

**Charity registration number 1024544**

**Company registration number 2826849 (England and Wales)**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	H L Dixon	
	N M Bamford	(Appointed 8 October 2021)
	H M Wigglesworth	(Appointed 3 October 2022)
	J Cordon	(Appointed 3 October 2022)
	K Henshaw	(Appointed 31 March 2023)
	C L Thompson	(Appointed 1 May 2023)
<b>Secretary</b>	K Jackson	
<b>Charity number</b>	1024544	
<b>Company number</b>	2826849	
<b>Registered office</b>	St Marks Road Derby Derbyshire DE21 6AH	
<b>Auditor</b>	Azets Audit Services Ruthlyn House 90 Lincoln Road Peterborough Cambridgeshire United Kingdom PE1 2SP	
<b>Bankers</b>	Co-op Bank plc 31 East Street Derby DE1 2AL	

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

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

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### **FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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The trustees present their annual report and financial statements for the period ended 30 September 2022.

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 charity's objects 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 2021/22:**

The objective for the period has been to maximise income from the resources we have and to secure funding support to ensure the long term continuation of our key activities. In this regard, the trustees instigated a due diligence process leading to a merger with YMCA Derbyshire after the period end.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### **Volunteers**

We continue to be supported by a range of volunteers. 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**

As lockdown restrictions eased, children returned to setting, however occupancy levels remained lower than in previous years. Parental working patterns had changed, however had not settled into a forecasting model. Many of the children returning to setting were identified as having significant developmental delays and with long waiting lists for specialist services, DSS supported families wider than the scope of Government funding.

Government funding to support early years had not been forthcoming during the pandemic and for another year the funding rate increase was fractional compared to cost of living.

During the various restrictions, front line staff undertook additional training opportunities and whilst this was online training, the knowledge supported practitioners to better help the children coming to setting. A DFE initiative to support settings 'Covid-19 Recovery Programme' requested experts and mentors from Ofsted graded 'Good' settings to support other settings in their area. DSS Chief Executive was recruited onto the programme and worked half a day per week supporting experts and mentors within Derbyshire County Council.

Chief Executive was seconded one day per week to support a Derby City Early Years Provider forum, supported several pieces of work including representation of early years providers on schools forum, project to increase uptake of 2 year places post covid, integrated health assessments, recruitment and retention, supporting children with SEND and linking settings and children's centres.

Derby College began face to face delivery of basic skills classes in January 2022.

Worked with Derby University Driven project, graduate support to identify the best MIS for DSS.

Board, Chief Executive and Finance and HR Manager working on due diligence and merger with YMCA Derbyshire.



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

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

### **FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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Occupancy levels returning to post covid levels and ratio of working parents buying childcare or wrap around on top of funded place increased during the period.

In September 2021 DSS pulled out of provision at Breadsall Hill Top, this was due to the financial model being unsustainable once school made the decision we could no longer offer places for 3 year olds. The funding rate for 2 year olds is slighter higher but must be on a 1:4 ratio as opposed to 1:8 for 3 and 4 year olds.

In September 2022 DSS pulled out of delivering early years at Brackensdale school due to a market shift and fewer eligible 2 year olds within the locality.

#### **Financial review**

The results for the year are as detailed on page 10 to the financial statements.

#### **Principal funding sources**

Government funded childcare was the principal source of funding during the year. This has been augmented by nursery fees paid direct by parents alongside grants and donations and room hire 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 period end total funds held by the charity amounted to £1,838,190 of which designated funds amounted to £1,846,600 leaving a deficit on general reserves of £(8,410).

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 £200,000 and the Trustees acknowledge that steps are required to bring free reserves back in line with this objective.

During the 18 months to September 2022 the charity 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. The trustees became concerned as to their ability to maintain funding for the key activities of the organisation leading to them seeking support from a partner organisation to ensure sustainability. As a result of this the charity became a wholly owned subsidiary of YMCA Derbyshire on 3rd October 2022. Pressure on staffing costs and the availability of staff continue to be challenges making a return to an operating surplus difficult. Given this, the short term target is to return the charity to a trading surplus by the 2024-25 financial year, with a medium term aim of achieving the free reserves target.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

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

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)** **FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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### **Plans for future periods**

As the country begins to settle into the new normal, the numbers of working parents have increased, much work has been undertaken to identify how this new normal will reflect childcare demand. Our marketing activity will continue to focus on the importance of early education in improving children's life chances, our record of safe working during the pandemic, and the support with childcare costs available to working parents.

A key issue in early years, particularly in the PVI sector, is difficulty recruiting suitable staff. In the past, we have developed our team through the use of traineeships and apprenticeships. This affects our costs as our workforce planning is based on having a mixture of qualified and unqualified staff: without that mixture costs are higher. We will continue to work in partnership with training providers and other organisation to recruit and support trainees into apprenticeships.

We will continue to lobby for fair funding for the sector, particularly for funding for 'free' entitlements and for children with additional needs. Recent Government announcements have addressed these issues with a progressive implementation from September 2023:

- From September 2023, increased rates of funding for 2-year-olds;
- From April 2024, all working parents of 2-year-olds can access 15 hours per week;
- From September 2024, all working parents of children aged 9 months up to 3 years old can access 15 hours per week;
- From September 2025 all working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week.

### **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 period and up to the date of signature of the financial statements were:

L J Curd	(Resigned 7 December 2021)
H L Dixon	
E J Fothergill	(Resigned 3 October 2022)
P Gallimore	(Resigned 3 October 2022)
J Rehman	(Resigned 3 October 2022)
L E Richards	(Resigned 3 October 2022)
RA Massey	(Resigned 6 January 2022)
L M Massey	(Appointed 28 April 2021 and resigned 1 October 2021)
B Naylor	(Appointed 28 April 2021 and resigned 22 October 2021)
N M Bamford	(Appointed 8 October 2021)
J L Gibling	(Appointed 13 October 2021 and resigned 18 April 2022)
J Clarke	(Appointed 27 October 2021 and resigned 19 November 2021)
H M Wigglesworth	(Appointed 3 October 2022)
J Smith	(Appointed 3 October 2022 and resigned 19 May 2023)
J Cordon	(Appointed 3 October 2022)
K Henshaw	(Appointed 31 March 2023)
C L Thompson	(Appointed 1 May 2023)



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

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

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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### **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.

### **Related parties**

The organisation became a wholly owned subsidiary of YMCA Derbyshire on 3rd October 2022.

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 and the Chief Executive 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 21 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 annually, bench-marking 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.

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

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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### **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.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



J Cordon  
Chair

Date: 26.6.23

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

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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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 period.

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 TRUSTEES OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

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#### Opinion

We have audited the financial statements of Derwent Stepping Stones Nursery and Community Training Centre (the 'charity') for the period ended 30 September 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 30 September 2022 and of its incoming resources and application of resources, for the period 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

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 charity'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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.



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

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 TRUSTEES OF DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

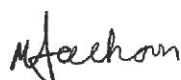
In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

26.6.2023

Ruthlyn House  
90 Lincoln Road  
Peterborough  
Cambridgeshire  
PE1 2SP

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Notes	Unrestricted funds 2022 £	Designated funds 2022 £	Total Unrestricted funds 18 months 2022 £	Designated funds 2021 £	Restricted funds 2021 £	Total 12 months 2021 £
<b><u>Income from:</u></b>							
Donations and legacies	3	120,510	-	120,510	204,280	-	204,280
Charitable activities	4	1,038,043	-	1,038,043	775,883	-	775,883
Other trading activities	5	14,590	-	14,590	3,926	-	3,926
<b>Total income</b>		<b>1,173,143</b>	<b>-</b>	<b>1,173,143</b>	<b>984,089</b>	<b>-</b>	<b>984,089</b>
<b><u>Expenditure on:</u></b>							
Raising funds	6	3,092	-	3,092	2,007	-	2,007
Charitable activities	7	1,168,995	88,610	1,257,605	889,709	59,721	949,430
<b>Total expenditure</b>		<b>1,172,087</b>	<b>88,610</b>	<b>1,260,697</b>	<b>891,716</b>	<b>59,721</b>	<b>951,437</b>
Gross transfers between funds		-	-	-	1,935,210	(1,885,210)	-
<b>Net income for the period/ Net movement in funds</b>		<b>1,056</b>	<b>(88,610)</b>	<b>(87,554)</b>	<b>1,935,210</b>	<b>(1,944,931)</b>	<b>32,652</b>
Fund balances at 1 April 2021		(9,466)	1,935,210	1,925,744	(51,839)	1,944,931	1,893,092
<b>Fund balances at 30 September 2022</b>		<b>(8,410)</b>	<b>1,846,600</b>	<b>1,838,190</b>	<b>(9,466)</b>	<b>-</b>	<b>1,925,744</b>

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

## **STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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

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 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,880,115		1,962,359
<b>Current assets</b>					
Debtors	12	24,885		39,495	
Cash at bank and in hand		64,796		100,807	
		89,681		140,302	
<b>Creditors: amounts falling due within one year</b>	14	(102,722)		(83,584)	
Net current (liabilities)/assets			(13,041)		56,718
<b>Total assets less current liabilities</b>			1,867,074		2,019,077
<b>Creditors: amounts falling due after more than one year</b>	15		(28,884)		(93,333)
<b>Net assets</b>			1,838,190		1,925,744
<b>Income funds</b>					
Designated funds			1,846,600		1,935,210
Unrestricted funds			(8,410)		(9,466)
			1,838,190		1,925,744



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

## **BALANCE SHEET (CONTINUED)**

**AS AT 30 SEPTEMBER 2022**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the period ended 30 September 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the period in question in accordance with section 476.

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

The financial statements were approved by the Trustees on .....

14<sup>th</sup> June 2023



J Cordon

Chair

Treasurer

**Company Registration No. 2826849**



# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	22		(8,765)		88,924
<b>Investing activities</b>					
Purchase of tangible fixed assets		(16,318)		-	
Proceeds on disposal of tangible fixed assets		188		-	
<b>Net cash used in investing activities</b>			(16,130)		-
<b>Financing activities</b>					
Repayment of bank loans		(11,116)		(2,008)	
<b>Net cash used in financing activities</b>			(11,116)		(2,008)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(36,011)		86,916
Cash and cash equivalents at beginning of period			100,807		13,891
<b>Cash and cash equivalents at end of period</b>			64,796		100,807

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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#### 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.

##### 1.1 Reporting period

These financial statements have been prepared for a period longer than 12 months, from 1 April 2021 to 30 September 2022.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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.

##### 1.3 Going concern

The trustees acknowledge that sustainability is an issue following the effects of the pandemic and current cost of living crisis and they are closely monitoring the financial situation. They have forecast cashflow for the subsequent twelve-month period based on known factors and historical trends. They have conducted a detailed review of overhead costs and indirect staffing with the aim of minimising costs and maximising efficiencies. Direct staffing and supply of sessions is being closely managed to ensure that child:adult ratios and income are maximised. They have taken, and will continue to take, advantage of local and national grant support as is available. Cashflow is closely monitored and the financial position and forecast updated at each board meeting.

At the time of approving the financial statements, the trustees have a reasonable expectation that, with the support of the parent charity, 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.

##### 1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

When 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.

##### 1.5 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 SEPTEMBER 2022

#### 1 Accounting policies

(Continued)

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.

#### 1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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.

#### 1.7 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 bases:

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 PERIOD ENDED 30 SEPTEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.8 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).

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 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.

##### **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 and bank loans are initially recognised 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 recognised initially at transaction price and 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.

#### 1.11 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.

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 1 Accounting policies (Continued)

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 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 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	76,719	62,500
Coronavirus Job Retention Scheme	43,791	141,780
	<u>120,510</u>	<u>204,280</u>

### 4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Local authority grants	697,857	640,670
Nursery fees and training	340,186	135,213
	<u>1,038,043</u>	<u>775,883</u>

### 5 Other trading activities

	2022	2021
	£	£
Trading activity income: other	<u>14,590</u>	<u>3,926</u>

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 6 Raising funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Staff costs	1,886	1,561
Other costs	1,206	446
	<u>3,092</u>	<u>2,007</u>

### 7 Charitable activities

	2022 £	2021 £
Staff costs	706,380	593,811
Depreciation and impairment	98,375	63,026
Crèche, food, trips and other costs	20,360	11,152
Motor and travelling	261	236
Training and exam costs	2,247	1,602
Printing, stationery, telephone and advertising	7,134	5,301
Professional fees	414	1,585
Equipment repairs and maintenance	40,171	20,190
Recruitment costs	864	349
	<u>876,206</u>	<u>697,252</u>
Share of support costs (see note 8)	362,559	237,918
Share of governance costs (see note 8)	18,840	14,260
	<u>1,257,605</u>	<u>949,430</u>
<b>Analysis by fund</b>		
Unrestricted funds	1,168,995	889,709
Designated funds	88,610	-
Restricted funds	-	59,721
	<u>1,257,605</u>	<u>949,430</u>



# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 8 Support costs

	Support costs £	Governance costs £	2022 Support costs £	Governance costs £	2021 £
Staff costs	227,419	14,178	241,597	146,366	156,366
Rent, rates and insurance	60,699	-	60,699	41,149	41,149
Heat and light	26,113	-	26,113	14,816	14,816
Office running costs	13,609	-	13,609	11,960	11,960
Bank charges	2,945	-	2,945	1,505	1,505
Repairs and maintenance	29,716	-	29,716	19,944	19,944
Loan interest	2,058	-	2,058	2,172	2,172
Bad debt expense	-	-	-	6	6
Audit fees	-	4,662	4,662	-	4,260
	<u>362,559</u>	<u>18,840</u>	<u>381,399</u>	<u>237,918</u>	<u>252,178</u>
Analysed between					
Charitable activities	<u>362,559</u>	<u>18,840</u>	<u>381,399</u>	<u>237,918</u>	<u>252,178</u>

Governance costs includes payments to the auditors of £4,662 (2021 - £4,260) for audit fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the period.

The key management personnel of the charity comprised the Chief Executive Officer and finance manager. The total amount of employee benefits received by key management personnel were £141,776 (2021: £99,905).

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 10 Employees

The average monthly number of employees during the period was:

	2022 Number	2021 Number
Charitable activities	42	52
Governance	1	1
Total	43	53
<b>Employment costs</b>	<b>2022 £</b>	<b>2021 £</b>
Wages and salaries	884,396	705,701
Social security costs	39,863	32,292
Other pension costs	25,604	13,745
	949,863	751,738

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

### 11 Tangible fixed assets

	Buildings £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2021	2,830,434	59,861	18,134	2,908,429
Additions	-	11,610	4,708	16,318
Disposals	-	(1,122)	-	(1,122)
At 30 September 2022	2,830,434	70,349	22,842	2,923,625
<b>Depreciation and impairment</b>				
At 1 April 2021	898,361	33,905	13,804	946,070
Depreciation charged in the period	84,913	9,924	3,537	98,374
Eliminated in respect of disposals	-	(934)	-	(934)
At 30 September 2022	983,274	42,895	17,341	1,043,510
<b>Carrying amount</b>				
At 30 September 2022	1,847,160	27,454	5,501	1,880,115
At 31 March 2021	1,932,073	25,956	4,330	1,962,359

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 12 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,757	9,901
Other debtors	3,172	2,345
Prepayments and accrued income	18,956	27,249
	<u>24,885</u>	<u>39,495</u>

### 13 Loans and overdrafts

	2022 £	2021 £
Bank loans	38,884	50,000
Payable within one year	10,000	6,667
Payable after one year	28,884	43,333

The charity has a bank loan comprising a 2.5% fixed rate loan totalling £50,000 repayable by equal instalments by June 2026, following a 12 month capital repayment holiday.

### 14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	13	10,000	6,667
Other taxation and social security		2,389	16,030
Trade creditors		5,564	4,811
Other creditors		2,976	13,973
Accruals and deferred income		81,793	42,103
		<u>102,722</u>	<u>83,584</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	13	28,884	43,333
Trustee loan		-	50,000
		<u>28,884</u>	<u>93,333</u>

The trustee loan of £50,000 was unsecured and had no fixed repayment terms. The loan has been repaid in full during the year.

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 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 2020	Resources expended	Transfers	Balance at 1 April 2021	Movement in funds Incoming resources	Balance at 30 September 2022
	£	£	£	£	£	£
Main project	1,931,165	(56,609)	(1,874,556)	-	-	-
Other projects	666	(100)	(566)	-	-	-
Early years - Outdoor capital	10,603	(1,484)	(9,119)	-	-	-
Early years - Co-op	1,221	(252)	(969)	-	-	-
Awards for all	1,276	(1,276)	-	-	-	-
	<u>1,944,931</u>	<u>(59,721)</u>	<u>(1,885,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 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.

#### Transfers

During the previous year the trustees reviewed the funds and no longer believe that there are any ongoing restrictions in respect of the funds represented by fixed assets and they have therefore been transferred to designated funds.

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 April 2020	Transfers	Balance at 1 April 2021	Resources expended	Balance at 30 September 2022
	£	£	£	£	£
Fixed asset fund	-	1,935,210	1,935,210	(88,610)	1,846,600
	-	1,935,210	1,935,210	(88,610)	1,846,600

The fixed asset fund represents the net book value of fixed assets that were originally funded from restricted funds, but for which the restriction no longer applies.



# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 18 Analysis of net assets between funds

Fund balances at 30 September 2022 are represented by:

Tangible assets  
Current assets/(liabilities)  
Long term liabilities

	Unrestricted funds 2022	Designated funds 2022	Total 2022	Unrestricted funds 2021	Designated funds 2021	Restricted funds 2021	Total 2021
	£	£	£	£	£	£	£
	33,515	1,846,600	1,880,115	27,149	1,935,210	-	1,962,359
	(13,041)	-	(13,041)	56,718	-	-	56,718
	(28,884)	-	(28,884)	(93,333)	-	-	(93,333)
	(8,410)	1,846,600	1,838,190	(9,466)	1,935,210	-	1,925,744



# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 19 Operating lease commitments

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

	2022 £	2021 £
Within one year	-	24,114
Between two and five years	-	22,356
	<u>-</u>	<u>46,470</u>

### 20 Events after the reporting date

On 3 October 2022 YMCA Derbyshire, a separate charity, became the sole legal member of Derwent Stepping Stones Nursery and Community Centre.

### 21 Related party transactions

During the year E Fothergill, a Trustee, made a donation of £61,375 (2021: £50,000) to the charity.

Included within creditors in the previous year is a loan of £50,000 due to E Fothergill, a Trustee. Interest on the loan of £10,625 was included within accruals. During the year this loan has been repaid in full. The loan was unsecured and was due to be repaid in 12 equal instalments from July 2014 but the Trustee delayed repayment for the foreseeable future. The total amount due to E Fothergill at the year end was £nil (2021: £60,625).

22 Cash generated from operations	2022 £	2021 £
(Deficit)/surplus for the period	(87,554)	32,652
Adjustments for:		
Depreciation and impairment of tangible fixed assets	98,375	63,026
Movements in working capital:		
Decrease/(increase) in debtors	14,610	(18,544)
(Decrease)/increase in creditors	(34,196)	11,790
<b>Cash (absorbed by)/generated from operations</b>	<u><b>(8,765)</b></u>	<u><b>88,924</b></u>

# DERWENT STEPPING STONES NURSERY AND COMMUNITY TRAINING CENTRE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 23 Analysis of changes in net funds

	At 1 April 2021	Cash flows At 30 September 2022	
	£	£	£
Cash at bank and in hand	100,807	(36,011)	64,796
Loans falling due within one year	(6,667)	(3,333)	(10,000)
Loans falling due after more than one year	(43,333)	14,449	(28,884)
	<u>50,807</u>	<u>(24,895)</u>	<u>25,912</u>