

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

**REPORT OF THE TRUSTEES AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST JULY 2022**  
**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 2022**

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**FIRST RUNG LIMITED**

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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<b>TRUSTEES</b>	O Ahmed S Riley J L Szabo-Merridew W A Warner (Treasurer) C S Pike S J Stott E J Jones I J Lawrence H Ali
<b>COMPANY SECRETARY</b>	H J Warwick
<b>REGISTERED OFFICE</b>	197-205 High Street Ponders End Enfield Middlesex EN3 4DZ
<b>REGISTERED COMPANY NUMBER</b>	02171777 (England and Wales)
<b>REGISTERED CHARITY NUMBER</b>	800614
<b>AUDITORS</b>	Sproull & Co. Chartered Accountants Statutory Auditors First Floor, Jebson House 53-61 High Street Ruislip Middlesex HA4 7BD
<b>BANKERS</b>	HSBC Bank plc 1 The Town Enfield EN2 6LD  Scottish Widows Bank plc PO Box 12757 67 Morrison Street Edinburgh EH3 8YJ

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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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 2022. 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 Funding Agency (ESFA), or similar programmes funded by local and central Government, corporate partners 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 organisation 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.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**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 an annual pay bill of more than £3 million have to pay an apprenticeship levy at a rate of 0.5% of their annual pay bill. They can use this fund to provide apprenticeship training to their staff. The funds are accessed through the Digital Apprenticeship Service (DAS) 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 Digital Apprenticeship Service, which pays for 95% of the training, the employer contributing 5%. Training for apprentices aged 16-18 is funded at 100%.

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.

**ACHIEVEMENT AND PERFORMANCE**

**Achievements**

Delivery of Learning

First Rung supported 166 Trainees and Study Programme learners during the year and 45 apprentices.

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.

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

While preparing this report, First Rung was inspected by Ofsted in December 2022 and was graded "Good" overall. This included a "Good" judgement in the new areas of Apprenticeships and High Needs support.

**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 proved to be another challenging financial year, resulting in a deficit on operations of £215,770. This has occurred for two main reasons; the continued impact of the Covid Pandemic and some essential investments in staff and other longer term costs. These investments were required for the implementation of the new strategy, developed on the initiative of our CEO who was appointed in the previous financial year. There were also some overspends on running costs as higher inflation began to have an impact.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**FINANCIAL REVIEW**

**Risks attached to achievement of objectives**

First Rung faces risks from changes in Government priorities in employment and skills provision; to mitigate this risk the Charity is proactively looking to diversify into alternative income streams, so that there is less dependence on the ESFA contract which at present constitutes the majority of our 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 cash deposits. From time to time the Trustees, via the Finance and Premises Working Party, look at the overall resources of the organisation and its future needs in order to establish whether there is scope for extending the range of investments. Our present financial position means that this is unlikely to happen in the near future.

**Reserves policy**

The Trustees have agreed that, in the long term, free reserves should be maintained at a minimum level of 3 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 organisation as they arise. The free reserves at 31 July 2022 were £107k (289k as at 31 July 2021) which represents between 3 and 4 weeks average operating costs. This has been caused by our investment in the Colindale Centre, the impact of the Covid Pandemic and other outlays which are essential to achieve our long term strategy. This strategy includes a commitment to move to a free reserves level that consistently exceeds three 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 two Board working parties covering finance & premises and quality & personnel.

**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Board of Trustees**

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

Chair	Frank Longsworth Elizabeth Joan Jones	Resigned 1.12.2022 Appointed 18.11.2022
Treasurer	Alan Warner	
Other Trustees	Sonal Riley Omar Ahmed Jitesh Dodhia Juliet Szabo-Merridew Paulette Lindsay-Greenridge Saskia Jane Stotte Sally Chessum Rita Sonnie Essien Nicholas Sean Jervis Iain James Lawrence Kalvin Sidney Pike Hafiza Ali Denis Dillon	Resigned 1.12.2022  Resigned 1.12.2022 Appointed 9.12.2021 Resigned 1.9.2022 Appointed 23.9.2021 Resigned 1.9.2022 Resigned 1.9.2022 Appointed 18.11.2022 Appointed 23.9.2021 Appointed 12.12.2022 Resigned 6.10.2021
Company Secretary	Charlotte Anne Horton Hannah Julie Warwick	Resigned 1.9.2022 Appointed 1.9.2022
Senior Staff Chief Executive	Steve Woolcock	
Deputy CEO/Operations Manager	Denis Dillon	
Head of Centres and Inclusion	Francesca Muratori	
Finance and performance manager	Druvi Attygalle	

**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.

**AUDITORS**

Under section 487(2) of the Companies Act 2006, Sproull & Co., Chartered Accountants and Statutory Auditors, are deemed to be reappointed as auditors.

Approved by order of the board of trustees on 27th April 2023 and signed on its behalf by:

  
E J Jones - Trustee

## **FIRST RUNG LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES** **FOR THE YEAR ENDED 31ST JULY 2022**

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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**

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### **Opinion**

We have audited the financial statements of First Rung Limited (the 'charitable company') for the year ended 31st July 2022 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 2022 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**

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### **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.

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.

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

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- 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](http://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

28th April 2023

**FIRST RUNG LIMITED****STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31ST JULY 2022**

	Notes	Unrestricted fund £	Restricted fund £	2022 Total funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Charitable activities</b>					
Main charitable activities	4	<b>1,397,519</b>	-	<b>1,397,519</b>	1,388,617
Investment income	3	<b>66</b>	-	<b>66</b>	101
Other income	5	-	-	-	28,855
<b>Total</b>		<b>1,397,585</b>	-	<b>1,397,585</b>	1,417,573
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
Main charitable activities	6	<b>1,157,645</b>	-	<b>1,157,645</b>	1,162,020
Support costs		<b>455,710</b>	-	<b>455,710</b>	359,268
Other	9	-	-	-	54,631
<b>Total</b>		<b>1,613,355</b>	-	<b>1,613,355</b>	1,575,919
<b>NET INCOME/(EXPENDITURE)</b>		<b>(215,770)</b>	-	<b>(215,770)</b>	(158,346)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<b>435,021</b>	-	<b>435,021</b>	593,367
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>219,251</b>	-	<b>219,251</b>	435,021

**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 (REGISTERED NUMBER: 02171777)**

**BALANCE SHEET**  
**31ST JULY 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	14	112,654	145,527
<b>CURRENT ASSETS</b>			
Debtors	15	277,043	110,146
Cash at bank and in hand		186,879	489,268
		<u>463,922</u>	<u>599,414</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	(357,325)	(309,920)
<b>NET CURRENT ASSETS</b>		<u>106,597</u>	<u>289,494</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>219,251</u>	<u>435,021</u>
<b>NET ASSETS</b>		<u>219,251</u>	<u>435,021</u>
<b>FUNDS</b>	19		
Unrestricted funds		219,251	435,021
<b>TOTAL FUNDS</b>		<u>219,251</u>	<u>435,021</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 27th April 2023 and were signed on its behalf by:

  
E J Jones - Trustee

The notes form part of these financial statements

**FIRST RUNG LIMITED****CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>(302,195)</b>	(155,281)
Net cash used in operating activities		<b>(302,195)</b>	(155,281)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(260)</b>	(8,720)
Interest received		<b>66</b>	101
Net cash used in investing activities		<b>(194)</b>	(8,619)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(302,389)</b>	(163,900)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>489,268</b>	653,168
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>186,879</b>	489,268

The notes form part of these financial statements

**FIRST RUNG LIMITED**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2022</b>	2021
	<b>£</b>	£
<b>Net expenditure for the reporting period (as per the Statement of Financial Activities)</b>	<b>(215,770)</b>	(158,346)
<b>Adjustments for:</b>		
Depreciation charges	<b>33,133</b>	43,069
Interest received	<b>(66)</b>	(101)
(Increase)/decrease in debtors	<b>(166,897)</b>	17,653
Increase/(decrease) in creditors	<b>47,405</b>	(57,556)
<b>Net cash used in operations</b>	<b><u>(302,195)</u></b>	<u>(155,281)</u>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.8.21	Cash flow	At 31.7.22
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<b>489,268</b>	<b>(302,389)</b>	<b>186,879</b>
	<b><u>489,268</u></b>	<b><u>(302,389)</u></b>	<b><u>186,879</u></b>
<b>Total</b>	<b><u>489,268</u></b>	<b><u>(302,389)</u></b>	<b><u>186,879</u></b>

The notes form part of these financial statements

## **FIRST RUNG LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31ST JULY 2022**

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#### **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 positive cash balance, without recourse to borrowing, despite substantial deficits in the Income Statement over the last two financial years. This position is strengthened by the continuation of our existing ESFA funding contract until July 2023 and recent confirmation that the following year's contract until July 2024 will show significant growth.

##### **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.

## **FIRST RUNG LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31ST JULY 2022**

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#### **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.

**FIRST RUNG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**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. INVESTMENT INCOME**

	<b>2022</b>	2021
	<b>£</b>	£
Interest receivable	<b>66</b>	101
	<u>          </u>	<u>          </u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

		<b>2022</b>	2021
	Activity	<b>£</b>	£
ESFA Study programme and traineeships	Main charitable activities	<b>721,466</b>	969,566
Apprenticeships	Main charitable activities	<b>215,926</b>	195,549
Other	Main charitable activities	<b>460,127</b>	223,502
		<u>          </u>	<u>          </u>
		<b>1,397,519</b>	1,388,617
		<u>          </u>	<u>          </u>

**FIRST RUNG LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST JULY 2022****5. OTHER INCOME**

	2022	2021
	£	£
Coronavirus Job Retention Scheme	-	28,855

**6. CHARITABLE ACTIVITIES COSTS**

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Main charitable activities	1,157,645	-	1,157,645
Support costs	-	455,710	455,710
	<u>1,157,645</u>	<u>455,710</u>	<u>1,613,355</u>

**7. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2022	2021
	£	£
Staff costs	1,104,867	1,095,648
Learner support costs	6,563	5,138
Training costs and materials	12,700	29,629
Registration fees	33,515	31,605
	<u>1,157,645</u>	<u>1,162,020</u>

**8. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Support costs	445,210	10,500	455,710

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

	2022	2021
	Support costs £	Total activities £
Sundries	1,681	148
Premises costs	291,841	175,137
Office costs	75,963	59,125
Legal and professional	9,585	12,232
Bank charges	475	1,165
Bad debt provision	235	430
Unrecoverable VAT	-	40,080
Staff expenses	32,297	28,581
Depreciation of tangible and heritage assets	33,133	33,620
Auditors' remuneration	10,500	8,750
	<u>455,710</u>	<u>359,268</u>

**FIRST RUNG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2022**

**9. OTHER**

	<b>2022</b>	2021
	<b>£</b>	£
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.

**10. NET INCOME/(EXPENDITURE)**

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

	<b>2022</b>	2021
	<b>£</b>	£
Audit fees	<b>10,500</b>	8,750
Depreciation - owned assets	<b>33,133</b>	43,069

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31st July 2022 nor for the year ended 31st July 2021.

**Trustees' expenses**

J Dodhia received fees of £nil (2021: £4,442) in relation to professional consultancy advice he provided to the Charity.

**12. STAFF COSTS**

	<b>2022</b>	2021
	<b>£</b>	£
Wages and salaries	<b>1,000,207</b>	994,269
Social security costs	<b>81,800</b>	76,174
Other pension costs	<b>22,860</b>	25,205
	<b>1,104,867</b>	1,095,648

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

	<b>2022</b>	2021
Direct charitable services	<b>35</b>	35

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

	<b>2022</b>	2021
£80,001 - £90,000	<b>1</b>	-

**FIRST RUNG LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2022****12. STAFF COSTS - continued**

Of the employees whose emoluments exceed £60,000, one (2021: none) has retirement benefits accruing under defined benefit scheme £354 (2021: £Nil). Pension contributions relating to those staff earning over £60,000 totalled £4,250 in the current year (2021: £Nil).

The senior management team described in the trustees' report received total remuneration of £193,000 (2021: £169,735).

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES (2020)**

	Unrestricted fund £	Restricted fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Charitable activities</b>			
Main charitable activities	1,388,617	-	1,388,617
Investment income	101	-	101
Other income	28,855	-	28,855
<b>Total</b>	<b>1,417,573</b>	<b>-</b>	<b>1,417,573</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Main charitable activities	1,162,020	-	1,162,020
Support costs	359,268	-	359,268
Other	54,631	-	54,631
<b>Total</b>	<b>1,575,919</b>	<b>-</b>	<b>1,575,919</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>(158,346)</b>	<b>-</b>	<b>(158,346)</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	593,367	-	593,367
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>435,021</b>	<b>-</b>	<b>435,021</b>

**FIRST RUNG LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST JULY 2022****14. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1st August 2021	236,190	178,498	39,300	453,988
Additions	-	-	260	260
At 31st July 2022	236,190	178,498	39,560	454,248
<b>DEPRECIATION</b>				
At 1st August 2021	104,263	168,947	35,251	308,461
Charge for year	24,886	6,153	2,094	33,133
At 31st July 2022	129,149	175,100	37,345	341,594
<b>NET BOOK VALUE</b>				
At 31st July 2022	107,041	3,398	2,215	112,654
At 31st July 2021	131,927	9,551	4,049	145,527

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade debtors	23,933	17,778
Other debtors	70,529	58,748
Prepayments and accrued income	182,581	33,620
	277,043	110,146

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	16,140	56,913
Social security and other taxes	24,328	22,667
Other creditors	281,842	171,526
Accrued expenses	35,015	58,814
	357,325	309,920

**FIRST RUNG LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST JULY 2022****17. LEASING AGREEMENTS**

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

	<b>2022</b>	2021
	£	£
Within one year	<b>123,575</b>	121,703
Between one and five years	<b>75,374</b>	185,346
	<b>198,949</b>	307,049

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted fund	Restricted fund	<b>2022</b> <b>Total</b> <b>funds</b>	2021 Total funds
	£	£	£	£
Fixed assets	<b>112,654</b>	-	<b>112,654</b>	145,527
Current assets	<b>463,922</b>	-	<b>463,922</b>	599,414
Current liabilities	<b>(357,325)</b>	-	<b>(357,325)</b>	(309,920)
	<b>219,251</b>	-	<b>219,251</b>	435,021

**19. MOVEMENT IN FUNDS**

	At 1.8.21	Net movement in funds	At 31.7.22
	£	£	£
<b>Unrestricted funds</b>			
General fund	<b>435,021</b>	<b>(215,770)</b>	<b>219,251</b>
<b>TOTAL FUNDS</b>	<b>435,021</b>	<b>(215,770)</b>	<b>219,251</b>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
<b>Unrestricted funds</b>			
General fund	<b>1,397,585</b>	<b>(1,613,355)</b>	<b>(215,770)</b>
<b>TOTAL FUNDS</b>	<b>1,397,585</b>	<b>(1,613,355)</b>	<b>(215,770)</b>

**FIRST RUNG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST JULY 2022**

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**19. MOVEMENT IN FUNDS - continued**

**Comparatives for movement in funds**

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

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

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

**20. RELATED PARTY DISCLOSURES**

During the year, First Rung Ltd paid Deltacom up to October 2022 £Nil (2021: £1,315) 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.