Trustee Board members

Recruitment of new Trustees is on-going; interested potential Trustees are invited to submit a CV and attend Board meetings as an observer before being nominated for election.

Trustee Induction and Training

The structure and process of new Trustee induction and training has been developed as part of the recruitment of new Trustees. Information packs containing copies of the financial statements, Memoranda and Articles of Association, and recent Board Meeting Minutes are provided. An invitation is made to visit staff and volunteers together with the opportunity to meet existing Trustees and observe a Board meeting. Training is offered through specific sessions tailored to meet the needs of current Trustees.

Risk Management

The Trustee Board has responsibility to manage risk within the charity. They have updated and reviewed risks within the year and agreed a schedule of actions to mitigate the identified risks. Key policies and procedures developed and/or revised during the year include Safeguarding, Code of Conduct, Financial Rules, Staff Employment, Disciplinary, Fundraising strategy, together with the Trustees Handbook.

AIMS

Our Mission

First Steps has a governing document (Memorandum and Articles of Association dated May 1992) which sets out our 'Objects' as a charity. These have been summarised into our mission:

"to work in partnership with children, families, colleagues and the community by being a responsive, informed, reflective and innovative provider of early years' education, childcare and integrated family services"

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FOR THE YEAR ENDED 31 MARCH 2014

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AIMS

Our Mission (continued)

In pursuing this mission First Steps will deliver value to:

- Children, through access to quality integrated care, play and early learning opportunities
- Families, through a range of services which are responsive to their individual needs with an emphasis on bringing services to families
- Staff, by maintaining a stimulating environment that encourages innovation and best practice and developing and implementing a coherent range of policies understood and valued by all
- Other stakeholders, through our commitment to working collaboratively with professionals from other disciplines, sharing expertise and exploiting opportunities in areas of common interest

Our guiding principles

To guide our actions as an organisation and ensure a culture of shared values and direction we:

- Work in partnership not in competition
- Are committed to an integrated service approach that brings professionals from various disciplines together
- Foster an ethos of providing professional support in a non-judgemental and non-stigmatising way
- Encourage open-mindedness within our practice and ensure that our policies are sufficiently flexible to admit new ideas
- Respect parents as partners in the educational and developmental progress of their children
- Create a culture that values and celebrates children and families in a way that strengthens our community
- Seek new ways of doing things, explore new approaches, and are open to learning from others
- Measure our success by the way we deliver on our commitment to better outcomes for children and families

OBJECTIVES AND ACTIVITIES

The principal objectives of First Steps (Bath) are to advance the development of education of children below compulsory school age (by encouraging parents to understand and provide for the needs of their children) in particular through the provision of safe and satisfying group play in which parents have the right to take part and by encouraging the study of the needs of children and their families and by promoting public interest in and recognition of such needs in the City of Bath and as a result of the provision of such facilities to relieve cases of need hardship or distress

First Steps (Bath) runs two Sure Start Children's Centres: First Steps Twerton Children's Centre at Woodhouse Road, Twerton, and First Steps Moorlands Children's Centre at Moorfields Rd. The charity also provides Family Services from Dominion Rd, Twerton. Through these centres (and at other venues) we deliver integrated childcare, education and family support for young children and their families living in Bath and North East Somerset.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

OBJECTIVES AND ACTIVITIES

As a charity we cover the whole of Bath and our services are open to anyone living or working in the area, though priority will be given to families in the children's centre reach areas.

In shaping these priorities and planning our activities the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The charity relies on the income from day care fees to contribute towards its operating costs. Family support groups are provided without charge, but a voluntary donation is requested to cover the cost of refreshments. The Trustees undertake an annual review of day care fees - in setting the level of fees and concessions offered through subsidised places, the Trustees give careful consideration to ensuring the accessibility of the service for those on low incomes.

Our Partners

Much of our work is delivered in partnership with other agencies, working with us and/or providing services within our Centres. Examples of the partners we work with to provide integrated 'seamless' support for children and families when they need it include:

- Sirona Care and Health - Health Visitors provide baby clinics, baby massage and support on health issues; a Stop Smoking Advisor and other 'Healthy Lifestyles' staff give support and advice
- Speech & Language service: special projects or groups with children; screening and individual work with children and advice and training for staff
- Child and Adolescent Mental Health Service - Early Relationships Service: individual work with children and families, and provide training and consultation for staff
- Other health professionals, e.g. community paediatricians, occupational therapists – provide staff with advice and guidance; individual work with children and families
- B&NES Family Information Service: an Information and Advice worker is based with us one day a week to attend groups and to undertake individual work
- Bath City College Community Learning Service: joint working and provide advice and guidance to parents
- Job Centre Plus Lone Parent Advisor: joint working and delivers individual sessions at First Steps Twerton Children's Centre
- B&NES Library Development Worker, Supports the development of Book Start.
- A B&NES Children's Centre Social Worker is based with us one day a week; First Steps provide placements for 'children in need' and/or children who are the subject of a child protection plan, and 'child friendly' venues for contact sessions
- Citizen's Advice Bureau: provides regular sessions at all of our three sites
- Children's Society: supports staff on consulting children
- Community Police Support Officers: support our community events and work on safety
- Other local voluntary and community organisations: e.g. Bath City Farm, Volunteer Bureau, Time Bank, Bath Area Play Project, Bath Opportunity Pre-School,, Southdown Methodist Church: joint working to provide support, events and activities, share information and resources, and support volunteers

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

OBJECTIVES AND ACTIVITIES

Our Partners (continued)

- Children's Society: supports staff on consulting children
- Community Police Support Officers: support our community events and work on safety
- Other local voluntary and community organisations: e.g. Bath City Farm, Volunteer Bureau, Time Bank, Bath Area Play Project, Bath Opportunity Pre-School,, Southdown Methodist Church: joint working to provide support, events and activities, share information and resources, and support volunteers
- Local schools, particularly our neighbours: Moorlands Schools Federation, St. Michaels C of E Junior School and Twerton Infants School; together with B&NES Children's Service and school staff, e.g. on school transition and the national 'Hello' campaign on language and communication; and we work with Advisory Teachers, the Behaviour Support Service and Early Support who provide advice and individual work
- Other Children's' Centres across B&NES: joint working or training, collaboration and sharing good practice
- Bath Spa University, University of Bath and other training providers, local colleges and schools: First Steps acts as a training base for a range of student placements

ACHIEVEMENTS AND PERFORMANCE

The year to 31 March 2014 saw a range of service developments, particularly focussed on extending the reach of our children's centres to more vulnerable families.

The key priorities for the year were to:

- Maintain and improve the high quality of our services
- Improve the reach of our services to families who can benefit from them
- Strengthen our future sustainability through planning, fundraising and improvements to policies, procedures and processes

A detailed action plan for each priority was put in place and the bulk of the planned actions have been completed.

Key achievements for the organisation in the year ended 31 March 2014 are set out below.

- A 6% increase in the number of children using our services during the year (2013/14 58.24%; 2012/13 52.18%)
- An 18% increase in the number of families using our services during the year. (2013/4 62%; 2012/13 44%)
- A new measurement in line with the revised Ofsted Framework for Children's Centre monitoring was set up. The number of families in Greatest Need (IGN) gaining sustained contact – (5 or more per annum) Bath West identified 160 families in greatest need and provided sustained contact for 85.6% of them.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

- Positive results for Local Authority Early Years Quality Monitoring visits for Children's Services, achieved grade 1, requiring the least intervention from the LA and were praised for quality of service
- Development of new services to meet local need, including a 'Nurture' group based on Theraplay principles, designed to support parents experiencing challenging behaviour from their children.
- Dramatherapy group for mothers with postnatal depression funded through grant application from Quartet.
- Volunteer Training extended to support volunteers to engage in all services and lunch time support sessions organised. Over the year 16 volunteers have been trained resulting in additional support for services and enabling parents to return to work.
- Positive feedback from parents and staff to the remodelling of the Twerton Children's Service and provision of additional space for 2 year olds.
- Projects developed with partner agencies to engage priority groups – e.g. participation in Child Safety Week, Healthy Living Event, Home Risk Spotting event, Bath Festival of Children's Literature, theatre visits, visits to Bath City Farm.
- The Annual Customer Satisfaction Survey indicated that 86% of parents and carers agreed to the statement 'overall I am happy with our experience of the Centre'.
- Increase of 24.6% in the number of lone parents in receipt of state benefits seen from 72.8% in the year 2012-13 to 97.4% 2013-2014
- Successful bid to the Williamson Trust enabling additional support for vulnerable children.
- Successful bid to Children in Need for new activities for the Twerton Family Room to enhance the experience for children having contact with their parents.

FINANCIAL REVIEW

It is pleasing to be able to report that the year has seen a further continuing improvement in the financial situation, which enables First Steps (Bath) to maintain the quality of its provision whilst ensuring its future viability.

The significant features of the finances during the year are as follows:

- **Funding from B&NES** - following a reduction in funding of £53,000 in 2011-12, revenue funding for 2013-4 was unchanged from the previous year's total - core funding remained at £502,402, and reduced CHIF payments from Social Services were offset by increases in other grants. A further £73,953 was received as Capital Grant towards the costs of the refurbishments at Woodhouse Road, bringing the total received for this project up to £83,953.
- **Nursery income** - fees charged to parents fell by £41,558 (12.2%), mainly as result of lower numbers of fee paying children at Twerton, and funding from Early Years Entitlement fell by £44,558 (14.4%) so total nursery fee income fell by £86,363 (13.2%) to £567,341.
- **Total incoming resources** - the increase in B&NES funding for refurbishments is more than offset by reduced nursery income, so incoming resources from charitable activities have fallen by £24,714 (2%); last year a legacy of £7,188 was received, but this year income from fundraising increased, so total incoming resources fell by £24,764 to £1,245,409.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

FINANCIAL REVIEW (continued)

- **Employment costs** - these amount to 79% of all spending on unrestricted activities - they fell this year by 3% following a small reduction in head-count.
- **Other direct costs** - these amount to £85,387, an increase of 7% in the costs of delivering our services; the assessed value of subsidised places granted to parents amounted to £16,967
- **Overheads** - these amount to £256,284, which includes a further £61,878 of expenditure on refurbishments to the property at Woodhouse Road. If this is excluded, overheads have fallen this year by £3,341 (1.7%).
- **Woodhouse Road Refurbishment** – over the last two years the charity has spent £101,052 on refurbishments, and has received £83,953 in funding from B&NES, a net cost of £17,099.

The overall result for the year was a decrease in funds of £8,158 (2012-13 £16,582 increase) - there was a deficit of £18,300 (2012-13 £18,300 deficit) on restricted funds (being the depreciation of assets purchased from restricted funds) and a surplus of £10,142 (2012-13 £34,882) on unrestricted funds.

Reserves policy

The Trustee Board acknowledges that the charity should ideally maintain a level of unrestricted funds equivalent to three to six months' expenditure, which at current levels of operations means free reserves of between £300,000 - £600,000, to ensure that, in the event of a significant drop in funding, the Board will be able to continue the charity's current activities while additional funding is sought.

At 31 March 2014 unrestricted funds amounted to £480,803, of which £9,509 was invested in equipment, leaving £471,294 as working capital. This means that the charity remains comfortably within its target for the ideal level of reserves. The need to continue to hold reserves, especially relevant given the continuing cuts in public funding, is addressed within the business plan.

Fixed assets

Movements in fixed assets are set out in Note 5 to the financial statements; additions to fixed assets during the year amounted to £726 (2012-13 £9,522)

PLANNING FOR THE FUTURE

At the time of writing, the Local Authority's plans for funding of Children's Centres from April 2015 onwards are not yet known. We have been able to secure the services of a Business Consultant free of charge from the Cranfield Trust. A 3 year business plan has been developed with input from the SMT, Trustees and staff to plan for the future. Ideally we aim to continue to grow our business by securing larger, more suitable premises for our Moorlands Children's Centre in the longer term. In the immediate future we will be developing additional services with the aim of attracting larger numbers of families particularly those who are disadvantaged and/or in need of additional support. We are confident in our capacity and capability to develop our services further and to achieve long term sustainability.

For the current year to 31 March 2015, the Trustees have approved a budget showing a break-even position. In order to achieve this break-even position the Trustees have had to include a fund-raising target of £5,400 and are currently planning how this can be raised.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

TRUSTEES' ANNUAL REPORT

TRUSTEES RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Trustees/Directors to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the year end. In preparing these financial statements the Trustees/Directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation

The Trustees/Directors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and to ensure that the financial statements comply with applicable laws. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

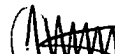
Moore Stephens, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office and their reappointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the small company Section 419(2) of the Companies Act 2006

Approved by the Trustees on 22 July 2014 and signed on their behalf by:-



Sue Pendle - Chair



Sarah Elliott – Company Secretary

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STEPS (BATH)

We have audited the financial statements of First Steps (Bath) for the year ended 31 March 2014 which are set out on pages 13 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST STEPS (BATH) (continued)

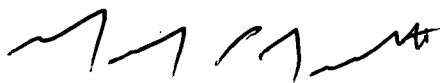
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Mark Burnett ACA, *Senior Statutory Auditor*

For and on behalf of Moore Stephens, Statutory Auditor

30 Gay Street
Bath
Somerset
BA1 2PA

1/8/2014

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income: donations and fundraising		13,026	-	13,026	4,664
Leagcy received		-	-	-	7,188
Bank interest		7,018	-	7,018	8,242
Incoming resources from charitable activities	1	1,151,412	73,953	1,225,365	1,250,079
Total incoming resources		1,171,456	73,953	1,245,409	1,270,173
Resources expended					
Charitable activities	2	1,167,281	80,178	1,247,459	1,245,975
Governance costs	3	6,108	-	6,108	7,616
Total resources expended		1,173,389	80,178	1,253,567	1,253,591
Incoming/(outgoing) resources before transfers, and net income for the year		(1,933)	(6,225)	(8,158)	16,582
Transfers between funds	8	12,075	(12,075)	-	-
Net increase/(decrease) in funds		10,142	(18,300)	(8,158)	16,582
Funds brought forward		470,661	623,052	1,093,713	1,077,131
Funds carried forward		480,803	604,752	1,085,555	1,093,713

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

FIRST STEPS (BATH)

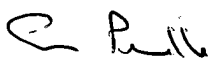
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

BALANCE SHEET AT 31 MARCH 2014

	Note	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Fixed assets					
Tangible fixed assets	5	9,509	604,752	614,261	635,304
Current assets					
Stocks		1,485		1,485	1,888
Debtors	6	119,382	-	119,382	31,216
Cash at bank and in hand		426,030	-	426,030	519,745
		546,897	-	546,897	552,849
Creditors: amounts falling due within one year	7	(75,603)	-	(75,603)	(94,440)
Net current assets		471,294	-	471,294	458,409
Total assets less liabilities		480,803	604,752	1,085,555	1,093,713
Funds of the charity					
Restricted funds	8	-	604,752	604,752	623,052
Unrestricted funds		480,803	-	480,803	470,661
Total charity funds		480,803	604,752	1,085,555	1,093,713

These financial statements have been prepared in accordance with the provisions of part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Trustees at their meeting on 22 July 2014 and are signed on their behalf by



Sue Pendle - Chair



Sarah Elliott – Company Secretary

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008), and the Companies Act 2006.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Contract and grant income is included as incoming resources in the period to which it relates
- When donors specify that donations or grants are for particular restricted purposes, the income is included as incoming resources of restricted funds when receivable. Grants received are deferred and recognised through the statement of financial activities in full when conditions for receipt are complied with
- Intangible income, including gifts in kind, is included at the trustees' valuation when known;
- No amounts are included in the financial statements for services donated by volunteers.
- Where incoming resources are for goods or services and, upon full performance of the service, any surplus funds can be retained and used for general purposes, the incoming resources and related expenditure is treated as Unrestricted.

Resources expended and liabilities

Expenditure is recognised on an accruals basis as a liability is incurred; inclusive of any VAT where this cannot be recovered. Liabilities are recognised when the charity has an obligation to transfer economic benefit as a result of a past transaction or event.

Pensions

The charity's employees are eligible to participate in The Pension Trust's Defined Contribution Pension Scheme. The employer's contributions payable to this scheme are charged to the income and expenditure account in the period to which they relate.

Fund accounting

Funds held by the charity are either:

- Unrestricted - these are donations and other income generated, for the objects of the charity without further specified purposes and which can be used in accordance with the charitable objects at the discretion of the trustees.
- Restricted funds - these can only be used for particular restricted purposes, the charity, as specified by the donor. Expenditure which meets these criteria is charged against the fund. Further details of the funds are given in the Notes to the Accounts.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

Tangible fixed assets costing more than £2,000 are capitalised and included at cost. Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the charity. The annual depreciation rates and methods are:

Leasehold property	Evenly over a period of 50 years
Fixtures, fittings and equipment	10 or 25% straight line

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognized as impairments. Impairment losses are recognized in the Statement of Financial Activities.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

		Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
1. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES					
Local Authority - Bath & North East Somerset Council:					
Children's Centre Contract Funding		502,402	-	502,402	502,402
Social Services: CHIF & IPAs		28,943	-	28,943	37,637
Notional rent - Moorlands Centre		21,500	-	21,500	21,500
Other grant funding		22,118	-	22,118	12,957
Total Revenue funding		574,963	-	574,963	574,496
Funding for Refurbishments		-	73,953	73,953	10,000
		574,963	73,953	648,916	584,496
Nursery fees and related funding:					
Nursery Fees charged to parents		299,245	-	299,245	340,803
Early Years Entitlement		264,039	-	264,039	308,597
Milk grants		4,057	-	4,057	4,304
		567,341	-	567,341	653,704
Other income from activities:					
Training income (grants rec'd and training provided)		1,722	-	1,722	7,425
Community lettings (room and office hires)		2,231	-	2,231	2,460
Other income from activities		5,155	-	5,155	1,994
		9,108	-	9,108	11,879
		1,151,412	73,953	1,225,365	1,250,079
2. COSTS OF CHARITABLE ACTIVITIES					
Direct costs:					
Employment costs		905,788	-	905,788	929,175
Catering costs		31,868	-	31,868	30,579
Staff costs (training costs, expenses etc.)		13,952	-	13,952	19,923
Service costs		12,475	-	12,475	12,130
Value of subsidised places granted to parents		16,967	-	16,967	13,643
Special Projects		8,175	-	8,175	1,741
Bad debts - fees due from parents written off		1,950	-	1,950	1,863
Other direct costs		85,387	-	85,387	79,879
		991,175	-	991,175	1,009,054
Overheads:					
Premises costs		116,792	-	116,792	110,030
Information Technology costs		28,084	-	28,084	37,371
Administrative costs		27,761	-	27,761	26,558
Depreciation charges (Note 5)		3,469	18,300	21,769	19,208
Refurbishment of Woodhouse Rd premises		-	61,878	61,878	39,174
Special Projects Overheads		-	-	-	4,580
		176,106	80,178	256,284	236,921
		1,167,281	80,178	1,247,459	1,245,975

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

3. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Audit fees	5,040	-	5,040	4,920
Professional fees - re lease of building	-	-	-	2,154
Other governance costs	1,068	-	1,068	542
	<u>6,108</u>	<u>-</u>	<u>6,108</u>	<u>7,616</u>

4. STAFF COSTS

	2014 £	2013 £
Wages and salaries	833,319	855,817
Social security costs	56,427	57,578
Pension costs	16,042	15,780
	<u>905,788</u>	<u>929,175</u>

The average full-time equivalent number of employees during the year was:

Children's Services and Family Services	37	40
Management and Administration	7	8
	<u>44</u>	<u>48</u>

No employee earned more than £60,000 per annum (2012-13 - none)

5. TANGIBLE FIXED ASSETS

		Leasehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
Cost	At beginning of the year	769,790	124,644	894,434
	Additions	-	726	726
	At end of the year	<u>769,790</u>	<u>125,370</u>	<u>895,160</u>
Depreciation	At beginning of the year	146,738	112,392	259,130
	Charge for the year	18,300	3,469	21,769
	At end of the year	<u>165,038</u>	<u>115,861</u>	<u>280,899</u>
Net Book Value	At end of the year	<u>604,752</u>	<u>9,509</u>	<u>614,261</u>
	At beginning of the year	<u>623,052</u>	<u>12,252</u>	<u>635,304</u>

The charity's fixed assets were all used for direct charitable purposes, including the provision of office accommodation for administrative staff.

FIRST STEPS (BATH)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

6. DEBTORS

	2014 £	2013 £
B&NES: CHIF/EYE funding outstanding	62,800	-
B&NES: funding of remodelling costs	32,953	-
Other trade debtors	4,162	6,916
Amounts due from parents for fees	12,860	11,414
Prepayments, accrued income and sundry debtors	6,607	12,886
	119,382	31,216

7. CREDITORS: FALLING DUE WITHIN ONE YEAR

	£	£
Trade creditors	4,119	30,847
Taxes and social security costs	5,073	23,524
Deposits received from parents	11,155	12,219
Other creditors and accruals	11,755	13,969
Deferred income	43,501	13,881
	75,603	94,440

8. RESTRICTED FUNDS

The funds of the charity include restricted funds comprising the following donations and grants held on trust to be applied for specific purposes:

	Grants Received £	Expenditure incurred £	Depreciation Charged £	Transfer between funds £	Balance b'fwd £	Balance c'fwd £
Capital - Woodhouse Road						
Miscellaneous grants	-	-	(9,773)		370,708	360,935
DFES Early Excellence	-	-	(4,455)		153,818	149,363
New Opportunities Fund	-	-	(2,483)		85,721	83,238
Awards for All funding	-	-	(57)		1,962	1,905
B&NES remodelling	73,953	(61,878)	-	(12,075)	-	0
	73,953	(61,878)	(16,768)	(12,075)	612,209	595,441
Capital - Moorlands						
Miscellaneous grants	-	-	(1,532)		10,843	9,311
	73,953	(61,878)	(18,300)	(12,075)	623,052	604,752

FIRST STEPS (BATH)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

8. RESTRICTED FUNDS

Capital - Woodhouse Road

This represents the Children's Centre building at Woodhouse Road, Twerton, Bath. The costs of construction and subsequent additions were met by donations, grants and a 'gift-in-kind', the expenditure charged against this fund representing the depreciation charges for the year. In the year work was carried out on the fabric of the building, which was funded from grants received from Bath & North East Somerset Council.

Capital – Moorlands

This represents the costs of additions to the leasehold Children's Centre building at Moorfields Road; again, the expenditure charged against this fund representing the depreciation charges for the year.

9. PENSION COSTS

The charity is a member of The Pension Trust's Defined Contribution Pension Scheme. Contributions amounted to £16,042 (2013 £15,779) - at the end of the year contributions outstanding amounted to £2,675 (2013 £8,138).

10. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2014 there were no capital commitments or contingent liabilities (2013 - none).

11. OPERATING LEASE COMMITMENTS

At 31 March 2014 the charity had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings	Other Items	Land and buildings	Other Items
Operating leases which expire:				
Within 2 to 5 years		2,328	-	2,328
After 5 years	8,386	-	8,386	-
	<u>8,386</u>	<u>2,328</u>	<u>8,386</u>	<u>2,328</u>

The premises at Moorlands are leased on an annual basis from B&NES at a notional annual rental of £21,500, which is covered by payments received from B&NES under the Service Level Agreement.

12. TAXATION

First Steps (Bath) is a registered charity and accordingly is exempt from taxation on its income and capital gains, provided certain conditions are met.

13. TRUSTEES REMUNERATION AND EXPENSES

No remuneration was paid during the year to any of the trustees (2013 - nil) - expenses of £nil (2013 - £85) were reimbursed to one trustee to pay for travel and childcare costs whilst attending Board meetings. Three of the Trustees have children in a children's centre nursery; they all pay the full rate for all services used, and so receive no benefit as a result of their role as Trustee.