



## **Pilton Pre-School**

### **Treasurer's Report 2020-2021**

#### **1. Overview**

Pilton Pre-school continues to maintain a good financial position despite the challenges presented by the Covid-19 global pandemic. This is largely down to good occupancy levels as Pilton Pre-school's reputation continues to attract new families.

The Profit & Loss statement shows a loss, however this was a planned loss as the committee actively sought to start reducing the accumulated Pre-school reserves. £7,534 of reserves was spent, but they remain above the required level and the committee needs to prioritise a plan for further reducing the surplus funds<sup>1</sup>. The committee were perhaps more cautious than they needed to be due to uncertainty at the start of the year regarding the effect of the Covid-19 pandemic, so need to look again at how best to further reduce the accumulated surplus over the next few years.

Fundraising has been severely impacted by the Covid-19 pandemic as we were unable to run any events or benefit from involvement in the Glastonbury Festival or Pilton Party as they were both cancelled this year. As the funds for the Festival and Pilton Party are received at the beginning of each academic year, the Pre-school did not feel the full impact of last year's cancellations until this financial year, and this year's cancellations will also affect next year's finances so we should anticipate a similar fundraising income in next year's accounts.

For the first time this year, Pilton Pre-school have been asked to pay £3,900 rent (£1,300 per term) for use of the premises by the Pilton Methodist Chapel. This has a significant impact on the Operating Expenses figure this year (a rise from the £1,300-£1,400 annually previously paid for utilities) and will continue to do so in future years.

#### **2. Bank Accounts**

The bank balances as at financial year end are shown below, together with the previous 2 years for comparison.

	<b>31 August 2021</b>	<b>31 August 2020</b>	<b>31 August 2019</b>
Current Account	£3,892.46	£2,113	£4,695
Reserve Account	£62,764.59	£71,940.87	£59,985

**Note re: Reserve Account** The last calculated reserve amount in January 2021 was £37,329. The reserves policy states that the reserve amount should ideally be reviewed every 6 months so it was due to be reviewed at the start of Autumn 2021 term. The committee has actively sought to reduce the excess reserves and has invested £7,534 as follows this year:

- £2,390 on garden renovations (Repairs & Maintenance)
- £2,156 on new toys, resources and equipment (e.g. chairs) for the room (Resources & Consumables)
- £1,357 on Computer Equipment (new staff ipads) plus additional £86 for protective cases and screen protectors
- £1,545 on Office Equipment (new printer, storage room shelving & boxes and lockable archive cupboard)

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<sup>1</sup> Previous reports have detailed the reasons why the reserves have accumulated to such a degree in recent years. Please refer to those for more detail if required.

### 3. Profit and Loss Statement

A detailed profit and loss statement is included as an appendix to this report.

A summary of income, expenditure and profit taken directly from the accounts in Xero, is shown below, together with the previous 2 years for comparison.

	31 August 2021	31 August 2020	31 August 2019
<b>Income</b>	<b>£92,024</b>	<b>£78,741</b>	<b>£72,220</b>
<i>of which, income from fees</i>	<i>£87,640</i>	<i>£65,559</i>	<i>£58,057</i>
Income from Fundraising	£558	£7,850	£12,137
Income from Grants	£2,098	£750	£1,737
Other revenue	£1,560	£3,979	£112
<b>Operating Expenses</b>	<b>£96,494</b>	<b>£66,171</b>	<b>£66,443</b>
<i>of which, staff salaries</i>	<i>£75,384</i>	<i>£56,003</i>	<i>£51,872</i>
Enrichment courses	£549	£1,209	£2,420
<b>Net Profit/Loss</b>	<b>(£4,470)</b>	<b>£12,300</b>	<b>£5,777</b>

#### 3.1 INCOME

**Fees** – income is primarily derived from fees income from Early Years Entitlement and a lesser percentage from fee-paying parents. The committee decided to freeze the fee rates this year to remain in-line with other local settings and to remain affordable to parents. Fee income has shown a healthy increase this year as occupancy levels continue to remain high/increase. This year we had 3 children who received additional High Needs Funding EYE amounting to £3,614 which was subsequently spent on specific resources for their benefit (£1,786) and 1:1 staffing/salaries (£2,205)<sup>2</sup>.

It should also be noted that last year's fees income may have been higher if we had not been closed in the Summer 2020 term due to Covid-19.

**Fundraising** – this year was minimal compared to usual periods due to our usual events being cancelled due to Covid-19 (Glastonbury Festival, Pilton Show, Easter Trail). Our only sources of fundraising this year were Class Fundraising (Christmas card sales), Bags2School, photography commission and our Leavers Party raffle. In context, our fundraising average income over the previous 5 years is £8754, compared to our income this period of just £557 – or in reality £345 as £212 of the income was for Christmas card orders so subsequently paid out from *Fundraising Expenses* when the cards were ordered from the Class Fundraising company.

**Grants** - Pilton Pre-school received £2098 this period in Grants: £1,598 Covid EY recovery grant from Somerset County Council and £500 from LocalGiving, the benefit of the latter will be seen in the 2021-2022 financial period as the grant was requested towards Forest School training due to take place until September 2021. Towards the end of the financial year, two further grants were applied for from the Somerset Community Foundation (one for rent and the other for enrichment activities) with the outcomes due to be decided early in the 2021-2022 year.

**Other income** - £1,560 was received from Somerset County Council for the Early Years Professional Development Programme – a fully funded national training programme focussing on speech, language and communication. This income has funded additional staff hours for 2 members of staff to undertake the training and for bank staff cover as necessary.

#### 3.2 EXPENDITURE

There was a £30,000 increase in Operating Expenses this year, primarily accounted for as follows:

- Salaries (£19,381 increase). Salaries increase directly in proportion to occupancy levels but this figure also includes EYPDP time (£1,560) and 1:1 staffing for children with additional High Needs/Disability funding (£2,205). Staff were also given 2.2% pay increases in April 2021 in line with the National Living Wage.
- Rent (£3,900, a new expense for 2020/21, replacing the £1,300-1,400 for utilities in previous years)

<sup>2</sup> N.B. At the end of the financial period, a further £375 of EYE income was still pending receipt from Somerset County Council for additional High Needs Funding but had already been spent on resources/salaries as the children were due to leave Pre-school at the end of Summer 2021 and otherwise they would not benefit.

- Light, Power & Heating (not invoiced last year, so payments for previous 2 years in arrears totalling £2,806)
- Pensions Costs (£1,400 compared to last year's £707)
- Resources and consumables (£2,501 more than last year due to extra cleaning resources for Covid-19, £1,786 of High Needs Funding expenditure and investment in new resources to use reserves)
- Repairs and Maintenance (£2,390 was spent on the Garden overhaul mainly undertaken during the Summer 2020 holiday period so invoices were not received until the start of this financial period)

**Enrichment activities** - We were unable to run Forest School and Yoga this academic year due to Covid-19 restrictions. The amount attributed to this was mainly for enrichment activities for the school leavers at the end of term (Zoolab, Organic Rhythm & bouncy castle) plus some Dance expenditure outstanding from the 2019-20 year.

The committee made a decision at the end of the reporting period to invest in Forest School training for a member of staff, primarily in order to return its provision to an in-house practitioner for the first time since December 2017 but also to slightly save when compared to an external provider. Should our grant application with Somerset Community Foundation be successful, we hope to offer these activities free of charge to parents next academic year.

Opportunities to save money were identified and acted upon – the Pre-school telephone & broadband package was renegotiated saving approximately £30 per month and a new ink-efficient printer was purchased saving approximately £21 per month in ink.

#### 4. Projected Future Revenue & Opportunities

As per previous years, the biggest revenue generator will be fees. Pre-school's occupancy levels for the 2020-2021 were greatly improved and new enquiries continued to be received throughout the year.

As mentioned above, towards the end of the reporting period, the Business Manager applied for a number of grants from the Somerset Community Foundation towards rent expenses and enrichment activities. The outcome of these applications will be known early in the 2021/22 financial year.

## 5. Projected Future Expenses and Risks

As has been obvious for some time, a large proportion of fundraising income continues to be linked to Glastonbury Festival and Pilton Party and at the time of writing this report, it is still unclear if and how these will return in the future.

Annual increases to National Insurance, PAYE and pension contributions continue to affect our operating expenses year on year. As per last year's report, the committee should be mindful of the Government's intention to move towards a National Living Wage of £10/hour over the next few years before the next election in 2024 – should Early Years Entitlement funding rates continue to remain at their current low level (highly likely) then this would have a serious impact on financial viability of the setting as we are already at the point where our fees income only just covers salary alone and other operational expenses need to be found in addition.

## 6. Summary

Pilton Pre-school concludes this financial year in a good financial position. As stated in previous years, the Early Years sector in general faces many financial challenges and it is widely acknowledged that many settings are struggling or closing. The committee should continue to seek opportunities to increase revenue (particularly grants and fundraising) to ensure ongoing financial viability and carefully monitor income and expenditure throughout the year. A priority for the next year is to formulate a plan for reducing the accumulated reserves in a manner which benefits the children, staff and setting for both the current and future generations.

Report presented to AGM compiled by Teresa England (Business Manager) and reviewed by Joy James (Treasurer),  
31<sup>st</sup> October 2021

- Appendices (1) Profit & Loss statement 1 September 2020 – 31 August 2021  
(2) Balance Sheet as of 31 August 2021

# Profit and Loss

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## Pilton Pre-school 1 September 2020 to 31 August 2021

31 Aug 21

### Income

Donations	161
Fees	13,555
Funding EYES	74,085
Fundraising	558
Grants	2,098
Interest Income	7
Other Revenue	1,560
<b>Total Income</b>	<b>92,024</b>

<b>Gross Profit</b>	<b>92,024</b>
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### Less Operating Expenses

Advertising & Marketing	226
Audit & Accountancy fees	1,087
Enrichment Courses	549
Fundraising Expenses	328
Grant Expenditure	208
Insurance	789
IT Software and Consumables	85
Legal Expenses	104
Light, Power, Heating	2,806
Ofsted	50
Pensions Costs	1,401
Postage, Freight & Courier	8
Printing & Stationery	220
Rent	3,900
Repairs & Maintenance	2,713
Resource consumables	4,088
Salaries	75,384
Staff Training	902
Staff Uniform	163
Staff Welfare + Travel	423
Subscriptions	156
Telephone & Internet	300
Waste	604
<b>Total Operating Expenses</b>	<b>96,494</b>

<b>Net Profit</b>	<b>(4,470)</b>
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# Balance Sheet

## Pilton Pre-school As at 31 August 2021

31 Aug 2021

31 Aug 2020

### Assets

<b>Bank</b>		
Petty Cash	108	73
Pilton Preschool	3,892	2,114
Pilton Preschool Reserve a/c	62,765	71,941
<b>Total Bank</b>	<b>66,765</b>	<b>74,128</b>
<b>Fixed Assets</b>		
Computer Equipment	1,476	-
Office Equipment	4,951	3,406
<b>Total Fixed Assets</b>	<b>6,427</b>	<b>3,406</b>
<b>Total Assets</b>	<b>73,192</b>	<b>77,534</b>

### Liabilities

<b>Current Liabilities</b>		
Accounts Payable	28	-
Income in Advance	889	789
<b>Total Current Liabilities</b>	<b>917</b>	<b>789</b>
<b>Total Liabilities</b>	<b>917</b>	<b>789</b>
<b>Net Assets</b>	<b>72,275</b>	<b>76,744</b>

### Equity

Current Year Earnings	(4,470)	12,300
Retained Earnings	76,744	64,444
<b>Total Equity</b>	<b>72,275</b>	<b>76,744</b>

# Independent examiner's report on the accounts



CHARITY COMMISSION  
FOR ENGLAND AND WALES

## Section A

## Independent Examiner's Report

Report to the trustees/  
members of

Pilton Pre-school

On accounts for the year  
ended

31<sup>st</sup> August 2021

Charity no  
(if any)

1028845

Set out on pages

2

(remember to include the page numbers of additional sheets) <sup>2</sup>

Respective  
responsibilities of  
trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 ("the Charities Act") and that an independent examination is needed

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent  
examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent  
examiner's statement

In connection with my examination, no matter has come to my attention (other than that disclosed below \*)

1. which gives me reasonable cause to believe that in, any material respect, the requirements:

- to keep accounting records in accordance with section 130 of the Charities Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

\* Please delete the words in the brackets if they do not apply.

Signed:

*Nicola Hooper*

Date:

30<sup>th</sup> October 2021

Name:

NICOLA HOOPER

Relevant professional

MAAT

qualification(s) or body (if any):	
Address:	21 CHERRY TREE CLOSE
	EXETER
	DEVON EX4 5AT

Section B	Disclosure
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Only complete if the examiner needs to highlight material problems.(E.g. accounting records have not been kept in accordance with s132 of the Charities' Act 2011 and those accounts do not comply with the requirements of the 2008 Regulations setting out the form and content of charity accounts; any material expenditure or action which appears not to be in accordance with the trusts of the charity; any failure to be provided with information and explanations by any past or present trustee, officer or employee; and any material consistency between the accounts and the trustees' annual report.)

**Give here brief details of any items that the examiner wishes to disclose.**