

**The Windmill Pre-School**  
**(A company limited by guarantee)**

**Charity Number: 1106496**

**Company Number: 5021469**

**Report of the trustees for the year ending 31 July 2020**

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 July 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

**Objectives and activities**

The objects of the Pre-School are to enhance the development and education of children primarily under statutory school age by encouraging parents to understand and provide for the needs of their children through community groups and by:-

- offering appropriate play, education and care facilities and training courses, together with both the right of parents to take responsibility for and to become involved in the activities of such groups, ensuring that such groups offer opportunities for all children whatever their race, culture, religion, means or ability;
- encouraging the study of the needs of the children and their families and promoting public interest in and recognition of such needs;
- instigating and adhering to and furthering the aims and objects of the Pre-School Learning Alliance [now known as the Early Years Alliance].

The ethos that shapes our activities is the provision of a safe, happy, caring, nurturing and stimulating environment in which the children play and learn under the supervision of high quality, qualified, experienced staff. We have a wide variety of play experiences both indoors and outdoors for the children to enjoy; we are committed to making pre-school fun, where "play" is the key word in helping the children to develop their skills and knowledge at their own pace without feeling under any pressure. Pre-School is often the first time that young children are away from their parents for any length of time on a regular basis so it is vital to encourage those first steps of independence, developing their confidence and social skills in their interaction with adults and other children and ultimately preparing them for their transition to school.

Central to our ethos is affordability. Historically, fees have been set at a level broadly in line with the County Council funding rate for pre-schools, but increasing costs have more recently required fee rates to be raised above that level. However, they are still considerably lower than other privately run childcare organisations. In addition, flexible payment plans are agreed for those parents in need, and healthy morning snacks are provided to all children at no extra cost.

In shaping and planning our activities, the directors / trustees have had due regard to the commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

## **Achievements and performance**

This year will inevitably be set against the backdrop of the coronavirus pandemic that swept across the world from January onwards. Covid-19 has touched every person and every organisation in some way with severe consequences for many and new challenges for all. The biggest of these challenges for the Pre-School was re-opening safely, with fewer staff being available, after the spring national lockdown. Social-distancing meant that fewer children could be accommodated each day so spaces had to be allocated in accordance with government guidelines; opening hours were reduced to allow for additional sanitisation after each session, with a deep clean on Fridays; in-session hygiene and safety procedures were successfully introduced to keep everyone infection-free whilst striving to provide as close to a normal pre-school experience for the children as possible. Huge thanks are due to all the staff for their efforts and commitment in achieving this in very difficult circumstances.

Financially, funding continued to be received in full throughout lockdown and during the re-opened period for all registered hours regardless of whether the children attended or not. This allowed us to continue to pay the staff for their rota hours during lockdown and the period of reduced opening hours, although those staff who were unable to return agreed to a reduction to 80% of their normal hours for that period. The loss in revenue from fees not being charged during the closure was minimal; however two new fee-paying children deferred their start date to September.

Social distancing measures created more difficulties in terms of recruiting new families for the new academic year as in-person visits were not allowed. The immense uncertainty of how the pandemic would develop and what on-going measures would be required to combat it hindered planning as to how many children we would be able to provide for going forward and how that provision could be delivered. From the perspective of parents, job security and personal income concerns, together with the overriding health worries, would have been making arrangements for early years care difficult to commit to.

Added to that, three senior members of staff were leaving at the end of term, creating further uncertainties as to whether we would be able to recruit a new team before their departure, which in turn created more difficulties in the timing of advertising places.

Against that background and with a significant proportion of our children moving up to primary school at the end of the year, the outlook was extremely concerning. However, after much perseverance, a new manager was appointed in July, who immediately began to, and continues to, address these issues with much enthusiasm and determination, with positive signs for the future.

In summary, the management team (old and new), staff and directors / trustees all worked extremely hard to successfully negotiate a particularly difficult few months in unprecedented circumstances.

Turning to the operational aspects, during the course of the year, a total of 27 children attended Pre-School, 21 of whom were already enrolled in September 2019 for the start of the academic year with a further 6 joining during the year. Two children left us, their families' needs for them having changed. 19 children moved on to primary school in July, leaving 6 on the register

at the end of the year, with 5 more enrolled to start in September 2020 (including the 2 who were due to have started earlier but for the pandemic). One special needs child was additionally supported by our special educational needs co-ordinator (SENCo) (in training). (Further enrolments after year end increased the total in attendance at the start of the new academic year to 14. By the end of the autumn term, 21 children were on the register.)

During the year, we continued to support a member of staff's studies for her City and Guilds Level 3 Diploma for the Early Years Practitioner, which is an Early Years Educator approved qualification. This is the level required by Ofsted to be able to take on a management role and is thus a significant qualification, both for the individual personally and, looking ahead, for the Pre-School. However, this staff member left our employment in July. Ofsted also require at least 50% of staff, excluding the manager, on duty each day to be qualified to Level 2 or above. Three of the four staff going into 2020/2021 (including the new Deputy Manager appointed after the year end) have that level, with two of those four being at Level 3 or above.

The provision of pre-school care is not easy to quantify in terms of numerical performance measures. A formal measurement is the three yearly Ofsted inspection, most recently conducted in March 2018 and at which we were awarded a "good" ranking. On-going indicators of success are a full register, frequent requests from parents for extra sessions for their children, younger siblings being enrolled and children rarely leaving before they move up to primary school other than moving out of the local area. As anticipated at the end of the previous year, register numbers were lower than desired, although were much improved by the end of the year; all the other indicators were however evident during the year. Individually, the Pre-School's development records for each child can be used as indicators of child achievement: development tracking allows staff to ensure that children achieve to the best of their ability and helps to ensure children are "school-ready" when transitioning to primary school.

## **Financial review**

### **Financial highlights**

- Total income £58,685
- Total expenditure £63,325
- Net expenditure £4,640
- Net core expenditure £1,973
- Net non-core expenditure £2,667
- Net assets / Total funds carried forward £12,804
- Total net fundraising £1,093.

### **Overview & key financial activities**

#### **Income**

##### ***Fees***

- Fees and funding income totalled £55,306, plus £1,167 special needs funding. This is slightly less than last year's total, reflecting lower register numbers.
- The County Council funding rate stood at £4.24 per hour until April, when an increase to £4.32 per hour was forthcoming. The rate for 2 year-old children increased to £5.28.
- The fee rate charged for fee-paying sessions was increased at the beginning of the financial year by 50p to £5.50 per hour for children aged three and above, and a higher

rate of £6.00 per hour was introduced for children aged less than three, to better compensate for the additional staff to child ratios required for that age group.

- Included within the funding figure is an amount of £199 received under the Government's Early Years Pupil Premium (EYPP) initiative for children from low income families. Monies received for each child under this scheme must be spent on that individual child in a way in which staff and key-persons consider beneficial for his or her needs and development. Of this amount plus £197 carried forward from last year, a total of £294 was spent during the year on toys, books and safety accessories for outdoor walks. The remaining £102 has been carried forward to 2020/2021.

### ***Fundraising***

- Fundraising activity was hugely impacted by the national Covid-19 pandemic restrictions, which meant that no events were possible for the second half of the financial year. Prior to that, net income of £1,093 was raised.
- Only one major event was held, that being the annual Christmas Bazaar which raised a sum of £946. Supplementing that was £116 collected from Smarties tubes being re-filled with loose change, commission earned on Crazy Ceramics of £20 and £11 earned from the Amazon Smile scheme.

### ***Grants & Donations***

- A grant of £340 was received from Thaxted Fayre Charitable Trust to fund a series of music and dance sessions by an external provider (which unfortunately were prevented from going ahead by the pandemic). A donation of £200 from Bolford Street Hall, the community hall in which the pre-school is based, was also gratefully received, this with no restrictions as to use. Fees due for refund as a result of the Covid-19 closure of £44 were donated; and £10 was received from the Facebook Giving Fund.

### ***Non-Core***

- Non-core income comprises £300 received as compensation from Bolford Street Hall for the non-availability of the hall for one day, plus £86 for sales of children's uniforms.

### **Expenditure**

#### ***Wages***

- The total wages cost for the year amounted to £54,471, slightly higher than last year due in part to having a more highly qualified staff team than previously.
- No employers' NI contributions were payable as all amounts due were off-set in full by the Government's annual tax year allowance of £3,000.
- Employer pension contributions totalled £523.
- Core non-discretionary costs must be met from core income i.e. from fees and funding and not from fundraising. As the fee rate historically has been set broadly at the level of the County Council funding rate, and the majority of sessions are funded rather than fee-paying, the Pre-School's core income is effectively constrained by that funding rate, and wages consequently restricted.
- We value our staff highly and endeavour to reward them as well as we can within the constraints of our income streams and in a way that is sustainable. In the past, wage rate increases have been assessed with regard to the budget for the forthcoming year and implemented with effect from the beginning of that year. However, our lowest rate is now at the level of the statutory minimum rate, and with the annual increase to that

statutory minimum being applied in April, it was decided to defer our increases to that date and also to mirror the statutory percentage increase across all our rates in order to preserve the differentials.

- This statutory increase was 6.2%.
- There were major changes to the staffing structure at the end of the year with the manager, deputy and two practitioners leaving. A challenging recruitment drive, restricted by social-distancing regulations, was instigated, resulting in the appointment of a new manager crucially before the end of the year, and a new deputy before the start of the new academic year. Due to the lower register numbers for the start of 2020/2021, and the consequent reduction in hours available to be worked across the staff, no replacement practitioners were appointed.

### ***Rent & Insurance***

- Rental costs totalled £2,984, at a rate of £5.85 per hour for the year. This is much lower than last year due to the Covid-19 closure
- The insurance premium and membership fees for the Early Years Alliance both increased marginally on last year.

### ***Non-Core***

- Non-core expenditure overall amounted to £2,351, approximately £3,500 less than last year.
- Spending on equipment amounted to £1,373, much of which relates to the donation received at the end of last year from another local pre-school upon its closure, and also the EYPP monies received. Specific items bought include a wicker den, a wooden castle and accessories, screen partitions, soft play bats and balls, along with general play equipment and books to supplement & replace existing resources.
- Consumables totalled £565, considerably lower than last year as a result of the Covid-19 closure.
- Administration costs amounted to just under £180, encompassing Disclosure and Barring Service applications, website costs, the data protection fee from the Information Commission, as well as the standard annual Ofsted and Companies House fees.
- Training costs related to compulsory safeguarding and Equalities Named Coordinator (ENCO) courses, plus early years education publications.
- Book-keeping costs totalled £1,500.
- Other costs comprise Christmas presents and party, reading folders for those children moving on to primary school, staff polo shirts and sweatshirts, advertising and thank you gifts for the departing members of staff, a long-standing committee member and the independent examiner volunteering her services.

### **Net Assets at year end**

Net assets stand at £12,804, a decrease of £4,640 from last year.

### ***Assets***

- Debtors at year end amounted to £526, in respect of the pre-paid portion of the insurance premium (i.e. that part of the premium paid in this financial year but which relates to the next financial year).
- Total cash stood at £12,652, comprising the current account (£12,552) and petty cash (£100). Although all cash reserves, including those set aside as the redundancy reserve (see below), are held in one single account, separate balances are however maintained

within the accounting records to ensure that the potential redundancy pay liability continues to be covered.

### ***Liabilities***

- Creditors amount to £374 in respect of tax and employees' NI contributions not yet due for payment to HMRC.

### ***Provisions for Liabilities***

- There were no provisions.

### **Total Pre-School Funds (Reserves)**

The Pre-School has three reserves: the income and expenditure account, and the redundancy and wages reserve accounts. The balances on all three comply with the Reserves Policy.

### ***Income & Expenditure***

- The income & expenditure account receives all income, and services all expenditure. Its purpose is to bridge the gap between the spending and receiving of income and to cover unplanned emergency repairs and other expenditure. The balance is required to fall within the range of the average of the previous three year's non-core expenditure as the minimum and twice that as the maximum.
- After a transfer of the net core deficit of £1,973 from the wages reserve, a transfer of £147 from the redundancy reserve in respect of a release of excess funds, plus a further transfer of £2,533 from the wages reserve to ensure compliance with the reserves policy, the balance stands at £3,947.

### ***Redundancy Reserve***

- Having no assets which could be realised to cover statutory redundancy pay obligations should the Pre-School ever be wound up, the redundancy reserve ring-fences sufficient funds to cover those obligations. Transfers are made between the income & expenditure account and the redundancy reserve based on the calculation of that liability. The balance is required to be at least equal to the total potential liability.
- Only one of the members of staff who left at the end of the year had been employed long enough to accrue a potential liability. When netted against a new potential liability accruing by the end of the next financial year, this gave an excess of £147, which was consequently transferred to the Income & Expenditure account, leaving a balance of £453 on the redundancy reserve.
- This is equal to the potential redundancy liability as re-calculated in September 2020, once the staff rota for the forthcoming term was finalised.

### ***Wages Reserve***

- The wages reserve was created as a result of the budget review in 2011/2012, setting aside sufficient funds to cover the expected core deficit for 2012/2013, and for future years if required, thus allowing staffing levels to be retained. The minimum balance is to be equal to the budgeted deficit for the coming year and the maximum to be equal to that deficit plus £3,000.
- The core deficit this year amounted to £1,973. As all monies in the first instance go through the Income & Expenditure, this amount was transferred to that account to cover that deficit.

- An additional £2,533 was transferred to the Income & Expenditure Account as referred to above.
- This brings the balance on the wages reserve to £8,405.
- This amount will be sufficient to cover the core deficit budgeted for 2020/2021.

## **Going Concern**

- The directors / trustees are of the view that the company is a going concern and the financial statements have been drawn up accordingly.

## **Areas of Risk and Uncertainty**

### ***Income***

- The directors / trustees have identified the reliance on the funding rate as the primary source of income as a potential risk in terms of having little control over the levels of income receivable. The recent increases to this rate (8p per hour this year and 2p per hour last year) have been negligible with minimal effect on the total receivable.
- Additionally, the number of children able to attend each session is limited by the capacity of the community hall in which the sessions are held, and also by the statutory child to adult ratios, and the proportion of Level 2 qualified staff required to be on duty each session.
- A further risk is a continued drop in numbers of children on the register, particularly so if this is due to our hours no longer meeting parents' needs. However, when child numbers fall, staffing hours are also reduced, thus broadly levelling out the impact.
- This year has seen the continuation of a significant reduction in the number of children starting Pre-School before they become eligible for funding. This impacts income and results in a much higher proportion of the children leaving for primary school at the same time, leaving a depleted register for the start of the new academic year.
- The purpose of the wages reserve is to protect against any detrimental effect these areas may have on wage rates and staff retention.

### ***Wages***

- With the expectation that the statutory minimum wage will continue to rise each year, the Pre-School's wage rates will in future be largely determined by that rate, thus significantly reducing control over by far the largest proportion of total costs. Applying the increases only as legally required and thereby reducing differentials would potentially lead to staff dissatisfaction.
- The Ofsted requirement that 50% of staff on duty, excluding the manager, are Level 2 qualified or above, is also impacting on wage costs, as well as the overall staff structure and work rota. Recruitment is also becoming more difficult in terms both of the qualifications required, and of the financial viability of creating any additional post (or increasing existing staff's sessions) to accommodate new children or extra hours requested for existing children, thus impinging on the ability to earn the resultant additional income.
- The increased level of wage costs not relating directly to the sessions reduce the capacity to staff sessions at a level that would allow more children to attend (subject to the continuing compliance with ratios), and consequently reducing the opportunity to increase income.

### ***Non-Core***

- Another risk is that non-core expenditure is not covered each year by non-core income. Extra fundraising events that would normally be held to help to improve this are currently severely limited.

These areas of risk have recently become a more significant concern, starting in 2017/2018, and continuing into this year and next. A funding rate increase to bolster income to any great extent is again unlikely next year but more importantly the number of children on September 2020's register is low once again, and more than half of those will move on to primary school in July 2021. However, more children will almost certainly be enrolled before then which will alleviate the position. In general terms, staff hours will reduce with fewer children as sessions can be managed with fewer members of staff, although staff to child ratios, insofar as one extra child above the ratio would require one extra member of staff and especially when one-to-one care for SEN children is taken into account, will not always give the most effective balance between income and costs. Furthermore, at the lower end of child numbers, the staffing level defined by the ratios may simply be insufficient in practical terms. Sessions are offered to parents to create as efficient a register as possible, whilst recognising that existing parents may not want or be able to switch from their current sessions and that new parents may not be able to accept the specific sessions offered. Having regard to these factors and even with the expectation of session numbers increasing during the year, it has reluctantly been decided that the Thursday closure will continue into the autumn term at least of 2020/2021 to maintain as efficient a register to staff rota relationship as possible. Careful monitoring of the situation will be on-going throughout the coming year.

### ***Redundancy Reserve***

- The risk of redundancy for any or all members of staff has increased as a result of the fall in the number of children on the register this year and for next year.
- Maintaining the redundancy reserve at a sufficient level to cover potential redundancy pay liabilities had become increasingly onerous over recent years as each additional year's service has to be covered and all previous years re-calculated at the current higher wage rates. However, that pressure has now ceased, following the resignation over the last few years of all staff members having an entitlement. This has not only reduced the potential liability going forward but has also released those staff's portions of the reserve into general reserves.
- One member of staff will have become entitled by the end of the next financial year but the amount involved will be relatively insignificant. No entitlements will accrue for the new staff for two years.

This area of risk therefore is now of lesser concern in terms of both the amount of the liability and also the capacity within the finances to cover it. The directors / trustees will however need to be mindful of this becoming an issue again in the future.

### ***Directors / Trustees***

- The Board / Committee, with the exception of the Ofsted-nominated person who is normally the Pre-School manager, comprises parents of children attending the Pre-School and is wholly reliant on those parents volunteering to become a Director / Trustee. Without sufficient numbers, the Pre-School would have to cease.



This area of risk is becoming more concerning as parents are seeming to be less willing to be involved in the running of the Pre-School. Coffee mornings and newsletters have been used to publicise the need for volunteers, along with general discussion and direct requests.

### ***General – Register and Hours***

- There is some concern that the lower register numbers over recent years may in part be due to not offering the full 30 hours of free childcare to qualifying parents, instead electing in 2017 to cap the offer at 20 hours. In practice though very few parents have to date taken up our maximum offer so this decision would not appear to be high risk, although it is impossible to judge how many, if any, different families we may have attracted with the 30 hour offer.
- Of probable greater concern, however, is whether our opening hours continue to meet parents' needs more generally, and if they do not, what level of risk the directors / trustees are prepared to take in committing to provide more hours, with the associated costs, but with no certainty as to the level of demand for them. This risk could be mitigated amongst existing families by canvassing them for opinions / requirements, but demand from new families would be unknown until the new hours are advertised, with a possible consequence of insufficient children taking up the additional hours to make them financially viable. To what extent and for how long that non-viability could be absorbed whilst the take up of the new hours is allowed to expand would need to be carefully assessed, the danger being that the impact on already strained reserves could be hugely detrimental.
- Another consideration is staffing the extra hours. With our current employees, re-opening Thursday sessions would most likely be easier to staff than extending the afternoon by an hour or more. This would be an even greater problem if the directors / trustees were to consider the option of scaling our operations up to more of a nursery type setting, for which the demand would potentially be higher. Availability of the hall would be a further limiting factor to this course of action, as would, on a philosophical rather than practical level, the change in ethos to a nursery style provision of early years care.

### ***General – Premises***

- The Pre-School does not own its own premises, instead operating from the local community hall. There is therefore an inherent risk of having to find alternative accommodation should the rental agreement cease or should the hall suddenly become unavailable through fire or other forms of damage. The first contingency is extremely unlikely as we are by far the main user of the hall; the second is no more or less likely than for any other organisation but we would be entirely dependent on the hall's management for returning the hall to a useable state, whether by repair or re-build. Other premises in Thaxted would possibly be made available to us in the short term but finding longer term accommodation would be more difficult.

### ***General – Covid-19***

Covid-19 had a practical impact in the latter half of 2019/20 and will continue to affect operations going forward into 2020/21 with on-going social distancing, enhanced cleaning and sanitisation requirements, and the continuing risk to staff and families of infection, and to the setting of subsequent closures and of government lockdowns. Income and costs may well be affected as a consequence but, with the fast-moving nature of the pandemic it is difficult to predict what the overall effects could be. The major concern is whether funding will continue

to be received in the various circumstances which may force a temporary closure, and also for children who do not attend due to concerns around the virus. Fees are a much less significant part of overall income so their non-receipt would have little impact. Any withholding or reduction of funding would impact the payment of wages and would most likely lead to staff being furloughed under the Coronavirus Job Retention Scheme. However, this would bar the staff from doing any work, meaning that no online support for families could be provided. (At the time of writing, during the third lockdown, funding is confirmed to continue during closures unless the setting itself chooses to close, thereby denying access to the provision.)

## **Structure, governance and management**

The Windmill Pre-School is a charitable company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per director / trustee of the charity. The company was incorporated in England and Wales on 21 January 2004 but did not commence trading until 31 December 2004. Prior to that date, it operated as a committee-run charitable association; its accumulated assets and liabilities were transferred into the company as of 31 December 2004. The governing document comprises the Memorandum & Articles of Association dated 21 January 2004.

Directors / trustees are sought and recruited on a voluntary basis from the parents of children attending the Pre-School. They are appointed to the Committee at the Annual General Meeting by way of a proposal and a seconding by the existing directors / trustees, or if necessary at other times of the year by the same method in a general committee meeting. They are appointed for one year but may be re-elected for each subsequent year that their children are registered with the Pre-School, subject to a maximum of six years. The Committee consists of:-

- a Chair, a Treasurer and a Secretary (the Committee Officers); and
- not less than two nor more than nine elected members; and
- if the Committee so decides, not more than three members co-opted by the Committee.

Upon appointment, they are required to undergo a Disclosure and Barring Service (DBS) check. Once certification is received, they are registered with Companies House; they then complete Ofsted's Early Years (EY2) registration, after which they are registered with the Charity Commission.

No director / trustee receives any remuneration in their capacity as director / trustee. However, we are required to appoint an Ofsted nominated person as a director and this person is the Pre-School Manager, the senior member of staff who is responsible for the day to day running of the Pre-School, and who receives an hourly wage rate for those duties.

## **Reference and administrative details**

Company Name:	The Windmill Pre-School (exemption from requirement to use the word "limited" applied for and granted upon registration as a company.)
Charity Number:	1106496
Company Number:	5021469
Registered Office:	Bolford Street Hall, Bolford Street, Thaxted, Dunmow, Essex, CM6 2PY
Principal Place of Business:	Bolford Street Hall, Bolford Street, Thaxted, Dunmow, Essex, CM6 2PY

**Directors / Trustees**

The directors of the charitable company are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Directors serving at year end:**

Chair &amp;

Treasurer: S Morley (appointed as director 16 March 2018, and as Chair 19 March 2019)

Secretary: D Mallyon (appointed as director 9 March 2020, and as Secretary 20 April 2020)

Director: N Schillaci (appointed 6 April 2020)

Director: K O'Donnell (appointed 5 May 2020)

Director: A Denham (appointed 3 July 2020)

Director &amp;

Manager: A Guney (appointed 23 July 2020)

**Directors resigning during year:**

Secretary: E Gylan (resigned 20 April 2020)

Director: V Vitu-Smith (resigned 5 May 2020)

Director: K Shanks (resigned 22 July 2020)

Director: E Handley (resigned 22 July 2020)

Director &amp;

Manager: E Edwards (resigned 22 July 2020)

**Directors appointed after year end:**

Director: L Burkle (appointed 25 September 2020)

A delay will always occur between the election of a director / trustee and the formal appointment with Companies House and Charity Commission due to the DBS check and EY2 registration requirements and certification thereof.

This Report has been prepared under the small companies regime.

Signed on behalf of the Directors / Trustees:



Name:

Susan Morley

Date:

25<sup>th</sup> March 2021

**The Windmill Pre-School**  
**Registered Charity No. 1106496**  
**Financial Statements for the year to 31 July 2020**

**Statement of Financial Activities (incorporating the Income & Expenditure Account)**

	Note	Unrestricted Funds 2020		Unrestricted Funds 2019	
		£	£	£	£
<b><u>Income</u></b>					
<b>Income from Donations</b>					
Grants	3	340.00		500.00	
Donations	4	<u>254.00</u>	594.00	<u>1,500.00</u>	2,000.00
<b>Income from charitable activities</b>					
Provision of Pre-School Education & Care					
Fees & Funding	5	55,305.91		56,283.19	
Special Needs Funding		1,167.48		2,365.32	
Other	6	<u>426.00</u>	56,899.39	<u>239.50</u>	58,888.01
<b>Income from other trading activities</b>					
Fundraising Receipts	7		1,191.97		2,244.03
<b>Investment income</b>					
	8		0.00		73.31
<b>Total Income</b>			<u><b>58,685.36</b></u>		<u><b>63,205.35</b></u>
<b><u>Expenditure</u></b>					
<b>Expenditure on raising funds</b>					
Fundraising Expenses	7		99.09		167.12
<b>Expenditure on charitable activities</b>					
Provision of Pre-School Education & Care					
Wages	9	54,471.20		53,420.57	
Rent		2,983.50		4,212.00	
Insurance		669.86		664.25	
PSLA Membership		113.00		108.00	
OFSTED Registration		50.00		50.00	
Repairs & Renewals		0.00		174.00	
Equipment	10	1,372.75		817.88	
Consumables	11	564.77		1,004.41	
Administration Costs		178.12		430.66	
Training		570.90		1,068.74	
Book-keeping & Finance		1,500.00		1,500.00	
Other	12	<u>752.30</u>	63,226.40	<u>853.05</u>	64,303.56
<b>Total Expenditure</b>			<u><b>63,325.49</b></u>		<u><b>64,470.68</b></u>
<b>Net Income / (Expenditure) for the year</b>			<u><b>(4,640.13)</b></u>		<u><b>(1,265.33)</b></u>
<b><u>Reconciliation of Funds</u></b>					
<b>Total Funds brought forward</b>			17,444.15		18,709.48
<b>Total Funds Carried Forward</b>			<u><b>12,804.02</b></u>		<u><b>17,444.15</b></u>

**The Windmill Pre-School**  
**Registered Charity No. 1106496**  
**Financial Statements for the year to 31 July 2020**

**Balance Sheet @ 31 July 2020**

	Note	2020 £	2019 £
<b>Current Assets</b>			
Debtors	13	526.30	680.74
Cash at bank and in hand	14	12,651.78	17,137.95
<b>Total Current Assets</b>		<u>13,178.08</u>	<u>17,818.69</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	15	(374.06)	(374.54)
<b>Net current assets</b>		<u>12,804.02</u>	<u>17,444.15</u>
<b>Total assets less current liabilities</b>		<u>12,804.02</u>	<u>17,444.15</u>
<b>Provisions for Liabilities</b>		0.00	0.00
<b>Total Net Assets</b>		<u><u>12,804.02</u></u>	<u><u>17,444.15</u></u>
 <b>The Funds of the Windmill Pre-School</b>			
Unrestricted income funds	16		
Income & Expenditure Account		3,946.71	3,934.74
Redundancy Reserve	17	452.68	599.23
Wages Reserve	18	8,404.63	12,910.18
<b>Total Charity Funds</b>		<u><u>12,804.02</u></u>	<u><u>17,444.15</u></u>

**Audit Exemption Statement**

For the year ending 31 July 2020 the company 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 company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts;
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed: .....

Name: Susan Morley .....

Date: 25th March 2021 .....

**The Windmill Pre-School**  
**Registered Charity No. 1106496**  
**Financial Statements for the year to 31 July 2020**

**Statement of Cash Flows**

	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Cash flows from operating activities</b>	20		
Net Cash provided by (used in) operating activities		(4,486.17)	(2,421.13)
<b>Cash flows from investing activities</b>			
Interest income		0.00	73.31
<b>Increase (decrease) in cash and cash equivalents in the year</b>		<u><b>(4,486.17)</b></u>	<u><b>(2,347.82)</b></u>
Cash and cash equivalents at the beginning of the year		17,137.95	19,485.77
<b>Total cash and cash equivalents at the end of the year</b>		<u><b>12,651.78</b></u>	<u><b>17,137.95</b></u>

**The Windmill Pre-School**  
**Registered Charity No. 1106496**  
**Financial Statements for the year to 31 July 2020**

**Notes to the Financial Statements**

**Note 1**

- 1.1.1** The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.
- 1.1.2** The accounts have been prepared in accordance with:
- a) the Statement of Recommended Practice: Accounting & Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective 1 January 2015 (Charities SORP (FRS 102));
  - b) the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
  - c) Companies Act 2006;
  - d) Charities Act 2011.
- 1.1.3** The company has one sole charitable activity; it is therefore considered more beneficial to disclose the key items of income and expenditure on the Statement of Financial Activities, under the heading of that charitable activity, rather than in the notes.
- 1.1.4** All monies are held as an unrestricted fund as defined by Charities SORP (FRS 102); the requirement to analyse funds into unrestricted, restricted and endowment does not therefore apply. In lieu of having no disposable assets other than cash, a portion of the total unrestricted funds is designated at the directors' / trustees' discretion to a Redundancy Reserve. A further portion is similarly designated to a Wages Reserve. Furthermore, a small portion of County Council Funding is received under the Early Years Pupil Premium (EYPP) initiative for children from low income families; although not required to be held in specific trusts under charity law, these monies must be spent on the children concerned.
- 1.2** The Windmill Pre-School meets the definition of a public benefit entity under FRS 102.
- 1.3** The accounts have been prepared on a going concern basis although at balance sheet date there was some concern about the number of new enrolments for 2020/2021 and also the subsequent effect on the register for 2021/2022. Numbers have since improved, and further enrolments closer to the start of the 2021/22 will undoubtedly be received.  
Income is predominantly received from County Council Early Years Education Funding and fees paid by parents; core costs (wages, rent, insurance, PSLA membership fees & Ofsted fees) are met from fees and funding income each year or from an accumulated net surplus thereof, to ensure general reserves are not adversely affected. In addition, the staff rota and thus hours worked are determined by the number of children enrolled so a fall in income would normally be accompanied by a broadly equal fall in expenditure. However an increasing cost base is beginning to adversely impact staffing levels and consequently the number of children that can be accommodated in each session under the statutory adult to child ratio rules. This, coupled with the primary source of income being dependant on the funding rate as determined by the County Council, is creating an imbalance and is likely to further reduce reserves in 2020/21. The directors / trustees are keeping the situation under regular review.
- 1.4** The accounts have been prepared on the accruals basis of accounting:
- a) Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
  - b) Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
  - c) Donated goods are received primarily for re-sale or raffle at fundraising events and their related sales proceeds are recognised within fundraising receipts. Other occasional donations comprise second hand toys and books for on-going use; these are not considered to have a material nor easily identifiable value and are therefore not reflected in the accounts.
  - d) Income from interest on bank deposits is recognised when its receipt is probable and the amount receivable can be measured reliably; in practice this is upon receipt.

- e) Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.
- f) Support costs comprise book-keeping services, all of which support the charitable activity. No allocation to fundraising activity is therefore required.
- g) Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.
- h) Cash at bank and cash in hand includes cash and a short term highly liquid rolling deposit with a short maturity of three months from the date of deposit.
- i) Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

## Note 2

There were no related party transactions during the reporting period (2017/2018: none).

## Note 3

	2019/20	2018/19
	£	£
Thaxted Fayre Charitable Trust: for music/dance sessions	340.00	500.00
(2018/2019: shed)	<u>340.00</u>	<u>500.00</u>

## Note 4

	2019/20	2018/19
	£	£
Bolford Street Hall	200.00	0.00
Refund of fees re Covid-19 closure	44.00	0.00
Facebook Giving Fund	10.00	0.00
Debden Pre-School	0.00	1500.00
	<u>254.00</u>	<u>1,500.00</u>

## Note 5

County Council funding is claimed for each child for each hour in attendance at pre-school from the start of the term following that in which they reach the age of three, unless a child's entitlement to funding is already being claimed by a separate childcare provider. In this case, and for children who are under three, fees are payable by the parents. In some circumstances, funding is available for under three year olds. Funding is additionally claimed for one-to-one care for special needs children.

	2019/20	2018/19
	£	£
Parents' Fees	1,664.00	7,115.00
County Council Funding	53,641.91	49,168.19
	<u>55,305.91</u>	<u>56,283.19</u>

	2019/20	2018/19
	£	£
EYPP balance b/fwd	197.27	151.58
EYPP portion of County Council Funding	198.75	294.15
EYPP monies spent	(293.87)	(248.46)
EYPP balance c/fwd	<u>102.15</u>	<u>197.27</u>

## Note 6

	2019/20	2018/19
	£	£
Sales of T-Shirts / Sweatshirts / Sunhats	86.00	79.50
Non-Refundable Deposits	40.00	120.00
Miscellaneous Income (compensation from Bolford Street Hall re 1 day closure)	300.00	0.00
Cash found	0.00	10.00



Write back of refund of overpaid fees	0.00	30.00
	<u>426.00</u>	<u>239.50</u>

Sales of T-shirts, sweatshirts and sunhats are exclusive to children attending the Pre-School and therefore constitutes a charitable activity as opposed to a trading activity.

<b>Note 7</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Fundraising Receipts	1,191.97	2,244.03
Less: Expenses	(99.09)	(167.12)
Net Fundraising	<u>1,092.88</u>	<u>2,076.91</u>

	<b>Receipts</b>	<b>Expenses</b>	<b>Net</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Christmas Bazaar	1,034.15	(87.59)	946.56	877.38
Christmas Cards	10.50	(11.50)	(1.00)	35.02
Car Boot Sale	0.00	0.00	0.00	577.86
Commission received on Photographs	0.00	0.00	0.00	81.03
Crazy Ceramics	20.00	0.00	20.00	22.35
Easter Egg Hunt ( <i>Treasure Hunt</i> )	0.00	0.00	0.00	221.60
Smarties Tubes	116.55	0.00	116.55	236.67
Amazon Smile	10.77	0.00	10.77	0.00
Reverse 17/18 creditor (no invoice rec'd)	0.00	0.00	0.00	25.00
	<u>1,191.97</u>	<u>(99.09)</u>	<u>1,092.88</u>	<u>2,076.91</u>

Fundraising was severely curtailed between March and July 2020 due to Covid-19 restrictions, with neither the Easter Egg Hunt nor the Car Boot Sale being able to be held.

#### **Note 8**

*Investment income is interest received on a three month rolling cash deposit account.*

<b>Note 9</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Gross wages	53,948.61	53,045.20
Employer's NI Contributions	0.00	0.00
Employer's Pension Contributions (NEST)	522.59	375.37
	<u>54,471.20</u>	<u>53,420.57</u>

Employer's NI contributions were wholly offset by the Employer's NI Allowance of £3,000 (increased to £4,000 in April 2020). (*2018/19: contributions wholly offset*).

No employees had employee benefits in excess of £60,000 (*2018/19: nil*)

During the year, the Windmill Pre-School employed an average of 6 staff (*2018/19: 7*), all of whom worked part-time. An average of approximately 17 sessions (*2018/19: 19*) were worked each week in total, equating to a full time equivalent of approximately 3 staff (*2018/19: 3*). This includes all sessions unable to be worked, but still paid, due to Covid-19 closure and subsequent restrictions.

At balance sheet date, the pre-school was managed by 6 directors / trustees (*2018/19: 6*), none of whom are remunerated as directors / trustees. No expenses were incurred or reimbursed (*2018/19: nil*). One director / trustee is also the Pre-School Manager and as such receives an hourly wage for that role. The directors / trustees also perform the key management personnel functions.

#### **Note 10**

Equipment comprises educational material and playthings, all of which are treated as revenue items. Costs are thus taken directly into income and expenditure.

#### **Note 11**

Consumables comprise limited use playthings such as art and craft items, stationery, food for the

children's snacks, first aid items etc.

<b>Note 12</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Reading Folders	94.49	80.95
Annual Outing	0.00	139.50
Christmas Party & Presents	106.00	148.12
Visits: (2018/19: Lion Learners)	0.00	100.00
Advertising	30.00	30.00
Staff & Children T-Shirts & Sweatshirts	73.32	204.48
Gifts: staff, committee, examiner (2018/19: chairperson, volunteer)	301.49	150.00
Job Advert	79.00	0.00
Miscellaneous	68.00	0.00
	<u>752.30</u>	<u>853.05</u>

The annual summer outing and visit from external experience day providers were unable to be held due to Covid-19 restrictions.

<b>Note 13</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
All debtors are short term:		
Pre-payments	526.30	519.71
Fees / Funding	0.00	80.00
Accrued Income	0.00	81.03
	<u>526.30</u>	<u>680.74</u>

<b>Note 14</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Cash held at bank and in hand	12,651.78	17,137.95
	<u>12,651.78</u>	<u>17,137.95</u>

Surplus monies and the redundancy reserve are held on deposit. Such deposits are not considered to constitute investment assets. In July 2019, cash available for deposit fell below minimum balance required; funds therefore repaid into current account.

<b>Note 15</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Other creditors: HMRC re July's PAYE & NI	374.06	374.54
	<u>374.06</u>	<u>374.54</u>

<b>Note 16</b>	<b>Reserve Accounts</b>			
	<b>I &amp; E</b>	<b>Redncy</b>	<b>Wages</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balances brought forward	3,934.74	599.23	12,910.18	17,444.15
Net Income / (Expenditure)	(4,640.13)	0.00	0.00	(4,640.13)
Transfer Core Deficit from Wages Reserve	1,972.92	0.00	(1,972.92)	0.00
Transfer from Wages Reserve	2,532.63	0.00	(2,532.63)	0.00
Transfer from Redundancy Reserve	146.55	(146.55)	0.00	0.00
Transfer from Redundancy Reserve			0.00	0.00
Balances carried forward	<u>3,946.71</u>	<u>452.68</u>	<u>8,404.63</u>	<u>12,804.02</u>

The I & E reserve is a general reserve, Redundancy & Wages reserves are designated. Balances on all Reserve accounts are within the limits set out in the Reserves Policy.

As the pre-school has no disposable assets, a redundancy reserve is maintained to cover the total potential redundancy liability in the event of needing to make the staff redundant. At year end, the balance of this reserve equals the liability. As no funds were held on deposit at balance sheet date the cash sum equivalent to this balance was held within the current account but accounted for separately within all accounting records and processes. *(2017/18 - A cash sum equivalent to this balance was held within the current account.)*

At the end of 2019/20, the potential liability was reduced following the resignation of the remaining member of staff with an accrued entitlement, but also increased by another member of staff becoming entitled during 2020/21, and a sum of £146.55 in respect of their net accrued / accruing redundancy pay was released into the Income & Expenditure Account to cover in part the budgeted deficit for 2019/20. *(2018/19 - resignations from three long-standing members of staff also resulted in such a transfer of funds between reserves.)*

#### **Note 18**

In anticipation of a greatly reduced number of children on the register for 2012/2013 and the consequent fall in income, the Committee created at the end of 2011/2012 a wages reserve from the surplus core income of the year, against which an expected net core expenditure for 2012/2013, and for future years if required, could be set. In 2019/20 there was a core deficit of £1,972.92 which was transferred from the Wages Reserve into the Income & Expenditure Account, along with a further sum of £2,532.63 to maintain compliance of the Income & Expenditure Account with the reserves policy. *(2018/19 - net core surplus of £19.54 was transferred to the Wages Reserve; a sum of £2,963.72 was released into the Wages Reserve from the Redundancy Reserve (see note 17) to cover the budgeted deficit for 2019/20.)*

(Core income consists of fees and funding income plus deposits; core expenditure consists of wage costs, rent, insurance, Pre-School Learning Alliance membership fees and OFSTED registration fees.)

#### **Note 20**

Reconciliation of net movement in funds to net cash flow from operating activities:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>
Net movement in funds	(4,640.13)	(1,265.33)
Less: Interest income	0.00	(73.31)
Decrease / (increase) in debtors	154.44	(168.34)
Increase / (decrease) in creditors	(0.48)	(914.15)
Increase / (decrease) in provisions	0.00	0.00
Net cash provided by / (used in) operating activities	<u>(4,486.17)</u>	<u>(2,421.13)</u>



**Section A**

**Independent Examiner's Report**

**Report to the  
trustees/directors/  
members of**

The Windmill Pre-School

**On accounts for the year  
ended**

31<sup>st</sup> July 2020

**Charity no.:**

1106496

**Company no.:**

5021469

**Set out on pages**

1 - 8

**Responsibilities and  
basis of report**

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31/07/2020.

As the charity's trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year 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**

[The company's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of [insert name of applicable listed body]]. Delete [ ] if not applicable.

I have completed my examination. I confirm that no material matters have come to my attention (other than that disclosed below \*) which gives me cause to believe that:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 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
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

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.

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

Signed: Catherine Fox Date: 9/3/21.

Name: CATHERINE FOX

Relevant professional qualification(s) or body (if any): AAT

Address: 53 MAGDALEN GREEN  
THAXTED  
ESSEX CM6 2LJ.

## Section B

## Disclosure

Only complete if the examiner needs to highlight material matters of concern (see CC32, Independent examination of charity accounts: directions and guidance for examiners).

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

N/A.