

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2020

REGISTERED CHARITY NUMBER: 1101914

COMPANY NUMBER: 04882693

R J FRANCIS AND CO.
Chartered Accountants
& Registered Auditors
Marshall Business Centre
Faraday Road
Hereford
HR4 9NS

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

FOR THE YEAR ENDED 31ST AUGUST 2020

<u>CONTENTS:</u>	<u>PAGE</u>
Company Information	1
Trustees' Annual Report	2 – 5
Accountants Report	6
Statement of Financial Activities	7
Balance Sheet	8
Notes to the Accounts	9 - 12

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

COMPANY INFORMATION

Charity Name: Gateway (Education & Childcare) Trust Limited

Charity Number: 1101914

Company Number: 04882693

Trustees/ Directors: Mr A J Larkin, Chair of Trustees
Mr T J Bryant
Mr M G McGill
Mrs R D McGill
Mrs H J Pearson
Mr D Squire

Registered Office: The Gateway Centre
Longworth Lane
Bartestree
Hereford
HR1 4GA

Accountants: R J Francis & Co Limited
Marshall Business Centre
Faraday Road
Hereford
HR4 9NS

Solicitors: Lambe Corner & Co
Bridge Street
Hereford
HR4 9DJ

Bankers: Lloyds TSB Bank plc
High Town
Hereford
HR1 2AE

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

The Trustees, who are also Directors of the Charity for the purposes of the Companies Act, submit their financial statements for the year ended 31st August 2020.

The Charity is a charitable Company limited by guarantee and was set up to provide pre-school nursery and out of school activities. It is governed by a memorandum and articles of association.

Structure, Governance and Management

The Trustees in office during the YEAR were as follows:

Mr A J Larkin, Chair of Trustees
Mr T J Bryant
Mr M G McGill
Mrs R D McGill
Mrs H J Pearson
Mr D Squire

The Company does not have share capital, being limited by guarantee.

Mrs J Larkin is the senior staff member to whom day to day management of the Charity is delegated by the Trustees.

Potential new Trustees are identified through local knowledge and contacts within the surrounding community and include interested parents using the children's nursery, local professionals and members of the local community themselves.

Discussions take place with potential new Trustees about:

- Duties
- Responsibilities
- Aspirations of the Nursery
- Meetings (timings / content)
- Added value to the community

The candidates also have the opportunity to attend meetings of the existing Trustees.

The nursery comprises those members as detailed above. Decisions are made at the Trustees' meetings on a majority basis, although outcomes are unusually unanimous in view of the commonality of desire to achieve the aims and objectives of the Trust for the benefit of the local and wider community and the nursery staff itself.

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of the Charity for the purposes of Company Law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company for the YEAR. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Company will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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 of the detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- There is no relevant information of which the charitable Company's auditor is unaware: and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Reserves policy

It is the policy of the Charity to maintain unrestricted funds at a level which equates to approximately 3 months of unrestricted expenditure to provide sufficient funds to cover management, administration and support costs. Due to rising costs, we have been unable to maintain this, but we are taking action to ensure future reserves will be established, as explained in the financial review.

Risk

Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects. These procedures are regularly reviewed to ensure they meet the needs of the Charity.

Principle identified risks

Cost Pressures

Staffing remains the main overhead, particularly as child numbers increased again in the year and maternity cover continued.

Objectives and activities

The Charity is established to provide pre-school nursery and out of school activities. The object of the nursery is to enhance the development and education of the children under statutory school age by encouraging parents to understand and provide for the needs of their children through the activities of the nursery.

The nursery promotes the care and education of children in need of care during out of school hours and during the school holidays.

The nursery also seeks to promote, for the inhabitants of the parish of Lugwardine and Bartestree and the neighbourhood without distinction of sex, sexual orientation, race or of political, religious or other opinions, by associating together the said inhabitants and the local authorities, voluntary and other organisations in a common effort to advance education and to provide facilities in the interests of social welfare for recreation and leisure time occupation with the object of improving the conditions of life for the said inhabitants.

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

Achievements and Performance

The setting remains a charitable body governed by its objects and also remains a company limited by guarantee. The Trust owns the freehold of the buildings and land and governs the day-to-day activities of Gateway Nursery.

Last year, the Trustees took the decision to alter the financial year end to 31st August to reflect the end/start of the academic year when the setting's oldest children transition to primary school. The financial year ended 31st August 2020 therefore reflects a return to a normal twelve month trading period from the 1st September 2019. This again though makes a year-on-year comparison difficult when reviewing these latest financial statements with the previous seventeen month financial year.

That said, and like so for many other businesses, the global COVID-19 pandemic has had a significant impact on normal trading activity anyway, about which we provide further comment below.

Total income for the financial year end 31st August 2020 was £653,644 and with expenditure totalling £642,345, we achieved a surplus for the financial year of £11,299. Fee income normally accounts for almost all of normal incoming resources, however, this financial year the pandemic brought a change to the composition of income. Normal fee income comprised just £532,557 (compared with £686,173 for the twelve months 1st April 2018 to 31st March 2019) but in lieu of normal trading income, we were able to benefit from the Government's Job Retention Scheme furlough income (£74,550), a Small Business Grant (£25,000), other grant income (£6,546) and an interim payment from a claim under the setting's Business Interruption Insurance (£14,000). Without these additional income streams a certain deficit position would have arisen.

In terms of the balance sheet, fixed assets at the end of the new financial year to 31st August 2020 stood at £308,080, down from £314,686 at the 2019 financial year end. These fixed assets comprise primarily land and buildings. Cash balances totalled £55,267 increasing from £32,672 as at 31st March 2019.

Of the total expenditure, staffing remains the main overhead at 484,319, 75% of total costs. This was broadly consistent with the previous extended 17 month financial year which was 76% of total expenditure. Costs were impacted by the appointment of a new manager who commenced in role in January 2020 but was brought in to commence the transition of management as part of succession planning to allow long-standing Senior Manager Judith Larkin to step down after over 30 years and instead focus on outside projects and financial administration. The surplus position, however, was particularly pleasing as we continued to invest in the business, with new resources, equipment and improvements to the premises.

For the first time, management accounts have been produced, initially for the eight months 1st September 2020 to 30th April 2021. These highlight total income of £465,075 where, again, the impact of the pandemic, particularly on child attendance and therefore fee income, has been significant, exacerbated by lower JRS furlough income (£20,150), the lack of any further Government grant support and a final payment (£48,454) under the Business Interruption Insurance claim which was limited to a maximum three month claim period. Furlough income was impacted as we were only able to claim 65% of available income for those staff working with funded children as NEF funding continued to be paid and contributed towards those staff members' salaries.

Expenditure for the eight months totalled ££438,733, providing a surplus position of £26,342 as at 30th April 2021 which again is very encouraging given the current continuing challenging environment caused by the pandemic and bodes well for the financial year end as at 31st August 2021.

Following the first Government lockdown which commenced 23rd March 2020, the setting did remain open for key workers in line with Government guidance but it quickly became difficult to manage the balance between child numbers attending (significantly lower) and the cost of staffing and the decision to close was taken from the 31st March.

All staff except two managers and those required for maintenance purposes were furloughed, and a decision was made to lay off those apprentices who had completed their awards and one member of staff was also made redundant.

The setting reopened on the 18th June with nine staff initially, the remainder continuing on furlough, and a gradual increase in the number of children was seen where, up until the end of the financial year, 31st August 2020, only five of the usual cohort were not in attendance. Measures were brought in to limit the contact between staff and parents and children were admitted at specific points outside the building and maintained in room groups wherever possible.

A number of staff changes were seen up until the end of the financial year and a recruitment drive was initiated, allowing a wider review of staffing to be undertaken.

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

The Early Years sector continued to remain open during the second Government lockdown, with almost daily amendments to guidelines and Covid-compliance requirements, making this the most challenging period ever for all those involved with the setting, including staff, parents and children.

Thankfully, at the time of reporting, we remain Covid-free and continue to carry out our strict Covid procedures.

This year, above all others, the Trustees would like to thank both the staff and senior management team for their fortitude and dedication during what has been an unprecedented period of challenge to which they have risen incredibly and the Trustees will continue to provide whatever support is necessary over the forthcoming months as we hopefully begin to overcome the worst of the pandemic.

Statement of disclosure of information to accountants

We, the Directors of the Company who held office at the date of approval of these financial statements, as set out above, each confirm so far as we are aware, that:

- There is no relevant audit information of which the Company's accountants are unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant information and to establish that the Company's accountants are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's Website.

Accountants

A resolution proposing that R J Francis & Co Limited be re-appointed as accountants of the Charity will be proposed at the Annual General Meeting.

Signed on behalf of the Board of Trustees

A J Larkin
Chair of Trustees
4th August 2021

ACCOUNTANTS REPORT

FOR THE YEAR ENDED 31ST AUGUST 2020

Independent examiner's report to the Trustees of Gateway (Education & Childcare) Trust Limited

I report on the accounts of the company for the year ended 31st August 2020 which are set out on pages 7 to 12.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. [The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the ICAEW (Institute of Chartered Accountants in England and Wales).]

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

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

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements:
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
 - (b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

R J Francis
For and on behalf of R J Francis & Co Ltd
4th August 2021

Marshall Business Centre
Faraday Road
Hereford
HR4 9NS

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31ST AUGUST 2020

	Note	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total Funds</u> <u>2020</u> £	<u>Total Funds</u> <u>2019</u> £
<u>INCOMING RESOURCES</u>					
Income resources from generated funds					
Interest received		19	-	19	12
Incoming resources from charitable activities	2	653,625	-	653,625	1,007,918
<u>TOTAL INCOMING RESOURCES</u>		<u>653,644</u>	<u>-</u>	<u>653,644</u>	<u>1,007,930</u>
<u>RESOURCES EXPENDED</u>					
Charitable activities	3	612,274	-	612,274	940,388
Governance costs	4	30,071	-	30,071	44,467
<u>TOTAL RESOURCES EXPENDED</u>		<u>642,345</u>	<u>-</u>	<u>642,345</u>	<u>984,855</u>
<u>NET MOVEMENT IN FUNDS</u>		11,299	-	11,299	23,075
<u>TOTAL FUNDS BROUGHT FORWARD</u>		56,830	236,209	293,039	269,964
<u>TOTAL FUNDS CARRIED FORWARD</u>	8	<u>68,129</u>	<u>236,209</u>	<u>£304,338</u>	<u>£293,039</u>

All amounts derive from continuing activities.

There were no recognised gains or losses other than through the Statement of Financial Activities.

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

BALANCE SHEET

31ST AUGUST 2020

	Note	£	<u>2020</u>	£	£	<u>2019</u>	£
<u>FIXED ASSETS</u>							
Tangible Assets	5		308,080			314,686	
<u>CURRENT ASSETS</u>							
Debtors	6	11,076			14,980		
Cash at Bank and in hand		55,267			32,672		
		<u>66,343</u>			<u>47,652</u>		
<u>CREDITORS: Amounts falling due within one year</u>							
	7	70,085			69,299		
<u>NET CURRENT (LIABILITIES)</u>							
			(3,742)			(21,647)	
<u>TOTAL ASSETS LESS TOTAL LIABILITIES</u>							
			<u>£304,338</u>			<u>£293,039</u>	
<u>FUNDS</u>							
Unrestricted	8	68,129			56,830		
Restricted	8	236,209			236,209		
		<u>£304,338</u>			<u>£293,039</u>		

The Accounts have been delivered in accordance with the provisions applicable to Companies subject to the Small Companies Regime.

The financial statements were approved and signed on behalf of the board on 4th August 2021.

..... Director
A J Larkin

Chair of Trustees/Director

Charity Number: 1101914
Company Number: 04882693

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2020

1. ACCOUNTING POLICIES

a) Basis of preparing the financial statements

The financial statements have been prepared in accordance with the charities SORP (FRS 102) "Accounting and Reporting by charities applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

b) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

c) Tangible Fixed Assets

Tangible fixed assets are stated in the accounts at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Motor Vehicles	-	20% Straight Line
Plant and Machinery	-	20% Straight Line
Property Improvements	-	4% Straight Line
Freehold Property	-	2% Straight Line

d) Incoming Resources

Grants and Local Authority Fees are credited to the Statement of Financial Activities in the year for which they are received.

Fees receivable and charges for services are accounted for in the year in which the service is provided.

e) Resources Expended

Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of any value added tax which cannot be recovered. They are allocated to the particular activity to which they relate.

2. ANALYSIS OF INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	<u>2020</u> £	<u>2019</u> £
Fees	532,557	1,005,277
Other Income	972	2,641
Insurance Claim	14,000	-
JRS Furlough Income	74,550	-
Small Business Grant	25,000	-
Other Grant Income	6,546	-
	<u>£653,625</u>	<u>£1,007,918</u>

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST AUGUST 2020

3. ANALYSIS OF RESOURCES EXPENDED

<u>Charitable Activities</u>	<u>Basis of Allocation</u>	<u>Charitable Activities</u> £	<u>Governance Costs</u> £	<u>Total 2020</u> £	<u>Total 2019</u> £
<u>Teaching and care of children</u>					
Wages	Direct	484,319	-	484,319	751,767
Foods and disposables	Direct	24,021	-	24,021	34,828
Training expenses and healthcare	Direct	5,333	-	5,333	10,093
Sundry	Direct	2,905	-	2,905	2,921
Activity Costs	Direct	3,516	-	3,516	12,065
		520,094	-	520,094	811,674
<u>Running costs</u>					
Light, heat & power	Direct	8,376	-	8,376	11,885
Grounds maintenance	Direct	7,638	-	7,638	10,219
Premises expenses	Direct	15,734	-	15,734	18,534
Sundry expenses	Direct	2,725	-	2,725	4,682
Telephone, postage and stationery	Direct	9,924	-	9,924	12,204
Advertising	Direct	427	-	427	1,083
Travel and motor running	Direct	10,618	-	10,618	18,747
Equipment repairs	Direct	8,260	-	8,260	17,977
Insurance	Direct	3,851	-	3,851	4,885
Loss on disposal of motor vehicle	Direct	636	-	636	-
Bad debt provision	Direct	2,480	-	2,480	-
		70,669	-	70,669	100,216
<u>Administration Costs</u>					
Depreciation	Direct	19,424	-	19,424	25,737
Bank charges and interest	Direct	2,087	-	2,087	2,731
Bank Loan Interest	Direct	-	-	-	30
		21,511	-	21,511	28,498
<u>Total charitable activities costs</u>		612,274	-	612,274	940,388
4. <u>Governance costs</u>					
Accountancy	Direct	-	6,350	6,350	6,350
Legal and professional	Direct	-	23,721	23,721	38,117
		-	30,071	30,071	44,467

NET INCOMING RESOURCES

	<u>2020</u> £	<u>2019</u> £
Net incoming resources are stated after charging		
Accountancy	6,350	6,350
Depreciation	19,424	25,737

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST AUGUST 2020

5.	<u>TANGIBLE FIXED ASSETS</u>	<u>Telephone Exchange Conversion</u> £	<u>Property Improvements</u> £	<u>Land & Buildings</u> £	<u>Equipment Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
	<u>Cost</u>						
	At 1 st April 2019	59,226	144,372	239,376	94,125	1,425	538,524
	Additions	-	4,913	-	7,066	1,575	13,554
	Disposals	-	-	-	-	(1,425)	(1,425)
	At 31 st August 2020	59,226	149,285	239,376	101,191	1,575	550,653
	<u>Depreciation</u>						
	At 1 st April 2019	27,045	36,848	78,599	80,657	689	223,838
	Charge for the Year	2,369	5,569	4,788	6,383	315	19,424
	On Disposals	-	-	-	-	(689)	(689)
	At 31 st August 2020	29,414	42,417	83,387	87,040	315	242,573
	<u>Net Book Value</u>						
	At 31 st August 2020	29,812	106,868	155,989	14,151	1,260	£308,080
	At 31 st March 2019	32,181	107,524	160,777	13,468	736	£314,686
6.	<u>DEBTORS</u>					<u>2020</u> £	<u>2019</u> £
	Trade Debtors					5,570	11,703
	Other Debtors and Prepayments					5,506	3,277
						£11,076	£14,980
7.	<u>CREDITORS: Amounts falling due within one Year</u>						
	Trade Creditors					13,042	11,602
	Other creditors & accruals					5,965	10,025
	Other Taxation and Social Security					218	5,924
	J Larkin					47	510
	Bank Overdraft					50,813	41,238
						£70,085	£69,299

GATEWAY (EDUCATION & CHILDCARE) TRUST LIMITED
(A Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST AUGUST 2020

8. <u>MOVEMENT IN FUNDS</u>	<u>At</u> <u>01.09.19</u>	<u>Incoming</u> <u>Resources</u>	<u>Outgoing</u> <u>Resources</u>	<u>At</u> <u>31.08.20</u>
	£	£	£	£
Unrestricted funds	56,830	653,644	(642,345)	68,129
Restricted funds	236,209	-	-	236,209
Net assets at 31 st August 2020	<u>293,039</u>	<u>653,644</u>	<u>(642,345)</u>	<u>£304,338</u>

9. RELATED PARTY TRANSACTIONS

It was agreed by the trustees that, with effect from the 1st April 2018, the related party balances shown with Gateway (Education & Childcare) Trust and Gateway Nurseries Limited should be written off. All nursery activities are conducted through Gateway (Education & Childcare) Trust Limited and the trustees are progressing ceasing the registration for the other two charities with the Charity Commission.

Included within creditors are expenses due to Mrs J Larkin, who is the wife of Mr A J Larkin, of £47. During this year Mrs A J Larkin was employed as the senior manager and paid remuneration of £31,584 in total covering the year.