

Charity Registration No. 1024544

Company Registration No. 2826849 (England and Wales)

**DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING
CENTRE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	E J Fothergill R Massey L E Richards H L Dixon P Gallimore L J Curd J Rehman	(Appointed 11 December 2019)
Secretary and Chief Executive	J M Holland	
Charity number	1024544	
Company number	2826849	
Registered office	St Marks Road Derby Derbyshire DE21 6AH	
Auditor	Azets Audit Services Ventura Park Road Tamworth Staffordshire B78 3HL	
Bankers	Co-op Bank plc 31 East Street Derby Derbyshire DE1 2AL	

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

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DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

This was a challenging year, although not as challenging as the current year has turned out to be.

There are longstanding issues about funding rates for the 'free' early education entitlement, with National Living Wage and National Minimum Wage increasing significantly more than funding rates. In April 2019 NLW and NMW rose by 6.2% & 6.5% respectively. Funding for two year olds increased by 1.5% and for 3 & 4 year olds by 3.5%. This pattern has been repeated over the past several years, putting pressure on many providers. We are grateful to our local MP, Amanda Solloway, for meeting with us and advocating for us at local and national government level.

Occupancy levels were much lower than expected, particularly in the autumn term. This led us to look at occupancy patterns, finding that our fully flexible approach was impeding us from maximising our operating capacity, or rationalising the workforce. A new delivery model was designed and was due to be introduced in Summer 2020, however from 23rd March we were closed to all but vulnerable children and the children of key workers.

We are proud of our staff team and their dedication to continuing professional development. There were a range of opportunities available this year and staff took full advantage. Congratulations to all who achieved new qualifications and skills this year.

We are very pleased to see real progress being made in improving children's speech, language and communication skills. We have been able to demonstrate that the interventions we have put in place have been effective. Being able to communicate effectively is perhaps the most important of all life skills and effective early intervention makes a long-term improvement to children's life chances.

Planning for the future is incredibly difficult whilst the pandemic continues. Our immediate focus is on being able to continue to provide a consistent quality early education in a COVID-19 secure way.



.....
LE Richards

Trustee

Dated: ...02/03/2021....

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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

The charitable objectives of the charity are:

- to advance the education of children and to provide recreational facilities for them in the interests of social welfare;
- to provide education and vocational training for all members of the community in the educational and other needs of children and in teaching the care of children;
- to aid, help, protect and care for children who are in need of such assistance.

Main objectives for 2019/20:

- Strive to offer high quality, flexible, affordable childcare within the constraints of sector funding issues;
- Improve practitioner skills and children's outcomes in SLC;
- Seek funding to support high demand for work with families with social care involvement and SEND.

Public benefit

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

Volunteers

We continue to be supported by our two dedicated 'handymen' who help keep the building and grounds in order. Links with local businesses are bringing new volunteers to all areas of the organisation, some for one-off projects, others are ongoing.

Achievements and performance

Representatives and advocates for the childcare PVI sector continued to lobby for fair funding as more providers ceased trading due to the low level of funding. The Chair and senior staff met with the local MP to discuss the difficulties and she raised the matter with the Chancellor of the Exchequer. To date there has been no change to policy.

Occupancy levels at all sites were lower than the previous year. At St Marks Rd it was identified that parents had been offered too much flexibility with sessions, leading to places being 'blocked' or unsellable. During the spring term extensive work was undertaken to redesign the models of sessions offered, to maximise staff ratios and increase income. Parents signing up for the summer term were offered the new model and a transition period was being introduced for families already attending. In early March it became apparent that the coronavirus was going to cause significant disruption and on 18th March the announcement was made to close early years settings to all but vulnerable children and the children of key workers. Only St Marks Rd remained open, but places were offered to eligible children from our other sites. During week commencing 23/03/20, 23 children attended, the previous week 244 had attended across all sites.

Derby Opportunity Area's programme 'TALK Derby' launched in May 19. The aim of the programme was to address the high proportion of Derby's pupils with identified speech, language, and communication needs (SLCN). A key part of the programme was to improve the skills of childcare practitioners, and almost all of our staff team attended training on SLC and Special Educational Needs. This training, and the use of the Wellcomm assessment and activity tools, enabled staff to further embed support for SLCN in their practice.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

We continue to see many families with social care involvement where children are classed as children in need, under child protection orders or who are looked after. There is a great deal of time spent in attending review and network meetings and conferences and writing referrals for specialist services and reports for social care meetings. We also have a high proportion of children with additional needs such as development delay, autism and SLC needs. Parents trust us, see us as unthreatening and sometimes seek substantial support from us in many areas of their lives. We developed a project to offer a holistic package of support to these families and submitted bids to two funders. One was unsuccessful and one was put on hold. The pandemic has prevented us from taking this any further, however we continue to provide support.

Our staff are our key asset and continuing professional development is important for our services and staff morale. In addition to the TALK Derby training, we were able to partner with another charity to provide several staff with valuable experience with disabled children. Other staff have progressed to Advanced Practitioner status and two staff achieved Early Years Senco qualifications.

Due to many public campaigns, mental health and wellbeing are talked about much more openly and we have had many more conversations than before with staff regarding their mental health. We introduced 'Wellness action plans' which helped us explore how best to support staff who were experiencing difficulties. Recognising that line managers are at the frontline we provided training in 'supporting team members in stressful times', with the aim of improving understanding and providing strategies to have supportive discussions. We were also approached by Derby University who were looking for placements for counselling and psychotherapy students. Only a few sessions took place before they had to stop as a result of the pandemic.

Financial review

The results for the year are as detailed on page 12 to the financial statements.

Principal funding sources

Childcare was the major funding source in this period, however childcare income dropped by approximately 7% on the previous year. The most significant drop was in parent's fees. Funded early education entitlement increased in real terms and as a proportion of total income.

Investment powers, policy and performance

The trustees' investment powers are governed by the Memorandum and Articles of Association, which permits the charity's funds to be invested in, or on such investments, securities or property as may be thought fit.

Going concern and reserves policy

At the date of approving the accounts, the directors have reviewed the current management information available and forecasts for the coming 12 months. As a result of this, the directors have a reasonable expectation that the charity will continue in operational existence for the foreseeable future. Therefore the Trustees consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

At the year end total funds held by the charity amounted to £1,893,092 of which restricted funds amounted to £1,944,931 leaving a deficit on general reserves of £(51,839). The deficit on free reserves amounted to £(86,901).

It is the objective of the organisation to achieve and maintain free reserves of at least 3 months core operating costs which currently equates to £260,000 and the Trustees acknowledge that steps are required to bring free reserves back in line with this objective.

Over the past 12 months the organisation has looked closely at costs, making savings where possible and is making every effort to increase numbers and, as a result, revenue, using a variety of marketing activities. This is an ongoing process and the short term target is to return the charity to a trading surplus in the current year overall, with a medium term aim of achieving the free reserves target.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Plans for future periods & the impact of COVID-19

On 18th March 2020 the government announced the closure of all early years settings and schools to all but the most vulnerable children and the children of key workers. Planning was difficult as the government did not publish the list of keyworker roles until 20/03/20, the last day of full opening. We closed our three satellite sites and created two teams of staff to work week on, week off, ensuring that if one team was affected by the virus, the other team could take over.

The furlough scheme was announced on 23/03/2020 and several sources, including Vicky Ford, Minister for Children, explicitly stated that early years settings would be able to fully access the furlough scheme as well as receiving their usual funding. Three weeks into the lockdown the government issued 'clarification' that settings would not be able to claim furlough costs of staff paid through FEEE funding. Twenty-five of fifty-seven employees were furloughed from April until August.

Providers were paid for the children who had signed up for summer term FEEE sessions and would have attended if it were not for Covid-19. In the first three months of 2020, income from fee paying parents averaged £2000 per week. For the period April to June this dropped to £400 per week.

Early years settings were allowed to open to all children from 1st June and we saw a small increase in fee-paying children. We were able to run a holiday club for school aged children during the summer which increased income to nearer 'normal' levels.

Our settings at Brackensdale, St James Centre and Breadsall Hill Top opened in September and all staff returned from furlough. For the autumn term settings were once again paid for the number of children they would have expected to provide places for had Covid-19 not affected attendance. Many of our parents at St Marks Rd have remained on furlough, worked from home or have lost their jobs, meaning that they have not needed childcare. As a result, income from parents is about 50% lower than the first three months of the year.

With fewer children attending we had many more contracted hours than we needed or could afford. We conducted a consultation process with all staff at St Marks Rd in October with the aim of staff voluntarily reducing working hours as an alternative to redundancies. Through this process we minimised the amount of redundancies to three staff.

Indications in November are that FEEE funding for spring term (starting January 2021) will return to normal and be based on actual children attending. The Institute for Fiscal Studies in its '*Report of Education Spending in England 2020*' (Britton et al. 03/11/2020) states that 'the main challenge facing the early years is simply remaining open as parental demand remains well below pre-pandemic levels.' Should demand not increase government support for the sector will be vital. There is much uncertainty as the government has repeatedly announced support measures at the last minute, such as the current flexible furlough scheme, which replaced the previously announced Job Support Scheme, along with delay of the Job Retention Bonus.

In the immediate future we are focussing on marketing to new parents, in print and on social media, promoting that we have worked safely throughout the pandemic and the benefits to children of early education. We will continue to monitor staffing levels and ensure that they are appropriate for occupancy levels, and where possible and appropriate, accessing any furlough or job support schemes available.

Structure, governance and management

Derwent Stepping Stones Nursery and Community Training Centre is based at St Mark's Road, Derby, which is the company's Registered Office and principal address of the charity. Derwent Stepping Stones Nursery and Community Training Centre is a company limited by guarantee and not having a share capital (Company Registration No. 2826849) and Registered Charity (No. 1024544).

The charity's governing document is the Memorandum and Articles of Association.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2020*

E J Fothergill
R Massey
L E Richards
H L Dixon
P Gallimore
L J Curd
J Rehman
M J Rawson
D Whitmore

(Appointed 11 December 2019)
(Resigned 11 December 2019)
(Resigned 10 September 2019)

Appointment of trustees

Trustees are appointed by the Management Board either to fill a casual vacancy or by way of addition to the Management Board, provided that the prescribed maximum is not thereby exceeded.

In considering prospective trustees, the Management Board has regard to the requirement for a balance of specialist skills necessary for the effective management of the charity.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Induction and training of trustees

Prospective trustees are invited to meet with the Chief Executive and Trustees and are given information about the organisation, its activities, aims and objectives and a role description prior to submitting an interest form.

Once an individual has been elected to the Management Board they are given a welcome pack including, but not limited to, the Memorandum and Articles, business plan, annual report and latest published accounts. This pack forms the basis for the induction process.

Trustees are invited to attend training sessions, workshops and celebrations in order to maintain an understanding of the organisation and to meet with staff members.

Reports and guidance from organisations such as the Charity Commission and NCVO are regularly circulated and discussed at Trustees Meetings.

Organisational structure

The business of the charity is managed by the Management Board which consists of a maximum of twelve and a minimum of three trustees. Board members so appointed hold office until the following AGM, when they become eligible for re-election. Trustees are appointed by a simple majority of trustees.

The operational management of the organisation is delegated to the Chief Executive. The Chief Executive works closely with the Trustees on the strategic direction and policy of the organisation.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Related parties

In so far as it is complimentary to the charity's objects, the organisation is guided both by local and national policy. Managers of the organisation sit on relevant local steering groups to ensure that the organisation is aware of local initiatives and activity.

Pay policy for key management personnel

The trustees consider the Management Board, the Chief Executive and the Finance & HR Manager as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 9 and 20 respectively to the accounts. Trustees are required to disclose all relevant interests and withdraw from decisions where a conflict of interest arises.

It is policy to review the pay of the charity's Chief Executive and Finance & HR Manager annually, benchmarking with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. Pay rates for the senior staff have not increased for several years due to the difficult financial situation.

Risk management

The Trustees, along with key management personnel, have conducted a review of the risks to which the organisation is exposed. A risk register has been established and, where appropriate, control systems introduced in order to mitigate the risks. All policies, procedures and risk assessments are reviewed at least annually.

Fundraising policy statement

The charity carries out minor fundraising activities throughout the year. These consist of events such as summer and Christmas fairs which are organised and run voluntarily by staff members and trustees. Events are open to any member of the public and there are no entrance fees.

Money is raised through raffles, tombola's and games. The events are regarded as opportunities to publicise our services to potential new customers and free activities such as face painting and refreshments ensure that no-one has to spend money to be included.

Statement about COVID-19

Since the year end, the spread of COVID-19 has severely impacted many local economies around the globe. As a result, Charities are being forced to cease or limit operations for long or indefinite periods of time. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions and the Charity has utilised the Furlough measures introduced by the Government. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have resulted in the Charity being forced to postpone some of its events which has had the impact of reducing its income.

The Trustees have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Charity for future periods.

Auditor

On 7 September 2020 Group Audit Services Limited, trading as Baldwins Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name. Azets Audit Services are deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2020*

Disclosure of information to auditors

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report was approved by the Board of Trustees.



.....
L E Richards

Trustee

Dated: 02/03/2021

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

The trustees, who are also the directors of Derwent Stepping Stones Nursery and Community Training Centre for the purpose of company law, are responsible for preparing the Trustees' Report 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

Opinion

We have audited the financial statements of Derwent Stepping Stones Nursery and Community Training Centre (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

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.

Azets Audit Services

Mr Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

2 March 2021

Ventura Park Road
Tamworth
Staffordshire
B78 3HL

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total Unrestricted funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Income from:							
Charitable activities	3	940,747	-	940,747	1,026,754	9,725	1,036,479
Other trading activities	4	10,645	-	10,645	214	-	214
Total income		951,392	-	951,392	1,026,968	9,725	1,036,693
Expenditure on:							
Raising funds	5	2,464	-	2,464	2,641	-	2,641
Expenditure on charitable activities	6	1,042,592	59,113	1,101,705	957,853	65,032	1,022,885
Total resources expended		1,045,056	59,113	1,104,169	960,494	65,032	1,025,526
Net (outgoing)/incoming resources before transfers		(93,664)	(59,113)	(152,777)	66,474	(55,307)	11,167
Gross transfers between funds		(6,616)	6,616	-	(10,405)	10,405	-
Net movement in funds		(100,280)	(52,497)	(152,777)	56,069	(44,902)	11,167
Fund balances at 1 April 2019		48,441	1,997,428	2,045,869	(7,628)	2,042,330	2,034,702
Fund balances at 31 March 2020		(51,839)	1,944,931	1,893,092	48,441	1,997,428	2,045,869

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

All income and expenditure derive from continuing activities.

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

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		2,025,385		2,064,679
Current assets					
Debtors	12	20,951		35,725	
Cash at bank and in hand		13,891		130,188	
			34,842		165,913
Creditors: amounts falling due within one year	14	(76,593)		(87,565)	
Net current (liabilities)/assets			(41,751)		78,348
Total assets less current liabilities			1,983,634		2,143,027
Creditors: amounts falling due after more than one year	15		(90,542)		(97,158)
Net assets			1,893,092		2,045,869
Income funds					
Restricted funds	16	1,944,931		1,997,428	
Unrestricted funds		(51,839)		48,441	
			1,893,092		2,045,869

The financial statements were approved by the Trustees on ..02/03/2021.....



.....
L E Richards
Trustee

Company Registration No. 2826849

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(87,187)		15,475
Investing activities					
Purchase of tangible fixed assets		(22,494)		(2,665)	
Net cash used in investing activities			(22,494)		(2,665)
Financing activities					
Repayment of bank loans		(6,616)		(10,401)	
Net cash used in financing activities			(6,616)		(10,401)
Net (decrease)/increase in cash and cash equivalents			(116,297)		2,409
Cash and cash equivalents at beginning of year			130,188		127,779
Cash and cash equivalents at end of year			13,891		130,188

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

Derwent Stepping Stones Nursery and Community Training Centre is a private company limited by guarantee, incorporated in England and Wales. The registered office is St Marks Road, Derby, Derbyshire, DE21 6AH. The members of the charity are the trustees. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements on the grounds that current and future sources of funding or support will be more than adequate for the charitable company's needs. The Trustees have considered a period of twelve months from the date of approval of the financial statements and also the impact of Covid19 on the activities and finances of the charity.

1.3 Charitable funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Where the charity part funds a restricted project transfers are made from unrestricted funds to the particular restricted fund. Where restricted projects cease the trustees decide whether any fund balance can be transferred to unrestricted reserves.

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DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.4 Incoming resources

Income

Nursery fee income is recognised on the basis of child attendance. Training income is recognised when the service has been performed. Room hire is recognised on an accruals basis.

Tutoring costs given in kind are valued at commercial rates and included as unrestricted income.

Grants

Grants are included in full in the income and expenditure account as soon as they become receivable. Grants that are received specifically for use in a future period are deferred.

Investment income

Bank interest is included in the income and expenditure account on an accruals basis.

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Where costs cannot be directly allocated to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs are those incurred in connection with the charity's compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

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

Buildings	2% straight line
Fixtures and fittings	5% to 15% reducing balance
Office equipment	33% reducing balance

The Charity holds property at St Marks Road, Derby which was built on land owned by Derby City Council and leased to the Charity on a peppercorn basis. The lease was entered into in 2005 and was a 21 year term, expiring in 2026. The Trustees have however adopted a policy to depreciate this leasehold property over a 50 year term, notwithstanding that this period will extend beyond the end of the lease term. This depreciation period is adopted on the basis that the Trustees are advised that the occupation of the property is protected under the provisions of the 1954 Landlord and Tenants Act and the charity has the right to hold over and continue to occupy the property on similar terms. The building was built specifically for the purposes of the Charity and the Trustees therefore consider that a 50 year depreciation period is appropriate.

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

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

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).

If the recoverable amount of an asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.9 Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

The charity is exempt from tax on income and gains to the extent that these are applied to its charitable objects.

1.11 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.

1.12 Retirement benefits

Pension costs

The charity operates a defined contribution scheme. Contributions are charged to the income and expenditure account in the period in which they are payable to the scheme.

1.13 Leases

Rentals paid under operating leases are charged to the income and expenditure account when incurred.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting estimates and judgements

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.

3 Charitable activities

	2020 £	2019 £
Local authority grants	680,335	673,136
Nursery fees and training	260,412	363,343
	<u>940,747</u>	<u>1,036,479</u>
Analysis by fund		
Unrestricted funds	940,747	1,026,754
Restricted funds	-	9,725
	<u>-</u>	<u>9,725</u>

4 Other trading activities

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Catering	10,645	214
	<u>10,645</u>	<u>214</u>

5 Raising funds

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Staff costs	1,550	1,431
Depreciation and impairment	-	57
Support costs	-	18
Other costs	914	1,135
	<u>2,464</u>	<u>2,641</u>

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5	Raising funds	(Continued)	
6	Expenditure on charitable activities		
		2020	2019
		£	£
	Staff costs	685,230	628,401
	Depreciation and loss on disposals	61,788	60,018
	Crèche, food, trips, and other costs	20,987	25,729
	Motor and travelling	1,837	2,259
	Training and exam costs	3,058	4,508
	Printing, stationery, telephone and advertising	4,088	5,031
	Professional fees	1,475	955
	Equipment repairs and maintenance	38,528	45,004
	Recruitment costs	289	881
		<hr/>	<hr/>
		817,280	772,786
	Share of support costs (see note 7)	270,725	236,830
	Share of governance costs (see note 7)	13,700	13,269
		<hr/>	<hr/>
		1,101,705	1,022,885
		<hr/>	<hr/>
	Analysis by fund		
	Unrestricted funds	1,042,592	957,853
	Restricted funds	59,113	65,032
		<hr/>	<hr/>
		1,101,705	1,022,885
		<hr/>	<hr/>

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Support costs	Support Governance costs £	Support Governance costs £	2020 £	Support Governance costs £	2019 £	Basis of allocation
Staff costs	158,204	9,500	167,704	153,285	162,534	Staff
Rent, rates and insurance	49,156	-	49,156	40,103	40,103	Project criteria
Heat and light	12,613	-	12,613	6,170	6,170	Project criteria
Office running costs	16,848	-	16,848	15,496	15,496	Project criteria
Bank charges	2,034	-	2,034	1,785	1,785	Project criteria
Repairs and maintenance	17,520	-	17,520	17,480	17,480	Project criteria
Loan interest	5,885	-	5,885	1,147	1,147	Project criteria
Bad debt expense	7,957	-	7,957	784	784	Project criteria
Staff training and recruitment	508	-	508	598	598	Project criteria
Audit fees	-	4,200	4,200	-	4,020	Governance
	270,725	13,700	284,425	236,848	250,117	
Analysed between						
Trading	-	-	-	18	18	
Charitable activities	270,725	13,700	284,425	236,830	250,099	
	270,725	13,700	284,425	236,848	250,117	

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Net movement in funds	2020 £	2019 £
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	4,200	4,020
Depreciation of owned tangible fixed assets	61,752	59,361
Loss on disposal of tangible fixed assets	36	714
Operating lease charges	31,944	31,944
	<u> </u>	<u> </u>

9 Trustees

The Trustees did not receive any remuneration during the year nor were they reimbursed for any expenditure (2019: £Nil).

The key management personnel of the charity comprise the trustees, the Chief Executive Officer and finance director. The total amount of employee benefits received by key management personnel were £98,830 (2019: £92,113).

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Charitable activities	61	59
Governance	1	1
	<u> </u>	<u> </u>
	62	60
	<u> </u>	<u> </u>

Employment costs

	2020 £	2019 £
Wages and salaries	804,751	750,271
Social security costs	34,979	30,581
Other pension costs	14,754	11,514
	<u> </u>	<u> </u>
	854,484	792,366
	<u> </u>	<u> </u>

There were no employees whose annual remuneration was £60,000 or more.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Buildings	Fixtures and fittings	Office equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	2,830,434	74,822	42,299	2,947,555
Additions	-	17,092	5,402	22,494
Disposals	-	-	(1,886)	(1,886)
At 31 March 2020	2,830,434	91,914	45,815	2,968,163
Depreciation and impairment				
At 1 April 2019	785,143	58,707	39,026	882,876
Depreciation charged in the year	56,609	2,563	2,580	61,752
Eliminated in respect of disposals	-	-	(1,850)	(1,850)
At 31 March 2020	841,752	61,270	39,756	942,778
Carrying amount				
At 31 March 2020	1,988,682	30,644	6,059	2,025,385
At 31 March 2019	2,045,291	16,115	3,273	2,064,679

12 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	4,243	13,282
Other debtors	3,793	18,616
Prepayments and accrued income	12,915	3,827
	20,951	35,725

13 Loans and overdrafts

	2020	2019
	£	£
Futurebuilders England loan	52,008	58,624
Payable within one year	11,466	11,466
Payable after one year	40,542	47,158

The loan totalling £52,008 (2019: £58,624) from Futurebuilders England Limited is repayable in monthly instalments. The loan may be secured by any security that Futurebuilders may now or in the future require.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Futurebuilders England loan	13	11,466	11,466
Other taxation and social security		7,186	7,673
Trade creditors		6,694	4,886
Other creditors		23,664	37,764
Accruals and deferred income		27,583	25,776
		<u>76,593</u>	<u>87,565</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Futurebuilders England loan	13	40,542	47,158
Trustee loan		50,000	50,000
		<u>90,542</u>	<u>97,158</u>

The trustee loan totals £50,000, is unsecured and has no fixed repayment terms. The trustee has confirmed that she will not request repayment of the loan within 12 months of the date of approval of the accounts.

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2018 £	Movement in funds			Balance at 1 April 2019 £	Movement in funds			Transfers £	Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Transfers £		
New Build Project:										
Main project	2,027,362	-	(56,609)	10,405	1,981,158	-	(56,609)	6,616	1,931,165	
Other projects	921	-	(138)	-	783	-	(117)	-	666	
Other Projects:										
Early years - Outdoor capital	11,888	-	(663)	-	11,225	-	(622)	-	10,603	
Early years - Co-op	2,159	-	(562)	-	1,597	-	(376)	-	1,221	
Awards for all	-	9,725	(7,060)	-	2,665	-	(1,389)	-	1,276	
	2,042,330	9,725	(65,032)	10,405	1,997,428	-	(59,113)	6,616	1,944,931	

Funds commentary:

The New Build Project is a capital build project funded by New Deal for Communities, European Regional Development Fund, Derby and Derbyshire Economic Partnership, Derby City Council Children's Centres and Futurebuilders England. New premises, designed in consultation with the community, have been built on the original site of the organisation. The building was completed on 18 February 2007, and opened for operations on 20 February 2007.

Early Years Outdoor Capital is part of a Derby City Council Early Years initiative to develop outdoor play spaces to support the implementation of the Early Years Foundation Stage. Extensive work was carried out in the gardens including replacing grassed areas with soft play tarmac and redesign to create free flow play areas.

Co-op is a grant from Central England Co-op to install wi-fi at the St Marks Road setting.

Awards for All is a grant from the National Lottery to pilot a project to work with funded two-year olds around communication and language

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

		(Continued)			
16	Restricted funds				
	Transfers				
	The transfer from General funds to the Main Project fund represents movement in the year on long term liabilities against this project.				
17	Analysis of net assets between funds				
	Fund balances at 31 March 2020 are represented by:				
	Tangible assets	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds
	Current assets/(liabilities)	2020	2020	2020	2019
	Long term liabilities	£	£	£	£
		35,062	1,990,323	2,025,385	2,053,386
		(36,901)	(4,850)	(41,751)	(8,800)
		(50,000)	(40,542)	(90,542)	(47,158)
		(51,839)	1,944,931	1,893,092	1,997,428
				48,441	2,045,869

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

18 Operating lease commitments

Lessee

At the reporting end date the charity has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	30,114	25,794
Between two and five years	46,470	16,524
	<u>76,584</u>	<u>42,318</u>

19 Events after the reporting date

Since the year end, the spread of COVID-19 has severely impacted many local economies around the globe. As a result, Charities are being forced to cease or limit operations for long or indefinite periods of time. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions and the Charity has utilised the Furlough measures introduced by the Government. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have resulted in the Charity being forced to postpone some of its events which has had the impact of reducing its income.

The Trustees have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Charity for future periods.

20 Related party transactions

The Chair of the trustees, E Fothergill, lent the charity £50,000 at an interest rate of 3% per annum. Interest charged in the Statement of Financial Activities for the year amounted to £1,500 (2019: £1,500). This loan was repayable in 12 equal instalments from July 2014 but E Fothergill has delayed repayment for the foreseeable future. Total amount due to E Fothergill in relation to this loan at the year end was £59,125 (2019: £57,625).

DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21	Cash generated from operations	2020 £	2019 £
	(Deficit)/surplus for the year	(152,777)	11,167
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	61,788	60,075
	Movements in working capital:		
	Decrease in debtors	14,774	7,813
	(Decrease) in creditors	(10,972)	(63,580)
	Cash (absorbed by)/generated from operations	(87,187)	15,475
22	Analysis of changes in net debt	At 1 April 2019 £	Cash flowsAt 31 March 2020 £
	Cash at bank and in hand	130,188	(116,297)
	Loans falling due within one year	(11,466)	-
	Loans falling due after more than one year	(47,158)	(40,542)
		71,564	(109,681)