

Company registration number: 04238990

Charity registration number: 1093690

# Sparkle (South Wales)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2022

HSJ Accountants Ltd  
Severn House  
Hazell Drive  
Newport  
South Wales  
NP10 8FY

## **Sparkle (South Wales)**

### **Contents**

Reference and Administrative Details	1
Trustees' Report	2 to 8
Statement of Trustees' Responsibilities	9
Independent Examiner's Report	10
Statement of Financial Activities	11 to 12
Balance Sheet	13 to 14
Statement of Cash Flows	15
Notes to the Financial Statements	16 to 30

## **Sparkle (South Wales)**

### **Reference and Administrative Details**

<b>Trustees</b>	Mr M Gerrard Mrs J Kelly Dr S Maguire Mrs J Sheppard Mr N G Williams Ms N Garnon (appointed 29 April 2021) Mr A Durston (appointed 17 March 2022) Mrs R Harwood Lincoln (appointed 2 September 2021)
<b>Charity Registration Number</b>	1093690
<b>Company Registration Number</b>	04238990
<b>Registered Office</b>	The charity is incorporated in the United Kingdom. Serennu Children's Centre Cwrt Camlas Rogerstone Newport South Wales NP10 9LY
<b>Principal Office</b>	Sparkle Appeal Office Serennu Children's Centre High Cross Road Newport NP10 9LY
<b>Independent Examiner</b>	HSJ Accountants Ltd Severn House Hazell Drive Newport South Wales NP10 8FY
<b>Bankers</b>	Barclays Bank Plc Newport Commercial Street 14 Commercial Street Newport South Wales NP20 1HE

## **Sparkle (South Wales)**

### **Trustees' Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 March 2022.

#### **Trustees**

Mr M Gerrard

Mrs J Kelly

Dr S Maguire

Mrs J Sheppard

Mr N G Williams

Ms N Garnon (appointed 29 April 2021)

Mr A Durston (appointed 17 March 2022)

Mrs R Harwood Lincoln (appointed 2 September 2021)

#### **Objectives and activities**

##### ***Objects and aims***

Sparkle (South Wales), 'Sparkle', has a vision that all children and young people with additional needs should be able to achieve their full potential, regardless of their disability or learning difficulties. Sparkle will work to achieve this directly with families in Gwent, and with the knowledge gained, influence change across the UK. Our aim is to achieve this through three key areas of work:

1. Equitable enhanced service provision for children with additional needs across Gwent
2. Training, educating, and working with other providers to enable children with additional needs to realise their potential
3. Advocacy within Gwent, across Wales (and ultimately the UK) to advance the optimal model of care and support

##### ***Public benefit***

The charity's purpose is to benefit the children and families in Gwent. The trustees can confirm and evidence that the activities carried out by the charity throughout the last year have been for the benefit of those children and families who have identified additional and special needs.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. Our memorandum and articles have been updated in May 2021 to reflect current legislation.

##### ***Use of volunteers***

On the volunteer front, 5280 hours were logged from the 1st April 2021 to 31st March 2022 in support of Sparkle services, which based on an hourly rate of £9.01 per hour represents a cost saving of £47,572.80 to Sparkle.



## **Sparkle (South Wales)**

### **Trustees' Report**

#### **Achievements and performance**

The charity pursues a range of objectives in line with its overarching role in providing services and support to children with additional needs, including their families. Over the past year we have continued to face the challenges of the COVID-19 SARS Pandemic and resultant restrictions, however we have been able to continue delivering services in strict accordance with COVID-19 risk guidance.

We have supported children and young people directly via our specialist leisure clubs, including the new clubs we began delivering from community venues in North Gwent last year. Our Family Liaison Service continued to help families via email and telephone support, and hosting virtual 'coffee mornings' and information events. In February 2022, our Family Liaison Officers were able to resume offering in-person support at the Children's Centres, including hosting coffee mornings for families and external support groups.

This year we have been running weekly clubs for 126 children and young people at Serennu and 36 in North Gwent. Clubs have adhered strictly with Sparkle, Welsh Government and Aneurin Bevan University Health Board COVID-19 guidance, including pre-session COVID-19 checks, temperature checks on arrival, staff using personal protective equipment, twice weekly lateral flow testing of staff, extensive cleaning regimes, ventilation and social distancing during sessions. These measures, as well as an increase in the number of children requiring 1:1 and 2:1 support following the pandemic, have resulted in higher staff and club costs.

After becoming a charity partner of Caerphilly Children's Centre in 2020, we conducted a consultation with families and professionals in the catchment area to determine the gaps in service provision. The outcome of this consultation led to the development of a new Play Club for children with additional needs at Caerphilly Children's Centre, which commenced March 2022. There are currently 6 children accessing this provision, with plans to expand this service to meet the need in Caerphilly, subject to recruitment of appropriate staff. This club received a donation of restricted funding to support it for one year.

In May 2021, we were able to reopen the MediCinema at Serennu Children's Centre, with reduced capacity screenings to allow for social distancing and following Welsh Government requirements for cinemas. We introduced a third weekly screening to allow more families to access the facility in September 2021, as we extended the catchment area to include all five Local Authorities in Gwent. Family swim sessions resumed in May 2021 and swimming lessons in March 2022. We hosted our first family event since the pandemic began, an outside fun day at Serennu Children's Centre, in August 2021 and have continued to run COVID secure events for families throughout the year. These included 'drive-thru' style Santa's grotto events at Christmas in both North and South Gwent.

In line with our strategic aim of promoting optimal models of care for children with complex needs, we have conducted in-depth evaluations into services developed and delivered by Sparkle. All of these are available on our website, in addition to being presented throughout the Gwent region. Our evaluation of the Integrated Service for Children with Additional Needs Care Coordination service was presented at the British Academy of Childhood Disability Annual Scientific Meeting in March 2022, where it won the MacKeith Press Best Poster Prize. Further in depth service evaluations have been submitted to national conferences across the UK.

## **Sparkle (South Wales)**

### **Trustees' Report**

Following our in depth evaluation of 'unmet needs' in the North of Gwent, we identified that the existing facilities at Nevill Hall hospital are no longer fit for purpose to deliver optimal care and support to children with complex needs. At the request of our partners in Health and Social Care, we successfully bid for a grant via the Capital stream of the Integrated Care Fund, to conduct an in-depth feasibility study for the building of a new Children's Centre with a Transition Hub in North Gwent. This major piece of work is being undertaken by Sparkle Trustees and staff, and the final report is due for submission to the Regional Partnership Board in October 2022, following consultation with our families and partners in Health, Social Care.

Our fundraising activities continue to be negatively impact by the COVID-19 pandemic, and the national crisis in recruitment, as a result of which we have been heavily reliant on grant funding and our existing relationships with individual and corporate donors this year. We have continued to adapt to meet the needs of children and families and have seen demand grow exponentially during the pandemic. We are pleased to have been able to expand our services in an effort to provide equitable provision across Gwent, despite the added financial pressures this causes the charity.

#### **Financial review**

Funds raised via grants, our existing individual donors and corporate supporters, and the small amount raised by our café and activities resulted in a total income of £728,687.

Resilience funding from Welsh Government, via the Third Sector Resilience Fund, and additional funding from the Children's and Communities Grant from Newport City Council helped the charity adapt and deliver our services throughout a challenging year. Further grant funding from sources such as Children in Need, Postcode Community Trust, and the Garfield Weston Foundation also played a major role in ensuring the continuation of our vital services. Significant donations were received from N Harris - £92,982, and O2E - £15,000.

Grants and donations have been essential and our main sources of income, given the Charity's limited fundraising opportunities during the pandemic and the Fundraising Manager post remaining vacant. Our fundraising activities secured only £3,263.

Sparkle's unrestricted reserves have increased to £385,331 as of 31st March 2022. This reserve will be used if required to safeguard existing activities and support the operation of the Charity.

The Charity's expansion into North Gwent and Caerphilly, and the recommencement of family activities following the easing of COVID restrictions, has resulted in a major increase in payroll and other costs. The statement of financial activities for the year on page 11 show how income and costs varied compared to the prior year.

For the new year costs are forecast to increase, reflecting our expansion, and recommencement of all services. Our forecast for the coming year is that our running costs will be significantly in excess of our income and as such our unrestricted reserves will diminish. We are satisfied we have sufficient reserves to cover this deficit. We are however hopefully that recruitment to our fundraising and communications team will result in increased income in the latter part of the year.

## **Sparkle (South Wales)**

### **Trustees' Report**

#### ***Policy on reserves***

The trustees have reviewed the reserves policy and, in accordance with Charity Commission guidelines, have considered the level of unrestricted reserves, which it is appropriate for the charity to hold, with the imperative that it should be able to continue to meet its charitable objectives in the short term, in the event of a temporary shortfall in unrestricted income. The trustees have decided that given the inherent risks as noted above, it is appropriate to hold sufficient free reserves to cover the core expenditure required to maintain activities for six months.

#### **Plans for future periods**

##### ***Aims and key objectives for future periods***

- Continue to offer a diverse range of activities and support to children and young people with disabilities/complex needs and their families in Gwent.
- Continue to offer the opportunity for children and young people with disabilities/complex needs to develop skills and try new activities in a safe and non-judgmental environment.
- Develop the link between Sparkle services and ABUHB Integrated Services for Children with Additional Needs (ISCAN) to enable Sparkle to reach/support more families early on in their journey.
- Continue to develop Sparkle Youth Forum to allow the voice of young people to be heard both within Sparkle and the Children's Centres, and in the community, for example by visiting places like the Senedd and taking part in the Welsh Youth Parliament Consultation.
- Develop new, and maintain existing, links with local schools to help raise awareness regarding disability and inclusion, for example through school assemblies, school visits to Serennu, engagement with Teaching Assistants and pupil groups, etc.
- Continue to develop services to reach children with the most severe complex health care needs in liaison with partner agencies.
- To run the clubs at capacity and offer the best outcomes for the children and young people we support.
- To support parents around key transition stages, such as post diagnosis and transitions to school/adulthood, by delivering 1:1 sessions or workshops where possible and creating links with outside agencies.
- To begin monthly group work with a small number of children and young people in order to build on their self-esteem to enable them to accept and appreciate their differences.

## **Sparkle (South Wales)**

### **Trustees' Report**

- To continue undertaking high quality service evaluations, to identify whether additional services provided by Sparkle are having a positive impact on the lives of children with disabilities and their families.
- To use the data obtained from in depth evaluations to both market our services to potential funders, and to promote the optimal model of care for these children and young people across Wales and the remainder of the UK.
- Continue to ensure transition pathways are in place for children and young people we support to access community provisions, where appropriate.
- To continue Develop and implement robust performance management and monitoring systems to support the needs of a growing and successful charity, enabling Sparkle to develop and be more sustainable for the future.
- To continue Develop and implement quality control frameworks and strategy to ensure that all children and young people and their families receive an equitable and high quality service from Sparkle.
- Review and streamline policies and procedures within Sparkle to ensure greater robustness, efficiency, effectiveness and sustainability.
- To continue to recruit, train and retain regular volunteers, without whom we wouldn't be able to carry out our work.
- To promote the development of a new Children's Centre to serve North Gwent, in line with the outcome of our Feasibility study.
- To develop and expand our service offering to families within Caerphilly, subject to appropriate funding.

#### **Structure, governance and management**

##### ***Nature of governing document***

The governing document of the charity is its Memorandum and Articles of Association – incorporated on 21 June 2001, as amended by special resolution on 15 July 2002, and again on 27 May 2021.

The charity is registered as a private company, limited by guarantee.

##### ***Recruitment and appointment of trustees***

New trustees are recruited either by personal introduction and interview by the Chair person, or following external recruitment, with a two-stage interview process by the Chair person, followed by a second interview with two other trustees. Following this, they are appointed by a resolution of the existing trustees, in accordance with the charity's constitution.

## **Sparkle (South Wales)**

### **Trustees' Report**

#### ***Induction and training of trustees***

Consideration of appropriate and relevant skills and experience is given when introducing new trustees to the charity. The Chair person is responsible for making new trustees aware of their responsibilities under charity law, and arranging appropriate induction and training, to include safeguarding and autism awareness training. The Office Manager will ensure that disclosure and barring checks are undertaken where required, and that they complete the appropriate paperwork relating to confidentiality, conflict of interest and all relevant policies pertaining to the charity's business.

#### ***Major risks and management of those risks***

The trustees have considered the major risks to which the charity is exposed, have reviewed these risks and have established systems and procedures to manage them. The key risks identified by trustees include;

- increasing demand and costs without a similar increase in income.
- reliance on grants and small number of large benefactors.
- The Charity helps vulnerable young people and as such there is a need for very good systems, controls and training to ensure appropriate standards are maintained.
- COVID-19 and the challenges this poses to our operation and income.
- The ability to retain key staff members.

#### ***Retired trustees***

The other trustees who served and retired during the year were:

Dr M A Barber (resigned 30 April 2021)  
Ms M Ali (resigned 23 August 2021)  
Mr K Rutherford (resigned 9 December 2021)  
Mrs H Salmon (resigned 22 July 2021)

#### **Financial instruments**

##### ***Objectives and policies***

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at settlement value.

The trustees have considered the major risks to which the Charity is exposed, have reviewed these risks and have established internal systems and procedures to manage them.


#### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

## Sparkle (South Wales)

### Trustees' Report

The annual report was approved by the trustees of the charity on 13 October 2022 and signed on its behalf by:

  
.....  
Dr S Maguire  
Trustee

## Sparkle (South Wales)

### Statement of Trustees' Responsibilities

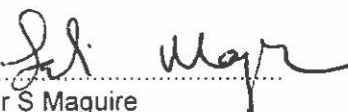
The trustees (who are also the directors of Sparkle (South Wales) for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations. The report and accounts have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 13 October 2022 and signed on its behalf by:

  
Dr S Maguire  
Trustee

## Sparkle (South Wales)

### Independent Examiner's Report to the trustees of Sparkle (South Wales) ("the Company")

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 March 2022.

#### Responsibilities and basis of report

As the charity's 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 Sparkle (South Wales) 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 charity'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.

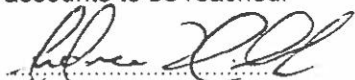
#### Independent examiner's statement

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 , 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:

1. accounting records were not kept in respect of Sparkle (South Wales) 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)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Andrew Hill FCCA ACA DChA BFP

Severn House  
Hazell Drive  
Newport  
South Wales  
NP10 8FY

Date: 25/10/22



## Sparkle (South Wales)

### Statement of Financial Activities for the Year Ended 31 March 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2022 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	77,605	603,729	681,334
Charitable activities	4	38,793	4,680	43,473
Other trading activities	5	3,263	-	3,263
Investment income	6	617	-	617
Total income		<u>120,278</u>	<u>608,409</u>	<u>728,687</u>
<b>Expenditure on:</b>				
Raising funds	7	(2,715)	(7,920)	(10,635)
Charitable activities	8	<u>(45,746)</u>	<u>(642,662)</u>	<u>(688,408)</u>
Total expenditure		<u>(48,461)</u>	<u>(650,582)</u>	<u>(699,043)</u>
Net income/(expenditure)		<u>71,817</u>	<u>(42,173)</u>	<u>29,644</u>
Net movement in funds		71,817	(42,173)	29,644
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>313,514</u>	<u>484,814</u>	<u>798,328</u>
Total funds carried forward	21	<u><u>385,331</u></u>	<u><u>442,641</u></u>	<u><u>827,972</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

### Statement of Financial Activities for the Year Ended 31 March 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

#### Statement of Financial Activities for the Year Ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	86,053	406,345	492,398
Charitable activities	4	28,426	478	28,904
Other trading activities	5	3,169	68	3,237
Investment income	6	2,355	-	2,355
Total income		<u>120,003</u>	<u>406,891</u>	<u>526,894</u>
<b>Expenditure on:</b>				
Raising funds	7	(16,004)	-	(16,004)
Charitable activities	8	<u>(39,379)</u>	<u>(447,303)</u>	<u>(486,682)</u>
Total expenditure		<u>(55,383)</u>	<u>(447,303)</u>	<u>(502,686)</u>
Net income/(expenditure)		64,620	(40,412)	24,208
Transfers between funds		<u>2,013</u>	<u>(2,013)</u>	-
Net movement in funds		66,633	(42,425)	24,208
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>246,881</u>	<u>527,239</u>	<u>774,120</u>
Total funds carried forward	21	<u><u>313,514</u></u>	<u><u>484,814</u></u>	<u><u>798,328</u></u>

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2021 is shown in note 21.

The notes on pages 16 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

(Registration number: 04238990)  
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	16	3,579	2,900
<b>Current assets</b>			
Debtors	17	228,724	20,260
Cash at bank and in hand	18	641,338	779,831
		870,062	800,091
<b>Creditors: Amounts falling due within one year</b>	19	(20,669)	(4,663)
<b>Net current assets</b>		849,393	795,428
<b>Total assets less current liabilities</b>		852,972	798,328
<b>Creditors: Amounts falling due after more than one year</b>	20	(25,000)	-
<b>Net assets</b>		827,972	798,328
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	21	442,641	484,814
<b>Unrestricted income funds</b>			
Unrestricted funds		385,331	313,514
<b>Total funds</b>	21	827,972	798,328

For the financial year ending 31 March 2022 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

### Directors' responsibilities:

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


These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The notes on pages 16 to 30 form an integral part of these financial statements.

**Sparkle (South Wales)**

**(Registration number: 04238990)**  
**Balance Sheet as at 31 March 2022**

The financial statements on pages 11 to 30 were approved by the trustees, and authorised for issue on 13 October 2022 and signed on their behalf by:

  
.....  
Dr S Maguire  
Trustee

The notes on pages 16 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

### Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash income		29,644	24,208
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	7	1,361	113
Investment income	6	<u>(617)</u>	<u>(2,355)</u>
		30,388	21,966
<b>Working capital adjustments</b>			
(Increase)/decrease in debtors	17	(208,464)	16,217
Increase/(decrease) in creditors	19	<u>16,006</u>	<u>(8,778)</u>
Net cash flows from operating activities		<u>(162,070)</u>	<u>29,405</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	617	2,355
Purchase of tangible fixed assets	16	<u>(2,040)</u>	<u>(3,013)</u>
Net cash flows from investing activities		(1,423)	(658)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	19	<u>25,000</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(138,493)	28,747
Cash and cash equivalents at 1 April		<u>779,831</u>	<u>751,084</u>
Cash and cash equivalents at 31 March		<u><u>641,338</u></u>	<u><u>779,831</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 16 to 30 form an integral part of these financial statements.

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **1 Charity status**

The charity is limited by guarantee, incorporated in the United Kingdom, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Serennu Children's Centre

Cwrt Camlas

Rogerstone

Newport

South Wales

NP10 9LY

These financial statements were authorised for issue by the trustees on 13 October 2022.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

##### **Basis of preparation**

The charity constitutes a public benefit entity as defined by 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) (effective 1 January 2015) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of the going concern basis is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Income and endowments**

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.

#### **Donations and legacies**

Donations are recognised when there is entitlement, when receipt is probable and the amount can be reliably measured. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

#### **Grants receivable**

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

#### **Deferred income**

Deferred income represents amounts received in respect of future periods and is released to incoming resources in the period for which it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the Charity has unconditional entitlement.

#### **Gifts in kind**

Gifts in kind have been valued in the accounts at the cost to the charity had it purchased the items directly.

#### **Gift aid**

Incoming resources from tax reclaims are included in the statement of financial activities at the same time as the gift to which they relate.

#### **Investment income**

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### **Raising funds**

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

#### **Charitable activities**

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### **Governance costs**

These include the costs attributable to the Charity's compliance with constitutional and statutory requirements, including independent review, strategic management and Trustee's meetings and reimbursed expenses.

#### **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £500 or more are initially recorded at cost.



## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Computer equipment	33% Straightline

#### Trade debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

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.

#### Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and legacies;				
Donations from companies, trusts and similar proceeds	7,969	-	7,969	69,228
Donations from individuals	30,509	51,000	81,509	70,948
Gift aid reclaimed	1,335	-	1,335	3,848
Grants, including capital grants;				
Grants from other charities	-	463,839	463,839	185,741
Grants from companies	-	2,000	2,000	(1,000)
Donations from trusts and other funders	37,792	86,890	124,682	163,633
	<u>77,605</u>	<u>603,729</u>	<u>681,334</u>	<u>492,398</u>

#### 4 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Clubs, activities and cafe sales	<u>38,793</u>	<u>4,680</u>	<u>43,473</u>	<u>28,904</u>

#### 5 Income from other trading activities

	Unrestricted funds General £	Total funds £	Total 2021 £
Events income;			
Fundraising events	<u>3,263</u>	<u>3,263</u>	<u>3,237</u>
	<u>3,263</u>	<u>3,263</u>	<u>3,237</u>

#### 6 Investment income

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Interest receivable and similar income;			
Interest receivable on bank deposits	<u>617</u>	<u>617</u>	<u>2,355</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 7 Expenditure on raising funds

	Direct costs £	Total 2022 £	Total 2021 £
Costs of generating donations and legacies	<u>10,635</u>	<u>10,635</u>	<u>16,004</u>

Of the above costs, £7,920 (2021 - £nil) were attributable to restricted funds and £2,715 (2021 - £16,004) were attributable to unrestricted funds.

#### 8 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2022 £	2021 £
Centre maintenance and upkeep and play equipment	189,911	27	189,938	114,321
Clubs, activities and cafe sales	403,345	90,738	494,083	369,935
Governance	-	4,387	4,387	2,426
	<u>593,256</u>	<u>95,152</u>	<u>688,408</u>	<u>486,682</u>

In addition to the expenditure analysed above, there are also governance costs of £4,387 (2021 - £3,140) which relate directly to charitable activities. See note 9 for further details.

Of the above costs, £642,662 (2021 - £447,303) were attributable to restricted funds and £45,746 (2021 - £39,379) were attributable to unrestricted funds.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 9 Analysis of governance and support costs

##### Support costs allocated to charitable activities

	Basis of allocation	Governance costs £	Staff costs £	Administration costs £	Total 2022 £	Total 2021 £
Centre and play equipment maintenance and upkeep	Hours	-	-	27	27	714
Clubs, activities and cafe sales	Hours	-	90,638	100	90,738	63,319
Governance	% of total activity costs	4,387	-	-	4,387	2,426
		<u>4,387</u>	<u>90,638</u>	<u>127</u>	<u>95,152</u>	<u>66,459</u>

##### Governance costs

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Independent examiner fees			
Examination of the financial statements	1,740	1,740	1,651
Depreciation, amortisation and other similar costs	1,361	1,361	113
Other governance costs	13	13	13
Allocated support costs	<u>1,273</u>	<u>1,273</u>	<u>1,362</u>
	<u>4,387</u>	<u>4,387</u>	<u>3,139</u>

#### 10 Net incoming/outgoing resources

Net incoming resources for the year include:

	2022 £	2021 £
Depreciation of fixed assets	<u>1,361</u>	<u>113</u>

#### 11 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 12 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
<b>Staff costs during the year were:</b>		
Wages and salaries	369,525	293,020
Social security costs	10,397	10,566
Pension costs	15,500	16,168
Other staff costs	24,304	11,319
	<u>419,726</u>	<u>331,073</u>

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year was as follows:

	2022 No	2021 No
Charitable activities	79	71
Governance	8	9
Administration	5	4
	<u>92</u>	<u>84</u>

11 (2021 - 9) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £15,502 (2021 - £16,168).

No employee received emoluments of more than £60,000 during the year.

The total employee benefits of the key management personnel of the charity were £75,941 (2021 - £48,883).

The average number of full time staff employed in the period was 10, and the average number of part time staff employed was 86. The equivalent number of full time staff employed would be estimated as 17.

#### 13 Independent examiner's remuneration

	2022 £	2021 £
Examination of the financial statements	<u>1,740</u>	<u>1,651</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 14 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 15 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £15,501 (2021 - £16,168).

#### 16 Tangible fixed assets

	Furniture and equipment £	Total £
<b>Cost</b>		
At 1 April 2021	8,500	8,500
Additions	<u>2,040</u>	<u>2,040</u>
At 31 March 2022	<u>10,540</u>	<u>10,540</u>
<b>Depreciation</b>		
At 1 April 2021	5,600	5,600
Charge for the year	<u>1,361</u>	<u>1,361</u>
At 31 March 2022	<u>6,961</u>	<u>6,961</u>
<b>Net book value</b>		
At 31 March 2022	<u>3,579</u>	<u>3,579</u>
At 31 March 2021	<u>2,900</u>	<u>2,900</u>

#### 17 Debtors

	2022 £	2021 £
Prepayments	185	185
Other debtors	<u>228,539</u>	<u>20,075</u>
	<u>228,724</u>	<u>20,260</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 18 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	21	21
Cash at bank	641,317	779,810
	<u>641,338</u>	<u>779,831</u>

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

	2022 £	2021 £
Other creditors	87	4,663
Accruals	20,582	-
	<u>20,669</u>	<u>4,663</u>

#### Other borrowings

Government Resilience Fund loan with a carrying amount of £25,000 (2021 - £nil) is denominated in sterling with a nominal interest rate of 3% (2021 - 0%). The final instalment is due on 26 April 2031.

Repayments of this loan will commence in April 2023 with repayment amounts to be determined. There is no interest on the loan for the first two years after receipt, and then the rate of 3% will apply from the twenty fifth month onwards. There are no penalty charges should the loan be repaid early.

#### 20 Creditors: amounts falling due after one year

	2022 £
Other loans	<u>25,000</u>

Included in other loans is a £25,000 blended grant loan from Wales Council for Voluntary Action. Repayments of this loan will commence in April 2023 with repayment amounts to be determined, and will be repaid in full by April 2031. There is no interest on the loan for the first two years after receipt, and then the rate of 3% will apply from the twenty fifth month onwards. There are no penalty charges should the loan be repaid early.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 21 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Balance at 31 March 2022 £
<b>Unrestricted funds</b>				
<b>General</b>				
Unrestricted income fund	313,514	119,798	(47,981)	385,331
<b>Restricted funds</b>				
AB Invoice	1,953	179,020	(67,388)	113,585
AB Medi Swim	14,648	-	(7,888)	6,760
ALN Parents Engagement	-	23,000	-	23,000
Barclays	29,612	-	-	29,612
Boshier	-	1,350	(1,350)	-
Cash 4 U	248	-	(248)	-
Children in Need	17,283	30,000	(30,131)	17,152
Covid Emergency Appeal	69,085	-	(64,177)	4,908
Frontier Medical Group Ltd	249,028	-	(177,383)	71,645
Gavo	-	4,836	(4,836)	-
HA ICC	-	2,898	(2,898)	-
Holiday Club	2,266	-	(367)	1,899
ICF	-	8,500	(8,500)	-
ICF NG	-	45,000	(45,000)	-
ISCAN	21,197	25,000	(1,675)	44,522
Mr N Harris	-	51,000	-	51,000
NCC Family First Play Club	-	72,809	(71,451)	1,358
NCC Family First Youth Club	-	14,081	(14,081)	-
Nevill Hall	25,327	4,680	(16,336)	13,671
Newsquest	-	3,484	-	3,484
O2E Clubs	54,167	15,000	(16,957)	52,210
Postcode	-	15,513	(11,360)	4,153
SF ICC	-	5,287	(5,287)	-
SF Serennu	-	10,020	(10,020)	-
Sport Foundation	-	5,000	(5,000)	-
Summer of Fun (SenCom)	-	2,001	(2,001)	-
Tesco Bags of Help Funding	-	2,000	(1,703)	297
TVA Third Sector ICF Funding	-	75,000	(72,211)	2,789
Winter of Wellbeing	-	12,930	(12,334)	596
<b>Total restricted funds</b>	<u>484,814</u>	<u>608,409</u>	<u>(650,582)</u>	<u>442,641</u>
<b>Total funds</b>	<u><u>798,328</u></u>	<u><u>728,207</u></u>	<u><u>(698,563)</u></u>	<u><u>827,972</u></u>



## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Funds for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>					
<b>General</b>					
Unrestricted income fund	246,881	120,003	(55,383)	2,013	313,514
<b>Restricted</b>					
AB Invoice	-	43,811	(41,858)	-	1,953
AB Medi Swim	-	35,000	(20,352)	-	14,648
ALN Parents Engagement	4,348	-	(4,348)	-	-
Barclays	33,537	-	(3,925)	-	29,612
Cash 4 U	-	932	(155)	(529)	248
Children in Need	1,766	32,934	(17,417)	-	17,283
Community Foundation Wales	-	5,772	(4,469)	(1,303)	-
Covid Emergency Appeal	99,864	35,170	(65,949)	-	69,085
Frontier Medical Group Ltd	286,082	26,000	(63,054)	-	249,028
Gavo	-	2,324	(2,324)	-	-
Holiday Club	3,107	-	(841)	-	2,266
ICF	-	6,968	(6,968)	-	-
ISCAN	23,275	-	(2,078)	-	21,197
NCC Additional	-	17,542	(16,361)	(1,181)	-
NCC Family First Play Club	-	39,708	(39,708)	-	-
NCC Family First Youth Club	-	12,141	(12,141)	-	-
Nevill Hall	29,658	879	(5,210)	-	25,327
O2E Clubs	33,746	23,000	(2,579)	-	54,167
Tesco Bags of Help Funding	-	(1,000)	-	1,000	-
The Waterloo Foundation	4,048	35,000	(39,048)	-	-
TVA Third Sector ICF Funding	7,808	-	(7,808)	-	-
Wales Council for Voluntary Action	-	90,710	(90,710)	-	-
<b>Total restricted funds</b>	<u>527,239</u>	<u>406,891</u>	<u>(447,303)</u>	<u>(2,013)</u>	<u>484,814</u>
<b>Total funds</b>	<u>774,120</u>	<u>526,894</u>	<u>(502,686)</u>	<u>-</u>	<u>798,328</u>

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

The specific purposes for which the funds are to be applied are as follows:

AB Invoice - To fund the Caretaker and Helping Hands parent support.

AB Medi Swim – Received from ABUHB, for funding leisure provisions.

ALN Parents Engagement – Received from ABUHB, for providing parents support and engagement.

Barclays – To be used to support the delivery of Sparkle activities.

Blaenau Gwent County Borough Council (HA ICC) – To provide leisure activities during the winter in Blaenau Gwent.

Blaenau Gwent County Borough Council Summer of Fun (SF ICC) – To provide leisure activities during the summer in Blaenau Gwent.

Boshier-Hinton Foundation - Funded Key Create music sessions in the clubs.

Cash 4 U - To set up a virtual youth forum, where young people attending Sparkle activities could volunteer their time to discuss how to improve our clubs and what activities they would like to be available.

Children in Need - To fund equipment, trips and activities.

Covid Emergency Appeal - To support staffing costs during the COVID-19 crisis.

Frontier Medical Group Limited - To contribute to the administrative staff wage costs, involved in running the Sparkle office, and also the caretaker wage costs.

GAVO Voluntary Sector Recovery Fund - To fund activities in Blaenau Gwent, Caerphilly, and Newport.

Holiday Club - To support clubs run during the holidays.

ICF Small Grants - To set up specialist leisure provision in Caerphilly.

ICF - To conduct a feasibility study into the development of a new Children's Centre and Transition Hub in North Gwent.

ISCAN - Received from ABUHB, for training and development.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

Newport City Council Families First (Play Club) - To provide play provisions for children aged 5 to 11 years.

Newport City Council Families First additional funding, Children's and Communities Grant - For salaries of the Family Liaison Officers (South) and team teach and bouldering wall training.

Newport City Council Families First (Youth Club) - To provide youth provisions for young people aged 12 to 17 years.

Newport City Council Summer of Fun - To run summer activities.

Newport City Council Winter of Wellbeing - To improve social and emotional wellbeing via activities during the winter.

Newsquest, Gannett Foundation- To create a woodland walk at Serennu Children's Centre.

Nevill Hall - To support Nevill Hall services.

Ordinary 2 Extraordinary Clubs (O2E) - To provide after school clubs for children to develop independent living and social skills whilst making friends and having fun.

Postcode Community Trust - To fund MediCinema screenings at Serennu Children's Centre.

Sports Foundation for the Disabled - Towards Dragons rugby sessions in clubs and training for leisure staff to use the new rebound facility at Serennu Children's Centre.

Torfaen County Borough Council Summer of Fun (SenCom) - To run summer activities.

Tesco Groundworks - To equip Little Stars stay and play provision.

Welsh Government Third Sector Resilience Fund - For Play Worker salaries in North Gwent, communications officer salary, website development, venue hire, equipment, staff costs including training and uniform, and accredited courses to be completed by staff.

#### 22 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds at 31 March 2022 £
Tangible fixed assets	3,579	-	3,579
Current assets	381,839	488,223	870,062
Current liabilities	(87)	(20,582)	(20,669)
Creditors over 1 year	-	(25,000)	(25,000)
Total net assets	<u>385,331</u>	<u>442,641</u>	<u>827,972</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 23 Analysis of net funds

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	779,831	(138,493)	641,338
Net debt	779,831	(138,493)	641,338

#### 24 Related party transactions

During the year the charity made the following related party transactions:

##### **Frontier Medical Group Ltd**

Relationship: Entity in which the spouse of a trustee has significant influence

During the year Frontier Medical Group Ltd, a company in which the spouse of a charity trustee has significant influence, made restricted donations of £67,983 (2021 - £26,000) to Sparkle (South Wales). At the balance sheet date the amount due to/from Frontier Medical Group Ltd was £nil (2021 - £nil).

##### **Mr N Harris**

Spouse of trustee

During the year Mr N Harris, the spouse of a trustee, made restricted donations totalling £51,000 (2021 - £nil) to Sparkle (South Wales). At the balance sheet date the amount due to/from Mr N Harris was £nil (2021 - £nil).