

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2023
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 2023

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FIRST RUNG LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST JULY 2023

TRUSTEES	O Ahmed S Riley J L Szabo-Merridew (resigned 10.1.24) W A Warner (Treasurer) (resigned 14.12.23) C S Pike S J Stott (resigned 9.3.23) E J Jones I J Lawrence H Ali J R Eifion-Jones (appointed 13.9.23) M Mahajan (appointed 13.9.23)
COMPANY SECRETARY	H J Warwick
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 Barclays Bank plc 54 High Street Ruislip Middlesex HA4 7AT

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2023**

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 2023. 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

- To advance education for the public benefit, particularly but not exclusively, by the provision of vocational training.
- 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.
- To deliver training and development to young people so that their employment prospects are significantly improved. This can be through classroom or digital delivery.
- 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:-

- The aims and activities of the organisation continue to be charitable;
- The aims and the work done give identifiable benefits in the charitable sector and both directly and indirectly to young people in need;
- The benefits are for the public, are not unreasonably restrictive in any way and certainly not by ability to pay;
- 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 offers bespoke learning and employability provision to young people based on their needs and prior attainment. 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 2023**

OBJECTIVES AND ACTIVITIES

Apprenticeships

Apprenticeships offer employers the opportunity both to recruit new staff who will be trained to industry standard while they work, and to up-skill existing staff.

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%.

During the year ended 31 July 2023 First Rung delivered apprenticeships in the areas of Early Years, Teaching Assistant, Accountancy, Business Administration and Customer Service.

Reed in Partnership: ESF SEND Youth Unemployment Project

First Rung was a partner of Reed to deliver employability training and mentoring to young people with special educational and social and emotional needs for the final year of delivery. This flexible programme was tailored to the needs of each young person and supported them into work, including apprenticeships or further training. The programme was funded by the European Social Fund and the Greater London Authority. The contract was held by Reed in Partnership and First Rung delivered in North London as a subcontractor. The contract was extended during the year due to strong performance and ended in July 2023.

High Needs Support

First Rung has become a specialist provider of support to learners aged 16-25 who have additional needs identified in an Education, Health and Care Plan (EHCP). First Rung supported 20 learners during the year, funded jointly through the ESFA and local authorities.

UK Shared Prosperity Fund UKSPF - Multiply Programme

Towards the end of the year, FR secured funding as a subcontractor to Harrow, Uxbridge and Richmond College to deliver numeracy training to young people aged 16-25.

ACHIEVEMENT AND PERFORMANCE

Achievements

Delivery of Learning

First Rung supported 193 Trainees and Study Programme and 50 apprentices learners during the year.

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.

Ofsted

The Apprenticeship, Study Programme and High Needs provision is subject to inspection by Ofsted. 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.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2023**

FINANCIAL REVIEW

Results for the Financial Year and Long Term Strategy

Following two difficult years due to the Covid Pandemic, with deficits in both, the financial health of the organisation significantly improved resulting in a surplus of £72,993 for the year ended 31 July 2023. During the year the organisation continued to invest in staff development and purchased IT hardware.

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. There has been some success in this area with the securing of UKSPF Fund and FR was awarded a Greater London Authority contract at the end of the year with delivery starting in October 2023.

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 & Premises Committee, 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 2023 were £209,000 (£107,000 as at 31 July 2022) which represents between 4 and 5 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, returning to surplus this year supports this policy.

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 sub-committees covering Finance & Premises and Quality and Personnel.

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST JULY 2023**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board of Trustees

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

Chair	Frank Longworth 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 Calvin Sidney Pike Hafiza Ali	Resigned 1.12.2022 Resigned 1.12.2022 Resigned 9.3.2023 Resigned 1.9.2022 Resigned 1.9.2022 Resigned 1.9.2022 Appointed 18.11.2022 Appointed 12.12.2022
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	

The following Trustee changes have been recorded since the balance sheet date:

- Mohit Mahajan	Appointed 13.9.2023
- Jonathan Richard Eifion-Jones	Appointed 13.9.2023
- Alan Warner	Resigned 14.12.2023
- Juliet Szabo-Merridew	Resigned 10.1.2024

FIRST RUNG LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST JULY 2023

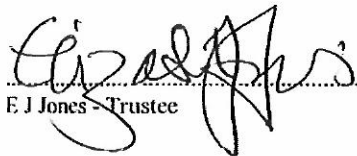
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 08-02-2024 and signed on its behalf by:


.....
E J Jones - Trustee

FIRST RUNG LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES **FOR THE YEAR ENDED 31ST JULY 2023**

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 2023 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows 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 2023 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.



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

Date: 16-02-2024

FIRST RUNG LIMITED**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2023**

	Notes	Unrestricted fund £	Restricted fund £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	4				
Main charitable activities		1,712,652	-	1,712,652	1,397,519
Investment income	3	491	-	491	66
Total		1,713,143	-	1,713,143	1,397,585
EXPENDITURE ON					
Charitable activities	5				
Main charitable activities		1,205,399	-	1,205,399	1,157,645
Support costs		434,751	-	434,751	455,710
Total		1,640,150	-	1,640,150	1,613,355
NET INCOME/(EXPENDITURE)		72,993	-	72,993	(215,770)
RECONCILIATION OF FUNDS					
Total funds brought forward		219,251	-	219,251	435,021
TOTAL FUNDS CARRIED FORWARD		292,244	-	292,244	219,251

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

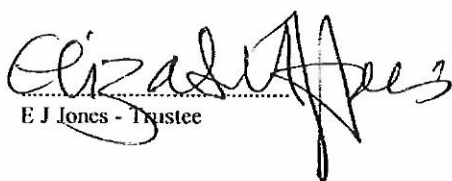
FIRST RUNG LIMITED

STATEMENT OF FINANCIAL POSITION
31ST JULY 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	12	83,297	112,654
CURRENT ASSETS			
Debtors	13	248,594	277,043
Cash at bank and in hand		215,433	186,879
		<u>464,027</u>	<u>463,922</u>
CREDITORS			
Amounts falling due within one year	14	(255,080)	(357,325)
NET CURRENT ASSETS		<u>208,947</u>	<u>106,597</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>292,244</u>	<u>219,251</u>
NET ASSETS/(LIABILITIES)		<u>292,244</u>	<u>219,251</u>
FUNDS	17		
Unrestricted funds		292,244	219,251
TOTAL FUNDS		<u>292,244</u>	<u>219,251</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 08-02-2024 and were signed on its behalf by:


E J Jones - Trustee

The notes form part of these financial statements

FIRST RUNG LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST JULY 2023**

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	<u>29,001</u>	<u>(302,195)</u>
Net cash provided by/(used in) operating activities		<u>29,001</u>	<u>(302,195)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(938)</u>	<u>(260)</u>
Interest received		<u>491</u>	<u>66</u>
Net cash used in investing activities		<u>(447)</u>	<u>(194)</u>
Change in cash and cash equivalents in the reporting period		<u>28,554</u>	<u>(302,389)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>186,879</u>	<u>489,268</u>
Cash and cash equivalents at the end of the reporting period		<u><u>215,433</u></u>	<u><u>186,879</u></u>

The notes form part of these financial statements

FIRST RUNG LIMITED**NOTES TO THE STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST JULY 2023**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2023 £	2022 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	72,993	(215,770)
Adjustments for:		
Depreciation charges	30,295	33,133
Interest received	(491)	(66)
Decrease/(increase) in debtors	28,449	(166,897)
(Decrease)/increase in creditors	(102,245)	47,405
Net cash provided by/(used in) operations	<u>29,001</u>	<u>(302,195)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.22 £	Cash flow £	At 31.7.23 £
Net cash			
Cash at bank and in hand	<u>186,879</u>	<u>28,554</u>	<u>215,433</u>
	<u>186,879</u>	<u>28,554</u>	<u>215,433</u>
Total	<u>186,879</u>	<u>28,554</u>	<u>215,433</u>

The notes form part of these financial statements

FIRST RUNG LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST JULY 2023**

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2023

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2023**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

	2023	2022
	£	£
Interest receivable	491	66

4. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
ESFA Study programme and traineeships	Main charitable activities	974,765	721,466
Apprenticeships	Main charitable activities	191,190	215,926
Other	Main charitable activities	546,697	460,127
		1,712,652	1,397,519

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST JULY 2023**5. CHARITABLE ACTIVITIES COSTS**

	Direct Costs (see note 6) £	Support costs (see note 7) £	Totals £
Main charitable activities	1,205,399	-	1,205,399
Support costs	-	434,751	434,751
	<u>1,205,399</u>	<u>434,751</u>	<u>1,640,150</u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Staff costs	1,128,704	1,104,867
Learner support costs	4,057	6,563
Training costs and materials	9,295	12,700
Registration fees	63,343	33,515
	<u>1,205,399</u>	<u>1,157,645</u>

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Support costs	<u>424,251</u>	<u>10,500</u>	<u>434,751</u>

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

	2023 Support costs £	2022 Total activities £
Sundries	19	1,681
Premises costs	289,811	291,841
Office costs	52,630	75,963
Legal and professional	6,205	9,585
Bank charges	464	475
Bad debt provision	-	235
Staff expenses	44,827	32,297
Depreciation of tangible and heritage assets	30,295	33,133
Auditors' remuneration	10,500	10,500
	<u>434,751</u>	<u>455,710</u>

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST JULY 2023**8. NET INCOME/(EXPENDITURE)**

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

	2023	2022
	£	£
Auditors' remuneration	10,500	10,500
Depreciation - owned assets	30,295	33,133

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st July 2023 nor for the year ended 31st July 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st July 2023 nor for the year ended 31st July 2022.

10. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	1,022,359	1,000,207
Social security costs	83,476	81,800
Other pension costs	22,869	22,860
	1,128,704	1,104,867

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

	2023	2022
Direct charitable services	32	35

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

	2023	2022
£80,001 - £90,000	1	1

Of the employees whose emoluments exceed £60,000, one (2022: one) has retirement benefits accruing under defined benefit scheme £354 (2022: £354). Pension contributions relating to those staff earning over £60,000 totalled £4,250 in the current year (2022: £4,250).

The senior management team (consisting of Senior Staff Chief Executive, Deputy CEO and Operational Manager and Head of Centres and Inclusion) received total remuneration of £193,000 (2022: £193,000).

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST JULY 2023**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Main charitable activities	1,397,519	-	1,397,519
Investment income	66	-	66
Total	1,397,585	-	1,397,585
EXPENDITURE ON			
Charitable activities			
Main charitable activities	1,157,645	-	1,157,645
Support costs	455,710	-	455,710
Total	1,613,355	-	1,613,355
NET INCOME/(EXPENDITURE)	(215,770)	-	(215,770)
RECONCILIATION OF FUNDS			
Total funds brought forward	435,021	-	435,021
TOTAL FUNDS CARRIED FORWARD	219,251	-	219,251

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st August 2022	236,190	178,498	39,560	454,248
Additions	-	558	380	938
At 31st July 2023	236,190	179,056	39,940	455,186
DEPRECIATION				
At 1st August 2022	129,149	175,100	37,345	341,594
Charge for year	24,886	3,444	1,965	30,295
At 31st July 2023	154,035	178,544	39,310	371,889
NET BOOK VALUE				
At 31st July 2023	82,155	512	630	83,297
At 31st July 2022	107,041	3,398	2,215	112,654

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST JULY 2023**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Trade debtors	26,656	23,933
Other debtors	72,759	70,529
Prepayments and accrued income	149,179	182,581
	<u>248,594</u>	<u>277,043</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	28,176	16,140
Social security and other taxes	22,021	24,328
Other creditors	163,935	281,842
Accrued expenses	40,948	35,015
	<u>255,080</u>	<u>357,325</u>

15. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	38,874	123,575
Between one and five years	36,500	75,374
	<u>75,374</u>	<u>198,949</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted fund	2023 Total funds	2022 Total funds
	£	£	£	£
Fixed assets	83,297	-	83,297	112,654
Current assets	464,027	-	464,027	463,922
Current liabilities	(255,080)	-	(255,080)	(357,325)
	<u>292,244</u>	<u>-</u>	<u>292,244</u>	<u>219,251</u>

FIRST RUNG LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST JULY 2023**17. MOVEMENT IN FUNDS**

	At 1.8.22 £	Net movement in funds £	At 31.7.23 £
Unrestricted funds			
General fund	219,251	72,993	292,244
TOTAL FUNDS	<u>219,251</u>	<u>72,993</u>	<u>292,244</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,713,143	(1,640,150)	72,993
TOTAL FUNDS	<u>1,713,143</u>	<u>(1,640,150)</u>	<u>72,993</u>

Comparatives for movement in funds

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

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

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

FIRST RUNG LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST JULY 2023

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st July 2023.

FIRST RUNG LIMITED**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**
FOR THE YEAR ENDED 31ST JULY 2023

	2023 £	2022 £
INCOME AND ENDOWMENTS		
Investment income		
Interest receivable	491	66
Charitable activities		
ESFA Study programme and traineeships	974,765	721,466
Apprenticeships	191,190	215,926
Other	546,697	460,127
	<u>1,712,652</u>	<u>1,397,519</u>
Total incoming resources	1,713,143	1,397,585
EXPENDITURE		
Charitable activities		
Wages	1,022,359	1,000,207
Social security	83,476	81,800
Pensions	22,869	22,860
Learner support costs	4,057	6,563
Training costs and materials	9,295	12,700
Registration fees	63,343	33,515
	<u>1,205,399</u>	<u>1,157,645</u>
Support costs		
Management		
Sundries	19	1,681
Premises costs	289,811	291,841
Office costs	52,630	75,963
Legal and professional	6,205	9,585
Bank charges	464	475
Bad debt provision	-	235
Staff expenses	44,827	32,297
Depn of leasehold improvements	24,886	24,886
Plant and machinery	3,444	6,153
Fixtures and fittings	1,965	2,094
	<u>424,251</u>	<u>445,210</u>
Governance costs		
Auditors' remuneration	10,500	10,500
Total resources expended	1,640,150	1,613,355
Net income/(expenditure)	72,993	(215,770)

This page does not form part of the statutory financial statements