

REGISTERED COMPANY NUMBER: 02171777 (England and Wales)
REGISTERED CHARITY NUMBER: 800614

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2021
FOR
FIRST RUNG LIMITED

Sproull & Co.
Chartered Accountants
Statutory Auditors
First Floor, Jebson House
53-61 High Street
Ruislip
Middlesex
HA4 7BD

FIRST RUNG LIMITED

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FOR THE YEAR ENDED 31ST JULY 2021

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FIRST RUNG LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST JULY 2021

TRUSTEES	O Ahmed S Chessum J Dodhia P Lindsay-Greenidge F E Longworth (Chair) S Riley J L Szabo-Merridew W A Warner (Treasurer) N S Jervis C S Pike R S Essien S J Stott
COMPANY SECRETARY	C A Horton
REGISTERED OFFICE	197-205 High Street Ponders End Enfield Middlesex EN3 4DZ
REGISTERED COMPANY NUMBER	02171777 (England and Wales)
REGISTERED CHARITY NUMBER	800614
AUDITORS	Sproull & Co. Chartered Accountants Statutory Auditors First Floor, Jebson House 53-61 High Street Ruislip Middlesex HA4 7BD
BANKERS	HSBC Bank plc 1 The Town Enfield EN2 6LD Scottish Widows Bank plc PO Box 12757 67 Morrison Street Edinburgh EH3 8YJ

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2021**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st July 2021. The trustees have adopted the provisions 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

1. To advance education for the public benefit, particularly but not exclusively, by the provision of vocational training.
2. The relief of unemployment for the public benefit, particularly, but not exclusively, by the provision of training, retraining and periods of work experience through the programmes of the Education and Skills Agency (ESFA), or similar programmes funded by the Government, public agencies, corporations and the European Social Fund.
3. To deliver training and development to young people so that their employment prospects are significantly improved. This can be through classroom or digital delivery.
4. To provide learning, training, and work experience opportunities for young people to prepare them for the world of work. This is tailored to the individual needs of the young person and is supported by a comprehensive pastoral care programme.

Public benefit

Trustees of a charity have a duty to report on their charity's public benefit. The Trustees of First Rung Limited have considered the guidance issued by the Charity Commission. The Trustees have concluded that:-

1. The aims and activities of the organization continue to be charitable;
2. The aims and the work done give identifiable benefits in the charitable sector and both directly and indirectly to young people in need;
3. The benefits are for the public, are not unreasonably restrictive in any way and certainly not by ability to pay;
4. There is no detriment or harm arising from the aims and activities.

The trustees can confirm that they are complying with the Charity Commission's guidance on public benefit. First Rung is a registered charity; its only activity is the provision of learning, training and preparing young people for work. Prior to joining us many of our learners struggle to identify the next stage in their education or work. The charity, by providing tailor made courses combined with excellent pastoral care, nurtures the young people, enabling them to make the next step in their journey for the benefit of society, local employers and the economy.

Activities

ESFA Study Programme

First Rung continues to develop the 16-18 Study programme, which is tailored to each student's prior attainment and career goal; it includes preparation for employment. The aim is to provide young people with the skills and qualifications to progress to an apprenticeship, employment or further education.

Learners have the opportunity to achieve a level 1 vocational qualification in either business administration, customer service or childcare. They develop their skills in English, Mathematics and ICT by undertaking the functional skills qualification at the appropriate level. First Rung continues to offer GCSE English and Mathematics provision to learners who did not previously achieve at least a grade 3 (grade D) in these subjects.

All learners on the programme attend preparation for life and work sessions to support them to develop the necessary skills and attributes to sustain employment and be a good citizen. All learners are also expected to undertake a work placement as part of the programme.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2021**

OBJECTIVES AND ACTIVITIES

ESFA Traineeships

Many of First Rung's younger learners lack work readiness to progress on to an apprenticeship. Traineeships provide an intermediate stage between the Study Programme and a full apprenticeship. During the programme the learner acquires the essential skills and experience for the next stage of their journey, whether to an apprenticeship or work.

Following a period of employability and preparation for work, learners undertake a work placement for up to 4 days a week. They receive a high level of support from First Rung staff and attend one of the centres one day per week to study.

Apprenticeships

Companies with a turnover of over £3 million have to pay an apprenticeship levy of 3% of their annual pay bill. They can use this fund to provide training, including apprenticeships, to their staff. The funds are accessed through the National Apprenticeship Service digital system. Apprenticeship standards provide a structure of industry relevant to both on and off the job training. Off the job training is delivered by First Rung either in centre or on-line. On the job training is delivered in work by the employer. Apprenticeships are both level 2 and 3 and are delivered in a range of vocational areas.

Smaller employers who are not required to pay the apprenticeship levy can also employ and train apprentices. Funding for the training delivered by First Rung is drawn down from the National Apprenticeship Service, which pays for 95% of the training, the employer contributing 5%. Training for apprentices aged 16-18 is funded at 100%.

Kick Start

The Kickstart Scheme is run by the Department for Work and Pensions and provides funding to create new jobs for 16 to 24 year olds on Universal Credit who are at risk of long term unemployment. Employers of all sizes can apply for the fund, which was created in response to rising youth unemployment due to the Covid pandemic. First Rung delivers placements for employer partners and internally.

Reed in Partnership; ESF SEND Youth Unemployment Project

First Rung is a partner of Reed to deliver employability training and mentoring to young people with Special Educational Needs (SEND). This flexible programme is tailored to the needs of each young person and supports them into work, including apprenticeships or further training. The programme is funded by the European Social Fund. The contract is held by Reed in Partnership and First Rung delivers in North London as a subcontractor.

Independent School

The Trustees have decided to de-register as an Independent School due to low occupancy. However, part time alternative education is still being offered to local schools.

ACHIEVEMENT AND PERFORMANCE

Achievements

Delivery of Learning

First Rung supported 218 Trainees and Study Programme learners during the year and 37 apprentices.

A major achievement of the organization was, during the Covid Pandemic, to switch all learning on-line, using Microsoft Teams and existing e-portfolio and learning systems. Learners continued to progress on their courses. Vulnerable learners were continually supported in both centres, which stayed open for this purpose.

Quality of Provision

The Charity's aim is continuously to improve the quality of the learning that it provides. To achieve this aim, each year a critical self-assessment is undertaken, the findings from which are used to produce a Quality Improvement Plan (QIP) which identifies the areas requiring attention, the person tasked with the work and the deadline of completion.

During the year the Charity has pro-actively recruited trustees with an educational background with the aim of further improving the quality of learning.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2021**

The Apprenticeship, Traineeship and Study Programme provision is subject to inspection by Ofsted. The organisation was last inspected in November 2016 and was graded as "Good".

Fundraising activities

During this financial year, the Trustees decided that the environment and circumstances were still not conducive to active fundraising. In the future, we will return to active fundraising when the time is right and opportunities arise.

FINANCIAL REVIEW

Results for the Financial Year and Long Term Strategy

This financial year proved to be highly challenging and resulted in a deficit on normal operations of £103,715. This was mainly due to the Covid pandemic which had a significant impact on First Rung. As employers ceased to recruit new staff, particularly young inexperienced people, the volumes of apprenticeships fell significantly which had a detrimental effect on income. Some staff were furloughed through the Government's job protection scheme and costs were closely managed. Most training and mentoring moved on-line with only the most vulnerable learners attending the centres. Staff adapted well to digital delivery and this was enhanced during the year with new laptops and improved use of on-line systems.

During the year, following the appointment of our new CEO, there has been a comprehensive and fundamental review of strategy. A new three year plan has been produced which lays the foundation for the continued success of First Rung. This strategy starts with a year of investment, particularly in staff development, marketing and IT, with a view to achieving a break even situation in 2022/23 and a significant surplus in 2023/24.

Risks attached to achievement of objectives

The trustees operate a formal risk management process from which appropriate strategies are formulated to mitigate the risks. During the year a comprehensive review was undertaken and new actions agreed.

First Rung faces risks from changes in Government priorities in employment and skills provision; to mitigate this risk the Charity is pro-actively looking to diversify into alternative income streams, so that we are less dependent on the ESFA contract which at present constitutes the majority of First Rung's income.

The safety of our learners, many of whom are vulnerable, is of paramount importance to First Rung. To mitigate the risks, all staff and trustees are DBS (Disclosure and Barring Service) checked and have regular training in safeguarding, 'Prevent' and bullying awareness. Safeguarding is included as a topic for discussion at every board meeting.

Investment policy and objectives

It is the policy of the Trustees to invest surplus cash in short-term bank deposits. From time to time the Trustees, via the Finance & Premises Working Party, look at the overall resources of the organisation and its future needs in order to establish whether there might be scope for extending the appropriate range of investments.

Reserves policy

The Trustees have agreed that, in the long term, free reserves should be maintained at a level equal to between 3 to 6 months of operating costs, in order to provide cover in the event of any interruption of income and to enable opportunities to invest in the organization as they arise. The free reserves at 31 July 2021 were £289k (£413K as at 31 July 2020) which represents between 2 and 3 months average operating costs. This has been caused by our investment in the Colindale Centre and the recent impact of the Covid Pandemic. The long term strategy mentioned above is designed to move to a level that consistently exceeds 3 months over the long term.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Day to day decisions regarding the charity are made by the senior management team, led by the CEO. There are three Board working parties covering finance and property, quality and personnel and strategy.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Appointment of new Chief Executive

During this financial year, Diane Betts resigned as CEO and, after a rigorous selection process, Steve Woolcock was appointed to this position in January 2021. Steve has had much relevant experience in the charity sector and has already played a leading role in developing the long term strategy mentioned above.

Remuneration of Senior Management

All staff at First Rung are remunerated through the annual pay review process. Salary bandings are based on experience, skills, behaviours and performance, split into two areas; increase in responsibility and major achievements. Managers' salaries are set by the Senior Remuneration Committee. All salary reviews go to the Quality and Personnel and the Finance and Premises working parties for approval with final review and confirmation at the main Board.

Board of Trustees

After a long period of stability, significant changes have taken place in Board membership. A number of Trustees decided to resign in accordance with the Charity Commission recommendation that terms of service do not exceed nine years. Eight new Trustees from a range of different backgrounds have been appointed during 2021 to add to the strength and diversity of the Board in its development of the new strategic plan. On appointment there is a one day induction programme followed by regular on line training on specific relevant subjects eg safeguarding, health and safety.

The following list includes all Trustees and key management who served during the financial year.

Chair	Frank Longsworth	
Treasurer	Alan Warner	
Other Trustees	Joseph Mintz	Resigned 9.9.2020
	Ade Shokunbi	Appointed 4.8.2020 Resigned 17.5.2021
	Jitesh Dodhia	Appointed 4.8.2020
	Juliet Szabo-Merridew	Appointed 4.8.2020
	Paulette	
	Lindsay-Greenridge	Appointed 4.8.2020
	Sally Chessum	Appointed 4.8.2020
	Sonal Riley	Appointed 4.8.2020
	Naysoe Naing	Resigned 10.5.2021
	Omar Ahmed	
	Nicholas Sean Jervis	Appointed 22.7.2021
	Denis Dillon	Appointed 10.5.2021 Resigned 6.10.2021
Company Secretary	Michelle Keady	Resigned 26.3.2021
	Charlotte Anne Horton	Appointed 26.3.2021
Senior Staff		
Chief Executive	Diane Betts	Resigned 20.10.2020
	Steve Woolcock	Appointed 11.1.2021
Deputy CEO/Operations Manager	Denis Dillon	
Head of Centres	Francesca Muratori	

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST JULY 2021

AUDITORS

The Board has decided to appoint new auditors after working with Fisher & Co for the last twelve years. After an appropriate selection process, it was decided at the July 2021 Board Meeting to appoint Sproull & Co, Chartered Accountants as new auditors, to be effective immediately, including responsibility for the audit of the accounts for financial year 2020/21.

The auditors, Sproull & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on and signed on its behalf by:

.....
F E Longworth - Trustee

FIRST RUNG LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST JULY 2021

The trustees (who are also the directors of First Rung Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees 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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIRST RUNG LIMITED

Opinion

We have audited the financial statements of First Rung Limited (the 'charitable company') for the year ended 31st July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 31st July 2021 and of its incoming resources and application of resources, including 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 Auditors' 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIRST RUNG LIMITED

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 Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the sector in which it operates, we identified the principle risks of non-compliance with laws and regulations related to charitable companies and the application of charitable funds. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities SORP (FRS 102).

Through enquiry of management we gained an understanding of their relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We understand that the company complies with the framework through having in place robust procedures and policies and by outsourcing and taking external professional legal, tax and accounting advice on relevant specialist functions and areas.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation or error in the classification of income leading to the under or overstatement of unrestricted or restricted funds.
- Manipulation or error in the use of funds leading to expenditure which is not in accordance with the charitable company's objectives.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FIRST RUNG LIMITED**

The procedures we carried out to gain sufficient appropriate audit evidence in the above areas included:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Identifying and testing journal entries.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Report of the Independent Auditors.

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 auditors' 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.

Sproull & Co.

Michelle Wickwar A.C.A., F.C.C.A. (Senior Statutory Auditor)

for and on behalf of Sproull & Co.

Chartered Accountants

Statutory Auditors

First Floor, Jebson House

53-61 High Street

Ruislip

Middlesex

HA4 7BD

14/04/2022

Date:

FIRST RUNG LIMITED**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2021**

	Notes	Unrestricted fund £	Restricted fund £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	-	-	-	211
Charitable activities					
Main charitable activities	5	1,388,617	-	1,388,617	1,574,146
Investment income	4	101	-	101	769
Other income	6	28,855	-	28,855	82,684
Total		1,417,573	-	1,417,573	1,657,810
EXPENDITURE ON					
Charitable activities					
Main charitable activities	7	917,719	-	917,719	1,032,902
Support costs		603,569	-	603,569	581,260
Other	10	54,631	-	54,631	-
Total		1,575,919	-	1,575,919	1,614,162
NET INCOME/(EXPENDITURE)		(158,346)	-	(158,346)	43,648
RECONCILIATION OF FUNDS					
Total funds brought forward		593,367	-	593,367	549,719
TOTAL FUNDS CARRIED FORWARD		435,021	-	435,021	593,367

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

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

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes form part of these financial statements

FIRST RUNG LIMITED

BALANCE SHEET
31ST JULY 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	15	145,527	179,876
CURRENT ASSETS			
Debtors	16	110,146	127,799
Cash at bank and in hand		489,268	653,168
		<u>599,414</u>	<u>780,967</u>
CREDITORS			
Amounts falling due within one year	17	(309,920)	(367,476)
NET CURRENT ASSETS		<u>289,494</u>	<u>413,491</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>435,021</u>	<u>593,367</u>
NET ASSETS		<u>435,021</u>	<u>593,367</u>
FUNDS	20		
Unrestricted funds		435,021	593,367
TOTAL FUNDS		<u>435,021</u>	<u>593,367</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
F E Longworth - Trustee

The notes form part of these financial statements

FIRST RUNG LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(155,281)</u>	<u>236,195</u>
Net cash (used in)/provided by operating activities		<u>(155,281)</u>	<u>236,195</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,720)	(19,872)
Interest received		<u>101</u>	<u>769</u>
Net cash used in investing activities		<u>(8,619)</u>	<u>(19,103)</u>
Change in cash and cash equivalents in the reporting period			
		<u>(163,900)</u>	<u>217,092</u>
Cash and cash equivalents at the beginning of the reporting period		<u>653,168</u>	<u>436,076</u>
Cash and cash equivalents at the end of the reporting period		<u>489,268</u>	<u>653,168</u>

The notes form part of these financial statements

FIRST RUNG LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2021**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(158,346)	43,648
Adjustments for:		
Depreciation charges	43,069	39,060
Interest received	(101)	(769)
Decrease in debtors	17,653	54,934
(Decrease)/increase in creditors	(57,556)	99,322
Net cash (used in)/provided by operations	(155,281)	236,195

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.20	Cash flow	At 31.7.21
	£	£	£
Net cash			
Cash at bank and in hand	653,168	(163,900)	489,268
	653,168	(163,900)	489,268
Total	653,168	(163,900)	489,268

The notes form part of these financial statements

1. GENERAL INFORMATION

First Rung Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 197 – 205 High Street, Ponders End, Enfield, EN3 4DZ. First Rung Limited is also a registered charity in England and Wales. Charity number is 800614.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There were no critical accounting estimates and judgements made in preparing these financial statements.

Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. This view has been reinforced by First Rung's ability to maintain a strong cash position during a year when Coronavirus continued to have an adverse impact on its operations. This position is strengthened by the agreement of a new ESFA funding contract until July 2022 and contracts with several new funders which will have a positive impact on income in the new financial year.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Government grants

The company recognises income arising from government grants using the performance model.

Tangible fixed assets and impairment of fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets and impairment of fixed assets

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Plant and machinery	33.33% Straight line
Fixtures, fittings and equipment	20% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and carrying value of the asset, and is recognized in net income/(expenditure) for the year.

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Payments in respect of other post-retirement benefits are charged to the Statement of Financial Activities in the period to which they relate.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognized at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognized initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	-	211
	<u> </u>	<u> </u>

4. INVESTMENT INCOME

	2021	2020
	£	£
Interest receivable	101	769
	<u> </u>	<u> </u>

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****5. INCOME FROM CHARITABLE ACTIVITIES**

		2021	2020
	Activity	£	£
ESFA Study programme and traineeships	Main charitable activities	969,566	1,030,840
Apprenticeships	Main charitable activities	195,549	268,493
Other	Main charitable activities	223,502	274,813
		<u>1,388,617</u>	<u>1,574,146</u>

6. OTHER INCOME

	2021	2020
	£	£
Coronavirus Job Retention Scheme	<u>28,855</u>	<u>82,684</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Support costs (see note 9) £	Totals £
Main charitable activities	917,719	-	917,719
Support costs	-	603,569	603,569
	<u>917,719</u>	<u>603,569</u>	<u>1,521,288</u>

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2021	2020
	£	£
Staff costs	822,766	925,329
Sundries	-	2,138
Learner support costs	5,138	13,310
Training costs and materials	29,629	17,766
Staff expenses	28,581	52,052
Registration fees	31,605	22,307
	<u>917,719</u>	<u>1,032,902</u>

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****9. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Support costs	502,199	101,370	603,569

Support costs, included in the above, are as follows:

	2021 Support costs £	2020 Total activities £
Staff costs (support)	169,152	145,154
Social security (support)	9,045	6,805
Pensions (support)	2,065	2,424
Sundries	148	-
Premises costs	175,137	184,664
Office costs	59,125	57,925
Legal and professional	12,232	33,257
Bank charges	1,165	574
Bad debt provision	430	8,305
Unrecoverable VAT	40,080	15,480
Depreciation of tangible and heritage assets	33,620	39,060
Staff costs (governance)	81,508	70,594
Social security (governance)	9,046	6,804
Pensions (governance)	2,066	2,424
Auditors' remuneration	8,750	7,790
	603,569	581,260

10. OTHER

	2021 £	2020 £
Exceptional items	54,631	-

Exceptional items represent additional service charges levied at the Colindale centre of £15,630 in relation to the financial year ended 30th June 2019 and £29,552 in relation to the financial year ended 30th June 2020, together with £9,449 of depreciation charges arising as a result of the Trustees reassessing the estimated useful economic life of its tangible fixed assets.

FIRST RUNG LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021	2020
	£	£
Audit fees	8,750	7,790
Depreciation - owned assets	43,069	39,060
	<u>43,069</u>	<u>39,060</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st July 2021 nor for the year ended 31st July 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st July 2021 nor for the year ended 31st July 2020.

13. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	994,269	1,030,206
Social security costs	76,174	98,824
Other pension costs	25,205	30,504
	<u>1,095,648</u>	<u>1,159,534</u>

The average monthly number of employees during the year was as follows:

	2021	2020
Direct charitable services	20	22
Support services	10	12
Governance services	5	6
	<u>35</u>	<u>40</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
£90,001 - £100,000	-	1
	<u>-</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, none (2020: none) have retirement benefits accruing under defined benefit scheme.

The senior management team described in the trustees' report received total remuneration of £169,735 (2020: £232,219).

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES (2020)**

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	-	211	211
Charitable activities			
Main charitable activities	1,574,146	-	1,574,146
Investment income	769	-	769
Other income	82,684	-	82,684
Total	1,657,599	211	1,657,810
EXPENDITURE ON			
Charitable activities			
Main charitable activities	1,032,902	-	1,032,902
Support costs	581,260	-	581,260
Total	1,614,162	-	1,614,162
NET INCOME	43,437	211	43,648
Transfers between funds	15,493	(15,493)	-
Net movement in funds	58,930	(15,282)	43,648
RECONCILIATION OF FUNDS			
Total funds brought forward	534,437	15,282	549,719
TOTAL FUNDS CARRIED FORWARD	593,367	-	593,367

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****15. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st August 2020	236,190	169,778	39,300	445,268
Additions	-	8,720	-	8,720
At 31st July 2021	236,190	178,498	39,300	453,988
DEPRECIATION				
At 1st August 2020	71,189	160,261	33,942	265,392
Charge for year	33,074	8,686	1,309	43,069
At 31st July 2021	104,263	168,947	35,251	308,461
NET BOOK VALUE				
At 31st July 2021	131,927	9,551	4,049	145,527
At 31st July 2020	165,001	9,517	5,358	179,876

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	17,778	50,838
Other debtors	58,748	44,019
Prepayments and accrued income	33,620	32,942
	110,146	127,799

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	56,913	22,067
Social security and other taxes	22,667	21,475
Other creditors	171,526	263,488
Accrued expenses	58,814	60,446
	309,920	367,476

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****18. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	121,703	119,150
Between one and five years	185,346	300,592
	<u>307,049</u>	<u>419,742</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted fund £	2021 Total funds £	2020 Total funds £
Fixed assets	145,527	-	145,527	179,876
Current assets	599,414	-	599,414	780,967
Current liabilities	(309,920)	-	(309,920)	(367,476)
	<u>435,021</u>	<u>-</u>	<u>435,021</u>	<u>593,367</u>

20. MOVEMENT IN FUNDS

	At 1.8.20 £	Net movement in funds £	At 31.7.21 £
Unrestricted funds			
General fund	593,367	(158,346)	435,021
TOTAL FUNDS	<u>593,367</u>	<u>(158,346)</u>	<u>435,021</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,417,573	(1,575,919)	(158,346)
TOTAL FUNDS	<u>1,417,573</u>	<u>(1,575,919)</u>	<u>(158,346)</u>

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2021****20. MOVEMENT IN FUNDS - continued****Comparatives for movement in funds**

	At 1.8.19 £	Net movement in funds £	Transfers between funds £	At 31.7.20 £
Unrestricted funds				
General fund	534,437	43,437	15,493	593,367
Restricted funds				
Restricted fund	15,282	211	(15,493)	-
TOTAL FUNDS	<u>549,719</u>	<u>43,648</u>	<u>-</u>	<u>593,367</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,657,599	(1,614,162)	43,437
Restricted funds			
Restricted fund	211	-	211
TOTAL FUNDS	<u>1,657,810</u>	<u>(1,614,162)</u>	<u>43,648</u>

21. RELATED PARTY DISCLOSURES

During the year, First Rung Ltd paid Deltacom up to October 2020 £1,315 (2020: £11,070) for IT support, facility services, building and maintenance and refurbishment. Deltacom is owned by director Peter Betts, the husband of Diane Betts, First Rung's Chief Executive. Diane Betts left First Rung in October 2020.

The son of Denis Dillon, the Deputy CEO, was employed as temporary tutor for first Rung and received fees of £nil (2020: £817).

FIRST RUNG LIMITED**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2021**

	2021 £	2020 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	-	211
Investment income		
Interest receivable	101	769
Charitable activities		
ESFA Study programme and traineeships	969,566	1,030,840
Apprenticeships	195,549	268,493
Other	223,502	274,813
	<hr/>	<hr/>
	1,388,617	1,574,146
Other income		
Coronavirus Job Retention Scheme	28,855	82,684
	<hr/>	<hr/>
Total incoming resources	1,417,573	1,657,810
 EXPENDITURE		
Charitable activities		
Wages	743,609	814,458
Social security	58,083	85,215
Pensions	21,074	25,656
Sundries	-	2,138
Learner support costs	5,138	13,310
Training costs and materials	29,629	17,766
Staff expenses	28,581	52,052
Registration fees	31,605	22,307
	<hr/>	<hr/>
	917,719	1,032,902
Other		
Exceptional items	54,631	-
Support costs		
Management		
Staff costs (support)	169,152	145,154
Social security (support)	9,045	6,805
Pensions (support)	2,065	2,424
Sundries	148	-
Premises costs	175,137	184,664
Office costs	59,125	57,925
Carried forward	414,672	396,972

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FIRST RUNG LIMITED**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2021**

	2021	2020
	£	£
Management		
Brought forward	414,672	396,972
Legal and professional	12,232	33,257
Bank charges	1,165	574
Bad debt provision	430	8,305
Unrecoverable VAT	40,080	15,480
Depn of leasehold improvements	24,887	27,483
Plant and machinery	5,661	7,212
Fixtures and fittings	3,072	4,365
	<hr/> 502,199	<hr/> 493,648
Governance costs		
Staff costs (governance)	81,508	70,594
Social security (governance)	9,046	6,804
Pensions (governance)	2,066	2,424
Auditors' remuneration	8,750	7,790
	<hr/> 101,370	<hr/> 87,612
Total resources expended	<hr/> 1,575,919	<hr/> 1,614,162
Net (expenditure)/income	<hr/> (158,346)	<hr/> 43,648

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