

**THE BATH HOUSE CHILDREN'S
COMMUNITY CENTRE**
(Company limited by guarantee no. 04132678
registered charity no. 1089829)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2021

CONTENTS

	Page
Legal and administrative information	1
Committee members' report	2
Independent examiner's report	7
Statement of financial activities	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11

THE BATH HOUSE CHILDREN'S COMMUNITY CENTRE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS for the year ended 31 March 2021

Management Committee members	Ms M M Norwood - Centre Manager Ms B M Collier - Barrister Ms N Mylius - Architect	
Centre Manager	Ms M M Norwood BA DipEd	
Company Secretary	Ms A Newman	
Company reg. no.	04132678	
Charity reg. no.	1089829	
Registered office	The Old Warm Bath House 76 Shacklewell Lane Hackney London E8 2EY	
Advisory Committee	Ms A Newman Ms B Sussman	
Independent examiner	Simon Erskine FCA FCIE DChA 61 Mortimer Road London NW10 5QR	
Bankers	Barclays Bank PLC Kingsland P O Box 3628 London E8 2JT	United Trust Bank One Ropemaker Street London EC2Y 9AW
	Scottish Widows Bank PLC P O Box 12757 67 Morrison Street Edinburgh EH3 8YJ	Virgin Charity Deposit Account Jubilee House Gosforth Newcastle Upon Tyne NE3 4PL
	Hampshire Trust Bank Savings 55 Bishopsgate London EC2N 3AS	

THE BATH HOUSE CHILDREN'S COMMUNITY CENTRE

COMMITTEE MEMBERS' REPORT for the year ended 31 March 2021

The Management Committee members, who are also directors of the Charity for the purposes of Company law, and trustees for the purposes of charity law, submit their annual report and the financial statements of The Bath House Children's Community Centre (the Bath House) for the year ended 31 March 2021. The Management Committee has adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Company's governing document is its Memorandum and Articles of Association.

The management of the Bath House is the responsibility of the Management Committee members. Committee members are appointed at Annual General Meetings or co-opted at any time between Annual General Meetings by the Management Committee.

Recruitment and appointment of new trustees

Under the requirements of the Memorandum and Articles of Association, the members of the Committee shall hold office until the conclusion of the next Annual General Meeting after their election or co-option, as the case may be, but shall be eligible for re-election or re-option.

Organisational structure

From January 2016 Ofsted, as recommended by the Department of Education (DfE), have said that a charity's Nominated Person, who represents the charity in their dealings with Ofsted, must be a Board member of the governing body of the charity, therefore such a registered individual must be a company director/charity trustee. Maggie Norwood, the Company's Nominated Person and manager, was therefore appointed a Committee member in accordance with Ofsted's requirements.

The Trustees have and will continue to oversee the management, development and financial security of the Bath House. The Bath House has found new trustees amongst Bath House parents.

Induction and training of new trustees

Most Committee members are familiar with the practical work of the Children's Community Centre and have undertaken training to support their role. New Management Committee members are invited and encouraged to attend training sessions and an introduction pack is given to all new members. The most recent trustee, Nicky Mylius, has attended a governance training day.

Related parties

Apart from the working relationship between the funders, sometimes referred to as supporters, there were no other related parties to the charity other than the Committee members and their close family. Following the appointment of Maggie Norwood as charity trustee, her salary in her role as Projects Director of the Bath House is reported as a related party transaction. In the year under review, no other related party transaction took place. To protect and maintain the integrity and independence of Management Committee, it is charity policy that Maggie Norwood withdraws from any meeting where her terms or conditions of employment are discussed.

Staff and training

The Bath House employed about 36 people at any one time, mostly on a part-time basis, equivalent to 25 full-time posts.

In 2019 the Bath House adopted the London Living Wage policy. No staff at the Bath House are paid lower than the London Living Wage.

COMMITTEE MEMBERS' REPORT **for the year ended 31 March 2021**

Professional development and staff training remain a high priority, and all staff are encouraged to further their skills and understanding by taking courses. Many online courses were undertaken in the Furlough periods. There is a rolling program of training in Paediatric First Aid, Food Hygiene, and Safeguarding, as these qualifications need renewing every 3 years.

The Bath House did not offer our usual students placements during this year, due to the risks involved with the pandemic.

We have continued to have very close contact with Hackney Education Special Needs Team and they have provided professional support to us for children with Special Needs. Some childcare staff at The Bath House have had training in Special Educational Needs provided by Hackney Education. Hackney Education holds the work at The Bath House with Special Needs children in high esteem.

OBJECTIVES AND ACTIVITIES

Charitable objects

For children and young people in the London Boroughs of Hackney and Islington:

- A) Benefit the community by providing facilities for the care, recreation, and education of children aged one to five years in a playgroup and nursery setting, and children aged three to fourteen years in out of school hours and holiday periods.
- B) Advance the education and training of the workers and volunteers in the provision of the care, education and recreational facilities.
- C) Provide family support and improve family welfare and conditions of life through childcare, education, and recreational provision.

Public benefit

In developing the objectives for the year and in planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit. The Bath House provides great benefit to local families as we provide a high quality, affordable and continuous childcare service for children aged 12 months to the end of primary school. This service enables parents to work, train, and manage their family life with very good childcare support. The Bath House assists its employees, students on placement, and volunteers, in their professional development, helping to create a skilled childcare workforce. The Bath House supports children in their learning, and in the development of social skills, and has been of great benefit to children with additional needs who require specialised care and input to assist their inclusion in childcare services. The Bath House is a highly regarded childcare centre (designated as Outstanding by Ofsted) with a strong reputation of operating with a community ethos, helping families in need wherever possible, with the aid of charitable and statutory funding.

Effects of the Covid19 Pandemic on the Bath House

The Covid pandemic caused much uncertainty and unknowns during 2020_21. At times the Bath House was closed and at other times only partially open. The After School Club never restarted. Some families withdraw from the nursery and our numbers diminished significantly. The income from fees was very much reduced. Government support through the Furlough scheme and Nursery Education grants enabled us to survive financially and pay our staff and bills.

COMMITTEE MEMBERS' REPORT for the year ended 31 March 2021

Bath House closed from 17 March 2020, a week earlier than the directive from the Government but very much in line with the information provided at the beginning of the pandemic in the UK. The Bath House was closed throughout April, May and June and all staff apart from 2 were furloughed. We received furlough funds for staff costs and continued to receive the Nursery Education grant for 3 & 4 year olds. We did not charge parents fees from the end of March through to September since we had received the Nursery grant for 3 and 4 year olds. The only fees charged during this time were the children of essential workers attending and not in receipt of any grant. Nursery parents were keen about opening up again in July and enough staff were willing to return to make it possible to partially open up again.

We were not able to run the holiday club for Easter, and May or October half terms, but we did run a reduced holiday club (approx. 20 children per day) for children 5 to 11 years in the Summer Holidays.

We opened again on 1 July 2020 with the pre-school children only (the Sunshine group), as advised by the Government – that is, to prioritize the leavers going on to school and the children of parents who were key-workers. Not all the children returned, but 20 pre-school children did, and 7 children of key-worker parents. We were able to use the private Rectory garden nearby, so that the children were outdoors for most of the day.

We remained open for 6 weeks until mid-August, running the nursery for three days only and shorter hours. This enabled staff to carry out the additional cleaning that was needed on a daily basis, and also to work with the reduced staff group that were willing to return to work. Several staff were shielding or considered higher risk, and there was a considerable amount of anxiety around returning to work while the community transmission rate was still over 1.

We also decided to open holiday club for school-age children, partly to meet the needs of essential workers and partly due to demand from our usual service users. We booked a local church hall nearby – St Barnabas, which we have used before, and ran the club for 4 days per week and three weeks only. We had 20 children per day, and the club was a great success for children and parents, and the staff were very happy to have the opportunity to meet the needs of local families.

We decided in September not to run any after-school or holiday club care for the foreseeable future.

Most staff returned from furlough either in part or fully in September 2020. Four staff stayed on furlough to the end of October, partly due to their family needs, and also because we didn't need the full staff team having somewhat reduced numbers during this period. It was decided to keep the reduced number of children in the nursery for the coming 12 months due to the pandemic, the need to use outdoor space more, and not to crowd the rooms. We had 7 voluntary redundancies in January 2021. We redeployed some of the staff who were previously employed in after-school care to the nursery.

In January and February 2021 we partially closed the nursery for the national lockdown, but stayed open to children of key workers.

Staff seemed happy to return to work after being furloughed, reinforcing that their work is rewarding and that they are highly committed to the children and their roles as key-workers. The staff who requested redundancy did so very reluctantly, as they also felt very committed to their work, to the families and children, and to the Bath House Community.

COMMITTEE MEMBERS' REPORT for the year ended 31 March 2021

ACHIEVEMENTS AND PERFORMANCE

Charitable activities

The Bath House has kept its standard of providing its services at an outstanding grade in the year under review similar to the result obtained from the last two Ofsted inspections in 2015 and 2010. The Trustees are very proud of this achievement. Our next Ofsted inspection is delayed until 2021 or later, due to the Covid pandemic.

The Bath House is situated in the London Borough of Hackney. School results in Hackney had been very poor for a number of years, however the latest results show the primary and secondary schools are now achieving some of the best results in the whole country. We feel that the Bath House has played a role in attaining these results as high quality early years support and education is considered to be paramount in raising the educational attainment of Hackney children. The Bath House nursery children feed into the local schools and it is committed to giving children a very positive start to their education by building their self-esteem and providing stimulating and creative play.

Uniquely in Hackney, The Bath House had offered continuity of care for children from 12 months to 11 years, as we offered nursery care, after school care, and holiday care. These services enabled us to give long-term support to children and families. The pandemic has made it impossible to run our After School Club as the concentration of children in our premises would be too high to be Covid safe. The Holiday Club was taken off premises during the Summer holidays but it was not continued in the other holiday periods due to the high levels of Covid infection.

The Bath House offers very high quality and affordable childcare to all local families, in line with our stated aims, and to the benefit of the local community. The waiting list is open to all and places are allocated on a first come first served basis. We include all children and have many children from low-income families, and children with special needs that require special attention and often a one to one support worker. Our Special Needs co-coordinator works with specialist agencies to ensure that children and families receive all the additional support they require.

Our childcare services are usually fully subscribed, with long waiting lists for the Nursery and After School Club. We offered 48 full-time places for children Under Five. The places are very flexible in that children can attend between 2 to 5 days per week and stay until 3.00 or 6.00pm. There are also term-time only places for ages 2 years and over. The 1 to 2 year old group is full-time care only.

The After-School Care provided for up to 50 children per afternoon and Holiday Clubs provided for up to 45 children per day. The holiday and after school provision was used by a wide range of local families, benefiting parents with the security of having childcare outside of school time periods. The After School club is closed for the foreseeable future.

The Bath House website www.bathhouse.org.uk received over 1100 unique visitors per month.

Fundraising activities

We have a programme of fundraising throughout the year for the grants administered by Hackney Education that subsidise nursery education. We offer places to children who receive the means tested 2 year old grant, and we receive either the 15 or 30 hours grants for all 3 and 4 year olds. These grants were paid even though the children did not attend. In this pandemic period we applied for and received a government business grant of £10,000. We also received an insurance claim of £9,914 for loss of income. We claimed and received £352,757 in furlough money for staff wages during the year.

COMMITTEE MEMBERS' REPORT
for the year ended 31 March 2021

FINANCIAL REVIEW

Principal funding sources

For the first year since we have been operating the parents' fees did not provide most of the revenue income. Furlough (via the Coronavirus Job Retention Scheme) provided £353K, Nursery Education grants provided £141K and Parents' fees £158K.

Reserves policy

The Committee has agreed that the Charity should build up its reserves to enable it to cover at least three months' wages for the staff and associated overheads. This is currently estimated at £140,000. At the year-end the free reserves stood at £158,385. In calculating free reserves the Trustees have excluded the designated reserve that represents fixed assets.

BUILDING IMPROVEMENTS

We continued to work with Lipton Plant Architects to re-design the Rainbow Room internally, creating a mezzanine level floor in part of the room and children's toilets in the room on ground level. This work carried on from August through to mid-November.

FUTURE PLANS

The Bath House will continue to provide our staff with many training opportunities, and to maximise their potential, with a view to raising the standard of the childcare sector workforce. We will also continue to provide placements for students from local schools and colleges, benefitting these students in gaining valuable experience, and in some cases leading on to employment either at The Bath House or in another setting.

The Bath House will continue to support children with special needs and will seek funding for special needs and families in hardship and hard to reach families. This intention is in line with our aim of providing opportunity and the highest quality care and education to young children, and also providing long-term benefit for the families involved by including their children in our provision, and offering support and guidance to parents in need of assistance.

PREPARATION OF THE REPORT

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

INDEPENDENT EXAMINER

The independent examiner, Simon Erskine FCA FCIE DChA, has indicated his willingness to accept re-appointment.

This report was approved and authorised for issue by the Committee member on 17 December 2021 and signed on its behalf by:



Nicky Mylius
Trustee/Director

INDEPENDENT EXAMINER'S REPORT TO THE MANAGEMENT COMMITTEE OF THE BATH HOUSE CHILDREN'S COMMUNITY CENTRE

I report to the charity trustees (Committee members) on my examination of the accounts of The Bath House Children's Community Centre for the year ended 31 March 2021 which are set out on pages 8 to 18.

This report is made solely to the Management Committee, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the Management Committee matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Management Committee for my independent examination work, for this report, or for the statement I have given below.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).



Simon Erskine FCA FCIE DChA
61 Mortimer Road
London
NW10 5QR

17 December 2021

THE BATH HOUSE CHILDREN'S COMMUNITY CENTRE

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2021

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
INCOME FROM:					
Donations and voluntary grants	2	353,757	10,000	363,757	33,265
Investments - deposit account interest		2,944	-	2,944	3,407
Charitable activities	3	158,374	141,160	299,534	839,492
Other	4	11,258	-	11,258	11,790
TOTAL		526,333	151,160	677,493	887,954
EXPENDITURE ON CHARITABLE ACTIVITIES					
Direct costs of nursery	5	398,494	151,160	549,654	696,737
Support costs	6	156,062	-	156,062	172,515
Other costs - provision for redundancy costs		-	-	-	63,262
TOTAL		554,556	151,160	705,716	932,514
Net income/(expenditure)		(28,223)	-	(28,223)	(44,560)
RECONCILIATION OF FUNDS:					
TOTAL FUNDS BROUGHT FORWARD		598,766	-	598,766	643,326
TOTAL FUNDS CARRIED FORWARD		£ 570,543	£ Nil	£ 570,543	£ 598,766

NOTE ON COMPARATIVES

In 2020 the only restricted income was £40,561 grant income and the only expenditure was £40,561 Direct staff costs. In the 2020 accounts the employment allowance for NI purposes was treated as income instead of as a deduction to National Insurance. This has been corrected in these accounts resulting in a £3,000 reduction respectively in Other income and in Childcare staff costs. There has also been a minor re-allocation between Donations and voluntary grants and Charitable activities in 2020.

BALANCE SHEET
As at 31 March 2021

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	9		674,741		561,599
CURRENT ASSETS					
Debtors	10	18,079		26,465	
Cash at bank and in hand		223,381		456,793	
			<u>241,460</u>	<u>483,258</u>	
CREDITORS: amounts falling due within one year	11	(93,154)		(183,511)	
NET CURRENT ASSETS			<u>148,306</u>		<u>299,747</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>823,047</u>		<u>861,346</u>
CREDITORS: amounts falling due after one year	12		(252,504)		(262,580)
NET ASSETS			<u>£ 570,543</u>		<u>£ 598,766</u>
FUNDS					
Unrestricted funds:					
Designated fixed assets fund	14	412,158		285,954	
General fund	14	158,385		312,812	
			<u>570,543</u>		<u>598,766</u>
			<u>£ 570,543</u>		<u>£ 598,766</u>

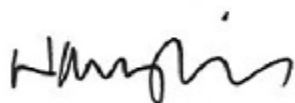
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the year ending 31 March 2021 the Charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- (i) The members have not required the Charity to obtain an audit of its accounts for the year in question in accordance with section 476;
- (ii) The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved, and authorised for issue, by the Management Committee on 17 December 2021 and signed on their behalf by:-



NICKY MYLIUS, Trustee/Director

The annexed notes form part of these financial statements

THE BATH HOUSE CHILDREN'S COMMUNITY CENTRE

CASH FLOW STATEMENT for the year ended 31 March 2021

	Note	2021 £	2020 £
Net cash flow from operating activities:			
Net cash (used in)/provided by operating activities	13	(84,842)	63,743
Interest paid		(7,513)	(9,536)
Net cash (used in)/provided by operating activities (see below)		<u>(92,355)</u>	<u>54,207</u>
Cash flows from investing activities:			
Interest received		2,944	2,083
Purchase of tangible fixed assets		(133,306)	(1,500)
Net cash provided by investing activities		<u>(130,362)</u>	<u>583</u>
Cash flows from financing activities			
Loan repayments in year		<u>(10,695)</u>	<u>(10,599)</u>
Change in cash and cash equivalents in the reporting year		(233,412)	44,191
Cash and cash equivalents at 1 April		456,793	412,602
Cash and cash equivalents at 31 March		<u>£ 223,381</u>	<u>£ 456,793</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		63,381	136,793
Short term deposits (see Note below)		160,000	320,000
Cash and cash equivalents at end date 20XY		<u>£ 223,381</u>	<u>£ 456,793</u>

Short term deposits can be withdrawn without notice and paid an average interest rate of 2.2% during the year.

ANALYSIS OF CHANGES IN NET DEBT	1.04.2020 £	Cash flows £	31.03.2021 £
Long-term borrowings	(262,580)	10,076	(252,504)
Short-term borrowings	(10,695)	619	(10,076)
Total liabilities	<u>(273,275)</u>	<u>10,695</u>	<u>(262,580)</u>
Cash and cash equivalents	456,793	(233,412)	223,381
Total net debt	<u>£ 183,518</u>	<u>£ (222,717)</u>	<u>£ (39,199)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. ACCOUNTING POLICIES

(a) General information and basis of preparation of financial statements

The Bath House Children's Community Centre (the charity) is a charitable company limited by guarantee registered in England; its registered office is as shown on page 1. 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.

The charity constitutes a public benefit entity as defined by the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements have been prepared in accordance with 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) issued in October 2019 (SORP 2019), FRS 102, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Fund accounting

Unrestricted funds 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.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

No amount is included in the financial statements for volunteer time in line with the SORP 2019. Further detail is given in the Trustees' Annual Report.

The charity receives government grants towards its work. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is considered that all charitable activities relate to the running of the Bath House Children's Community Centre.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

It is not considered that a significant amount of time has been spent on fundraising and hence no costs have been allocated to this heading.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Staff costs have been allocated between governance costs, other support costs and charitable activities on an estimated time basis by member of staff. Other overheads, including premises costs, have been allocated pro rata to staff costs.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	-	not depreciated
Freehold buildings and improvements	-	50 years
Office equipment and fittings	-	5 years
Centre fixtures and fittings	-	5 years

(g) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(h) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs.

(i) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

(j) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(k) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(l) Judgements and key sources of estimation uncertainty

No judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies and there are no key sources of estimation uncertainty.

2. INCOME FROM DONATIONS AND VOLUNTARY GRANTS

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Donations	1,000	-	1,000	-
Grants from London Borough of Hackney:				
Grant for Support worker's salary	-	-	-	15,194
Grant for loss of income due to Covid	-	10,000	10,000	-
Coronavirus Job Retention Scheme	352,757	-	352,757	17,456
Other grants	-	-	-	615
	£ 353,757	£ 10,000	£ 363,757	£ 33,265

In the 2020 financial year all the income was restricted.

In the 2020 accounts the grant for 2 year olds (see Note 3) was wrongly classified as income from donations and voluntary grants but has been corrected in these accounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Nursery fees	158,374	-	158,374	664,430
Grants from London Borough of Hackney:				
Grant for 2 year olds	-	4,374	4,374	7,296
30 hours grant	-	52,132	52,132	65,160
15 hours grant	-	84,654	84,654	102,606
	<u>£ 158,374</u>	<u>£ 141,160</u>	<u>£ 299,534</u>	<u>£ 839,492</u>

In the 2020 accounts the grant for 2 year olds was wrongly classified as income from donations and voluntary grants but has been corrected in these accounts.

4. OTHER INCOME

	2021 £	2020 £
Rental income	-	275
Staff lunches	-	3,097
Insurance claim for loss of fees during closure of Centre	9,914	-
Sundry income	1,344	8,418
	<u>£ 11,258</u>	<u>£ 11,790</u>

5. DIRECT CHARITABLE COSTS

	2021 £	2020 £
Direct wages and salaries	518,271	634,251
Play activities/outgoings	6,915	16,341
Catering	8,618	25,557
Play equipment and consumables	5,381	2,368
Training and courses	3,043	4,551
Travelling	566	2,540
Cleaning	6,585	9,020
Volunteer expenses	262	1,220
Recruitment costs	13	889
	<u>£ 549,654</u>	<u>£ 696,737</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

6. SUPPORT AND GOVERNANCE COSTS	2021	2020
	£	£
Staff costs	97,146	98,253
Rates and water	246	2,220
Insurance	4,045	3,913
Light and heat	3,541	5,644
Telephone	2,743	3,863
Postage and stationery	1,437	2,049
Advertising	1,399	450
Repairs and maintenance	11,750	13,182
Cojnsultancy fees	-	1,207
Depreciation:		
Freehold property	14,588	12,111
Fixtures and fittings	5,513	2,368
Computer equipment	63	69
Mortgage interest	7,513	9,536
Sundry expenses	1,189	1,990
Governance costs:		
Independent examination/audit fees	2,300	9,600
Legal and professional fees	2,589	6,060
	£ 156,062	£ 172,515
7. STAFF NUMBERS AND COSTS	2021	2020
	£	£
Wages and salaries	561,176	668,517
Social security costs	39,135	47,477
Pension costs	15,106	16,510
	£ 615,417	£ 732,504

During the year the Charity made redundancy payments of £38,843 (2020 - £Nil). These were included, however, in the Proviision for redundancy costs made in 2019/20 and so were included as a cost in that financial year. As shown in Note 11 the total amount provided was £63,262, the excess amount being the cost of paying the contractual notice period.

The average weekly number of employees, calculated as full time equivalents, during the period was:

	Number	Number
Charitable activities	22	22
Support costs	4	4
	26	26

No employee received remuneration of more than £60,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

8. MANAGEMENT COMMITTEE AND KEY MANAGEMENT PERSONNEL

During the year, one member of the Management Committee, which comprises the charity's key management personnel, received remuneration as below (2020 - the same). No Committee members received reimbursement of expenses (2020 - the same). There were no other related party transactions.

	2021 £	2020 £
Salary	42,162	47,007
Social security costs	4,606	5,296
Pension costs	-	-
	<u>£ 46,768</u>	<u>£ 52,303</u>

9. TANGIBLE FIXED ASSETS

	Freehold property £	Centre furniture & equipment £	Office equipment £	Total £
Cost				
At 1 April 2020	680,533	73,568	4,415	758,516
Additions	120,600	12,706	-	133,306
At 31 March 2021	<u>801,133</u>	<u>86,274</u>	<u>4,415</u>	<u>891,822</u>
Depreciation				
At 1 April 2020	127,944	64,622	4,351	196,917
Charge for the year	14,588	5,513	63	20,164
At 31 March 2021	<u>142,532</u>	<u>70,135</u>	<u>4,414</u>	<u>217,081</u>
Net book value				
At 31 March 2020	£ 552,589	£ 8,946	£ 64	£ 561,599
At 31 March 2021	<u>£ 658,601</u>	<u>£ 16,139</u>	<u>£ 1</u>	<u>£ 674,741</u>
Freehold land included above not depreciated				<u>£ 75,000</u>

The property, which was purchased in March 2002, had a covenant placed on the premises by the vendors which ensures that the building stays in community ownership for 25 years.

10. DEBTORS

	2021 £	2020 £
Due within one year		
Fees receivable	3,313	6,996
Bank interest receivable	1,275	2,013
Receivable from Coronavirus Job Retention Scheme	13,491	17,456
	<u>£ 18,079</u>	<u>£ 26,465</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Bank loan (see Note 12).	10,076	10,695
Social security and other taxes	8,292	12,019
Pension contributions payable	5,349	7,213
Deposits held	29,310	39,783
Provision for redundancy costs	-	63,262
Accruals	26,762	31,289
Deferred nursery income (see below)	13,365	19,250
	£ 93,154	£ 183,511
<u>Deferred nursery income</u>		
Balance at 1 April 2020	19,250	15,881
Amount released to incoming resources	(19,250)	(15,881)
Amount deferred in the year	13,365	19,250
Balance at 31 March 2021	£ 13,365	£ 19,250

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2021	2020
	£	£
Bank loan falling due after one year	252,504	262,580
Add: Amount due in one year (see below and Note 11)	10,076	10,695
Total amount of loan	£ 262,580	£ 273,275
Amount falling due after more than 5 years	£ 209,288	£ 220,545

The bank loan, which is from Barclays Bank, (including the amount due in one year shown in Note 11) is secured by a charge over 76 Shacklewel Lane, Hackney, London E8 2EY. The debt is repayable by monthly instalments, bears interest of 2.71% over the bank's base rate and is due to be fully repaid by October 2040.

An error was found in the calculation of the element of the bank loan due in one year at 31 March 2020 and as a result the figure has been reduced from £18,583 to £10,695 and the element of the loan falling due after one year has been increased accordingly. Similarly the amount due after more than 5 years has been increased from £180,359 to £220,545.

13. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021	2020
	£	£
Net expenditure for the reporting period	(28,223)	(44,560)
Adjustments for:		
Depreciation charges	20,164	14,548
Interest received	(2,944)	(2,083)
Interest paid	7,513	9,536
Decrease/(increase) in debtors	8,386	(13,288)
(Decrease)/increase in creditors	(89,738)	99,590
Net cash (used in)/provided by operating activities	£ (84,842)	£ 63,743

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

14. STATEMENT OF FUNDS

2021	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
SUMMARY OF FUNDS					
Designated fund - fixed assets	285,954	-	-	126,204	412,158
General Fund	312,812	526,333	(554,556)	(126,204)	158,385
	<u>598,766</u>	<u>526,333</u>	<u>(554,556)</u>	<u>-</u>	<u>570,543</u>
Restricted Fund - nursery running costs	-	151,160	(151,160)	-	-
	<u>£ 598,766</u>	<u>£ 677,493</u>	<u>£ (705,716)</u>	<u>£ Nil</u>	<u>£ 570,543</u>

The Designated fixed assets fund represents money tied up in the Charity's fixed assets after taking into account that part of the cost financed by the bank loan (see Note 12).

2020	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
SUMMARY OF FUNDS					
Designated Fund - fixed assets	283,060	-	-	2,894	285,954
General Fund	360,266	847,393	(891,953)	(2,894)	312,812
	<u>643,326</u>	<u>847,393</u>	<u>(891,953)</u>	<u>-</u>	<u>598,766</u>
Restricted Fund - nursery running costs	-	40,561	(40,561)	-	-
	<u>£ 643,326</u>	<u>£ 887,954</u>	<u>£ (932,514)</u>	<u>£ Nil</u>	<u>£ 598,766</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

At the year-end all assets and liabilities belonged to unrestricted funds (2020 - the same).