

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 2023

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

## **Sparkle (South Wales)**

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## **Sparkle (South Wales)**

### **Reference and Administrative Details**

<b>Trustees</b>	Mr M Gerrard Ms J Kelly Dr S Maguire Mrs J Sheppard Mr N G Williams Ms N Garnon Mr A Durston Stacey Elizabeth Hawdon Tracey Ann Pead
<b>Charity Registration Number</b>	1093690
<b>Company Registration Number</b>	04238990
	The charity is incorporated in the United Kingdom.
<b>Registered Office</b>	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 2023.

#### **Trustees**

Mr M Gerrard

Ms J Kelly

Dr S Maguire

Mrs J Sheppard

Mr N G Williams

Ms N Garnon

Mr A Durston

Stacey Elizabeth Hawdon (appointed 4 May 2023)

Tracey Ann Pead (appointed 30 March 2023)

#### **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 four 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;
4. Conduct in-depth evaluations of our services and explore unmet needs among our families.

The high standard of research being conducted within Sparkle is recognised by our links with Universities, keen to collaborate with us on our work. Currently we are formally collaborating with Cardiff University regarding the impact on children and their caregivers of our specialist leisure provision, and a collaboration with the University of South Wales regarding an analysis of trends in disability rates in Gwent and Wales overall, including modelling predictions for future rates of childhood disability. We are also working with partners in the Department of Child Psychology in ABUHB around an in-depth evaluation of the impact of specialist leisure provision for the most severely affected children, and working with our colleagues in Newport Childhood Disability team in the Local Authority around the development of an online tool to support young people and their carers at transition to adult services.

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

The charity's purpose is to benefit the children with disability or developmental difficulties, and their families in Gwent. The trustees can 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.



## **Sparkle (South Wales)**

### **Trustees' Report**

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***

We have continued to benefit from fantastic volunteers, currently we have 38 weekly volunteers, ranging in age from 16-70+, including some of our former service users. This equates to 6,815 hours of work, at a cost saving of £65,151.

#### **Achievements and performance**

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. The final report was submitted to the Regional Partnership Board in February 2023, following consultation with our families and partners in Health, Social Care.

Our fundraising activities continue to be negatively impacted 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. We continue to adapt to meet the needs of children and families and have seen demand grow exponentially during the pandemic. We have further expanded our services in an effort to provide equitable provision across Gwent, despite the added financial pressures this causes the charity.

The charity pursues a range of objectives in line with its overarching role in providing services and support to children with additional needs, and to their families. The COVID-19 Pandemic created significant challenges, both to our income, and our service delivery. Added to this, there has been a continuing rise in the number of children & young people (CYP) needing our specialist support, with an average of 10-15 new referrals per month.

Despite these challenges, we were pleased to resume all of our specialist leisure activities, and have expanded the number of places offered to CYP, such that we now have on average 150 children attending clubs in Serennu every week, in addition to 72 children accessing specialist swimming lessons per week.

In North Gwent, we have continued to expand the number of places for CYP, and currently have 38 children attending weekly clubs. These operate from a number of different sites as there is no suitable children's centre in North Gwent currently.

Further to our agreement to support Caerphilly, we now support all 5 local authorities within Gwent. We have commenced weekly clubs in Caerphilly Children's Centre and have 17 CYP accessing weekly clubs. We have also hired a local play centre to provide exclusive activities for our families in this region.

## **Sparkle (South Wales)**

### **Trustees' Report**

In addition to this, we offer three Medicinema screenings per week, family swim opportunities, family fun days and a 'stay and play' weekly session – 935 families are registered to attend all of these activities. These activities are open to families across the whole of Gwent, and we aim to provide Fun Days in different sites across the region to minimise travel time for families. We have also expanded our services by offering to facilitate children's parties in Serennu, which has been very popular with families who have nowhere else that is safe or appropriate for their children.

In line with our strategic aim of promoting optimal models of care for children with complex needs, we continue to conduct in-depth evaluations into services developed and delivered by Sparkle, and to disseminate these locally and nationally. The evaluations have directly informed our service delivery, and helped us to refine the services and facilities we offer. Our research officer is presenting the results of these evaluations at the Royal College of Paediatrics and Child Health, British Psychological Society, and the British Association of Childhood Disability. Two further scientific publications are under review with peer reviewed journals relating to disability. All of our in-depth evaluations are available as a 'lay summary' on our website: <https://www.sparkleappeal.org/research>.

Further to a grant from the Integrated Care Fund of Wales, we undertook an in-depth feasibility study on the need for, and proposed design of, a new Children's Centre to serve the families living in Blaenau Gwent, north Torfaen, north Caerphilly and north Monmouthshire. This report has now been submitted to the Children and Families Board, and will proceed to the Regional Partnership Board for consideration.

The fundraising environment remains challenging, with increased cost of living pressures restricting the amount that individuals or corporate donors have at their disposal. We have also noted a number of grant giving bodies are no longer able to award grants at the scale that they have previously. In this context, we are pleased that we have been able to expand and develop our services, without drawing too heavily on our financial reserves. We continue to work hard to secure grants and other income streams.

Our Research and Development Officer has been extremely busy over the last year, conducting in-depth evaluations of our services, and exploring unmet needs among our families. This work has included an annual survey of parent caregivers and young people themselves, an evaluation of the impact our outward bound residential trip had on the young people, and two in-depth reports relating to gaps in Childcare provision for families whose child is disabled (sent to the Chairman of the Local Government committee in Welsh Government) and the impact of co-location of health, social care and the voluntary sector on families and professionals (provided to Aneurin Bevan University Health Board - ABUHB). Furthermore, the unique work taking place in Gwent as a result of Sparkle's innovation and service provision has generated considerable interest around the UK, as highlighted by our Research Officer having papers accepted for presentation at the British Psychological Society annual conference, the Royal College of Paediatrics and Child Health annual conference and locally at Living our Best Lives conference in Wales.

Furthermore, the in-depth work we have undertaken to evaluate the impact of our services has been recognised by having two scientific papers published this year, one relating to our Family Liaison Service, and an evaluation of the Care Co-ordination service, which arose from feasibility work undertaken by Sparkle. All of these reports can be found on our website [www.sparkleappeal.org/research](http://www.sparkleappeal.org/research).

## **Sparkle (South Wales)**

### **Trustees' Report**

#### **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 £647,367.

Successful grant funding from the Children's and Communities Grant from Newport City Council and an extension grant from Children in Need had huge impacts on our family support and children's leisure services at Serennu Children's Centre. Significant awards of unrestricted funds from Edward Gostling Foundation, Garfield Weston Foundation and Postcode Community Trust ensured the continuation and growth of the charity, whilst the first instalment of a three-year grant from Masonic Charitable Foundation helped secure ongoing services in Caerphilly County Borough for the first time. Significant donations were received from Mr N Harris - £80,000, and the O2E charity - £27,500.

Grants and donations have been essential and our main sources of income, given the Charity's limited fundraising opportunities in the context of our location in a low income area, and current cost of living crisis.

Sparkle's unrestricted reserves have increased to £488,045 as of 31 March 2023. 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 full 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 pages 12 & 13 show how income and costs varied compared to the prior year.

For the new year costs are forecast to increase, reflecting our expansion, and the need to address the ever increasing waiting list of CYP who need to join our service. 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. Our newly appointed fundraising and communications team are tasked with increasing our fundraising income this year.

#### **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.

## **Sparkle (South Wales)**

### **Trustees' Report**

#### **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.
- Expand on 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 expand our staffing where feasible to run the clubs at capacity and offer the best outcomes for the children and young people we support.
- To explore options for upskilling community providers to accommodate more of our young people in an integrated community setting.
- 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 to 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 to 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.
- 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 increase our collaborative working with Local Authorities and statutory agencies to attract more commissioned work.

## **Sparkle (South Wales)**

### **Trustees' Report**

- Review and streamline policies and procedures within Sparkle to ensure greater robustness, efficiency, effectiveness and sustainability.
- To develop and expand our service offering to families within Caerphilly, subject to appropriate funding.
- Continue to conduct in depth evaluations of our services, and exploring unmet needs among our families.
- To collaborate with schools.
- To develop low-cost activities with families.

#### **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 following an open application process, in line with specific roles and responsibilities required by the Board. All interested applicants are interviewed by the Chairperson, and independently by at least one other trustee. Following this, if appropriate, they are appointed by a resolution of the existing trustees, in accordance with the charity's constitution.

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

Consideration of appropriate and relevant skills and experience is given when introducing new trustees to the charity. The Chairperson 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, and that they complete the appropriate paperwork relating to confidentiality, conflict of interest and all relevant policies pertaining to the charity's business.

## **Sparkle (South Wales)**

### **Trustees' Report**

#### ***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 a 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;
- the relationship with the Health Board.

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

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

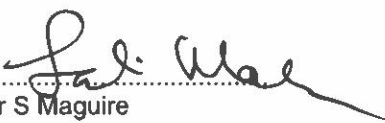
Rebecca Wright (appointed 19 May 2022, resigned 19 January 2023)  
Mrs R Harwood Lincoln (resigned 8 June 2023)

#### **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 annual report was approved by the trustees of the charity on 21 September 2023 and signed on its behalf by:

  
Dr S Maguire  
Trustee

## **Sparkle (South Wales)**

### **Statement of Trustees' Responsibilities**

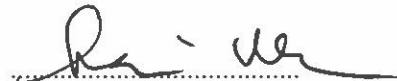
The trustees (who are also the directors of Sparkle (South Wales) for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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 21 September 2023 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 2023.

#### 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: 6/10/23



## Sparkle (South Wales)

### Statement of Financial Activities for the Year Ended 31 March 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2023 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	138,602	438,166	576,768
Charitable activities	4	64,879	198	65,077
Other trading activities	5	4,563	-	4,563
Investment income	6	959	-	959
Total income		<u>209,003</u>	<u>438,364</u>	<u>647,367</u>
<b>Expenditure on:</b>				
Raising funds	7	(2,673)	(8,852)	(11,525)
Charitable activities	8	<u>(143,616)</u>	<u>(516,254)</u>	<u>(659,870)</u>
Total expenditure		<u>(146,289)</u>	<u>(525,106)</u>	<u>(671,395)</u>
Net income/(expenditure)		<u>62,714</u>	<u>(86,742)</u>	<u>(24,028)</u>
Net movement in funds		62,714	(86,742)	(24,028)
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>385,331</u>	<u>442,641</u>	<u>827,972</u>
Total funds carried forward	21	<u><u>448,045</u></u>	<u><u>355,899</u></u>	<u><u>803,944</u></u>

The notes on pages 15 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

### Statement of Financial Activities for the Year Ended 31 March 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

#### Statement of Financial Activities for the Year Ended 31 March 2022

	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>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2022 is shown in note 21.

The notes on pages 15 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

(Registration number: 04238990)  
Balance Sheet as at 31 March 2023


	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	16	1,911	3,579
<b>Current assets</b>			
Debtors	17	148,774	228,724
Cash at bank and in hand	18	693,809	641,338
		842,583	870,062
<b>Creditors: Amounts falling due within one year</b>	19	(40,550)	(20,669)
<b>Net current assets</b>		802,033	849,393
<b>Total assets less current liabilities</b>		803,944	852,972
<b>Creditors: Amounts falling due after more than one year</b>	20	-	(25,000)
<b>Net assets</b>		803,944	827,972
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	21	355,899	442,641
<b>Unrestricted income funds</b>			
Unrestricted funds		448,045	385,331
<b>Total funds</b>	21	803,944	827,972

For the financial year ending 31 March 2023 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.

The financial statements on pages 11 to 30 were approved by the trustees, and authorised for issue on 21 September 2023 and signed on their behalf by:

  
Dr S Maguire  
Trustee

The notes on pages 15 to 30 form an integral part of these financial statements.

## Sparkle (South Wales)

### Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Net cash (expenditure)/income		(24,028)	29,644
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	9	1,668	1,361
Investment income	6	<u>(959)</u>	<u>(617)</u>
		(23,319)	30,388
<b>Working capital adjustments</b>			
Decrease/(increase) in debtors	17	79,950	(208,464)
(Decrease)/increase in creditors	19	(19,813)	16,006
Increase in deferred income	19	<u>39,694</u>	<u>-</u>
Net cash flows from operating activities		<u>76,512</u>	<u>(162,070)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	959	617
Purchase of tangible fixed assets	16	<u>-</u>	<u>(2,040)</u>
Net cash flows from investing activities		959	(1,423)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	20	<u>(25,000)</u>	<u>25,000</u>
Net increase/(decrease) in cash and cash equivalents		52,471	(138,493)
Cash and cash equivalents at 1 April		<u>641,338</u>	<u>779,831</u>
Cash and cash equivalents at 31 March		<u>693,809</u>	<u>641,338</u>

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

The notes on pages 15 to 30 form an integral part of these financial statements.

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2023**

#### **1 Charity status**

The charity is limited by share capital, incorporated in the United Kingdom.

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 21 September 2023.

#### **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 2023**

#### **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 2023**

#### **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 2023

#### 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 2023

#### 3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2023 £	Total 2022 £
Donations and legacies;				
Donations from companies, trusts and similar proceeds	19,998	127,764	147,762	7,969
Donations from individuals	42,343	-	42,343	81,509
Legacies	1,537	-	1,537	-
Gift aid reclaimed	1,335	14,000	15,335	1,335
Grants, including capital grants;				
Grants from other charities	-	237,041	237,041	463,839
Grants from companies	-	-	-	2,000
Donations from trusts and other funders	73,389	59,361	132,750	124,682
	<u>138,602</u>	<u>438,166</u>	<u>576,768</u>	<u>681,334</u>

#### 4 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total 2023 £	Total 2022 £
Clubs, activities and cafe sales	<u>64,879</u>	<u>198</u>	<u>65,077</u>	<u>43,473</u>

#### 5 Income from other trading activities

	Unrestricted funds General £	Total funds £	Total 2022 £
Events income;			
Fundraising events	<u>4,563</u>	<u>4,563</u>	<u>3,263</u>

#### 6 Investment income

	Unrestricted funds General £	Total 2023 £	Total 2022 £
Interest receivable and similar income;			
Interest receivable on bank deposits	<u>959</u>	<u>959</u>	<u>617</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 7 Expenditure on raising funds

	Direct costs £	Total 2023 £	Total 2022 £
Costs of generating donations and legacies	<u>11,525</u>	<u>11,525</u>	<u>10,635</u>

Of the above costs £8,852 (2022 - £7,920) were attributable to restricted funds and £2,673 (2022 - £2,715) were attributable to unrestricted funds.

#### 8 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2023 £	2022 £
Centre maintenance and upkeep and play equipment	67,607	-	67,607	189,938
Clubs, activities and cafe sales	517,890	70,292	588,182	494,083
Governance	<u>-</u>	<u>4,081</u>	<u>4,081</u>	<u>4,387</u>
	<u>585,497</u>	<u>74,373</u>	<u>659,870</u>	<u>688,408</u>

In addition to the expenditure analysed above there are also governance costs of £4,081 (2022 - £4,387) which relate directly to charitable activities. See note 9 for further details.

Of the above costs £516,254 (2022 - £642,662) were attributable to restricted funds and £143,616 (2022 - £45,746) were attributable to unrestricted funds.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 9 Analysis of governance and support costs

##### Support costs allocated to charitable activities

	Basis of allocation	Governance costs £	Staff costs £	Total 2023 £	Total 2022 £
Centre and play equipment maintenance and upkeep	Hours	-	-	-	27
Clubs, activities and cafe sales	Hours	-	70,292	70,292	90,738
Governance	% of total activity costs	4,081	-	4,081	4,387
		<u>4,081</u>	<u>70,292</u>	<u>74,373</u>	<u>95,152</u>

##### Governance costs

	Unrestricted funds General £	Restricted funds £	Total 2023 £	Total 2022 £
Independent examiner fees				
Examination of the financial statements	2,413	-	2,413	1,740
Depreciation, amortisation and other similar costs	628	1,040	1,668	1,361
Other governance costs	-	-	-	13
Allocated support costs	-	-	-	1,273
	<u>3,041</u>	<u>1,040</u>	<u>4,081</u>	<u>4,387</u>

#### 10 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	2023 £	2022 £
Depreciation of fixed assets	<u>1,668</u>	<u>1,361</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 11 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

##### Mrs R Harwood Lincoln

£71 (2022: £nil) of expenses were reimbursed to Mrs R Harwood Lincoln during the year.

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

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

#### 12 Staff costs

The aggregate payroll costs were as follows:

	2023 £	2022 £
<b>Staff costs during the year were:</b>		
Wages and salaries	455,030	369,525
Social security costs	15,987	10,397
Pension costs	11,094	15,500
Other staff costs	40,115	24,304
	<u>522,226</u>	<u>419,726</u>

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

	2023 No	2022 No
Charitable activities	94	79
Governance	11	8
Administration	5	5
	<u>110</u>	<u>92</u>

10 (2022 - 11) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £11,094 (2022 - £15,500).

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 £89,820 (2022 - £75,941).

The average number of full time staff employed in the period was 9, and the average number of part time staff employed was 101. The equivalent number of full time staff employed would be estimated as 17.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 13 Independent examiner's remuneration

	2023 £	2022 £
Examination of the financial statements	<u>2,413</u>	<u>1,740</u>

#### 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 £11,094 (2022 - £15,500).

#### 16 Tangible fixed assets

	Furniture and equipment £	Total £
<b>Cost</b>		
At 1 April 2022	<u>10,540</u>	<u>10,540</u>
At 31 March 2023	<u>10,540</u>	<u>10,540</u>
<b>Depreciation</b>		
At 1 April 2022	6,961	6,961
Charge for the year	<u>1,668</u>	<u>1,668</u>
At 31 March 2023	<u>8,629</u>	<u>8,629</u>
<b>Net book value</b>		
At 31 March 2023	<u>1,911</u>	<u>1,911</u>
At 31 March 2022	<u>3,579</u>	<u>3,579</u>

#### 17 Debtors

	2023 £	2022 £
Prepayments	-	185
Other debtors	<u>148,774</u>	<u>228,539</u>
	<u>148,774</u>	<u>228,724</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 18 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	21	21
Cash at bank	693,788	641,317
	<u>693,809</u>	<u>641,338</u>

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

	2023 £	2022 £
Other creditors	856	87
Accruals	-	20,582
Deferred income	39,694	-
	<u>40,550</u>	<u>20,669</u>

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

	2023 £	2022 £
Other loans	-	25,000

The £25,000 blended grant loan from Wales Council for Voluntary Action was repaid in March 2023. There was no interest due on the loan at the date of repayment and no penalty charges incurred for early repayment.

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 21 Funds

	Balance at 1 April 2022 £	Incoming resources £	Resources expended £	Balance at 31 March 2023 £
<b>Unrestricted funds</b>				
<b>General</b>				
Unrestricted income fund	385,331	209,004	(146,290)	448,045
<b>Restricted funds</b>				
AB Invoice	113,585	12,180	(12,180)	113,585
AB Medi Swim	6,760	-	(6,760)	-
ALN Parents Engagement	23,000	-	-	23,000
Barclays	29,612	-	(20,031)	9,581
Blackwood Engineering	-	6,000	-	6,000
Blaenau Gwent CC	-	1,535	(1,535)	-
Caerphilly CBC	-	2,941	(2,677)	264
Children in Need	17,152	30,500	(46,563)	1,089
Covid Emergency Appeal	4,908	-	(4,908)	-
Edward Gostling Foundation	-	25,000	(25,000)	-
Frontier Medical Group Ltd	71,645	-	(71,645)	-
Gavo	-	5,000	(5,000)	-
Hodge Foundation	-	5,000	(5,000)	-
Holiday Club	1,899	-	(1,899)	-
ICF NG	-	33,900	(33,900)	-
ISCAN	44,522	-	(21,586)	22,936
Mary Homfray Charitable Trust	-	2,000	(2,000)	-
Masonic Charitable Foundation	-	19,847	(2,928)	16,919
Mr J Harris	-	21,250	(5,059)	16,191
Mr N Harris	51,000	92,750	(76,368)	67,382
NCC Family First Play Club	1,358	43,841	(44,428)	771
NCC Family First Youth Club	-	15,519	(15,519)	-
NCC FF FLO	-	49,514	(49,514)	-
NCC PBP	-	14,219	-	14,219
NCC Summer	-	10,346	(10,346)	-
Nevill Hall	13,671	198	(13,398)	471
Newsquest	3,484	-	(3,484)	-
O2E Clubs	52,210	27,500	(20,187)	59,523
Peter Harrison Foundation	-	7,000	(5,571)	1,429
Postcode	4,153	-	(4,153)	-
Prin Wales	-	5,000	(3,456)	1,544
Sport Foundation	-	2,500	(2,500)	-

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

	Balance at 1 April 2022 £	Incoming resources £	Resources expended £	Balance at 31 March 2023 £
Tesco Bags of Help Funding	297	-	(297)	-
The Percy Bilton Charity	-	4,584	(4,584)	-
The Waterloo Foundation	-	1,500	(505)	995
TVA Third Sector ICF Funding	2,789	-	(2,789)	-
Winter of Wellbeing	596	-	(596)	-
<b>Total restricted funds</b>	<b>442,641</b>	<b>439,624</b>	<b>(526,366)</b>	<b>355,899</b>
<b>Total funds</b>	<b>827,972</b>	<b>648,628</b>	<b>(672,656)</b>	<b>803,944</b>



## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### Funds for the Year Ended 31 March 2022

	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</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>	<b>484,814</b>	<b>608,409</b>	<b>(650,582)</b>	<b>442,641</b>
<b>Total funds</b>	<b>798,328</b>	<b>728,207</b>	<b>(698,563)</b>	<b>827,972</b>

## **Sparkle (South Wales)**

### **Notes to the Financial Statements for the Year Ended 31 March 2023**

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.

Blackwood Engineering Trust – To equip an art room at Serennu Children's Centre.

Blaenau Gwent County Council, Loneliness and Isolation Fund - To fund activities in Blaenau Gwent.

Caerphilly County Borough Council - To fund sensory resources.

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

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

Edward Gostling Foundation - Towards core costs.

Frontier Medical Group Limited - To contribute to the administrative staff wage costs.

GAVO Regional Integration Fund - To fund leisure staff salaries in Blaenau Gwent.

Hodge Foundation - To fund leisure staff salaries in the North and West of Gwent leisure.

Holiday Club - To support clubs run during the holidays.

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.

Mary Homfray Charitable Trust - To fund leisure staff salaries in Caerphilly.

Masonic Charitable Foundation - To fund leisure staff salaries in Caerphilly.

Mr Nigel Harris - To fund research and development activities and administrative staff salaries.

Mr John Harris - To fund enrichment activities.

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

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

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

Newport City Council Participatory Budget - To fund after school activities.

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

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

Nevill Hall - To support Nevill Hall services.

Newsquest, Gannett Foundation - To contribute towards the creation of a woodland walk at Serennu Children's Centre.

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.

Peter Harrison Foundation - To fund swimming staff costs.

Postcode Community Trust - Towards core costs.

Principality Building Society's Future Generation Fund - To fund administration salaries in Gwent.

Sports Foundation for the Disabled - To fund swimming direct costs.

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

TVA Third Sector ICF Funding - Was granted to the charity to contribute to the Family Liaison service costs which supports parents/carers of children with complex needs.

Waterloo Foundation - To fund dissemination of research related to child development.

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 2023 £
Tangible fixed assets	1,911	-	1,911
Current assets	446,990	395,593	842,583
Current liabilities	(856)	(39,694)	(40,550)
Total net assets	<u>448,045</u>	<u>355,899</u>	<u>803,944</u>

## Sparkle (South Wales)

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 23 Analysis of net funds

	At 1 April 2022 £	Financing cash flows £	At 31 March 2023 £
Cash at bank and in hand	641,338	52,471	693,809
Net debt	641,338	52,471	693,809

#### 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 £nil (2021 - £67,983) to Sparkle (South Wales). At the balance sheet date the amount due to/from Frontier Medical Group Ltd was £nil (2022 - £nil).

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

Spouse of trustee

During the year Mr N Harris, the spouse of a trustee, made restricted donations of £80,000 (2022 - £51,000) and unrestricted donation of £10,080 (2022 - £nil) to Sparkle (South Wales). At the balance sheet date the amount due to/from Mr N Harris was £nil (2022 - £nil).