

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 2021

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 July 2021 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 once again be set against the backdrop of the ongoing coronavirus pandemic and the associated national lockdowns and various tier restrictions at different points of the year. With the exception of a two week closure at the beginning of a further nationwide surge of Covid infections in November, for an outbreak within the setting, the Pre-School remained open throughout, observing government guidelines with respect to "bubbles" and following rigorous hygiene protocols and sanitisation regimes. Attendance levels dropped slightly as some parents chose to keep their children at home but with funding continuing for the funded children, there was little financial impact. Budgeted income was however reduced as some new families chose to defer their children's start date. Huge thanks are again due to all the staff for their efforts and commitment during these challenging times.

The year also saw considerable strengthening of the Pre-School's outlook, with increased numbers of children and sessions taken up compared to the previous year being key to an improved financial position. Our new manager, appointed in July 2020, has been a vital factor in this, steadily increasing register numbers throughout the year and tapping in to parents' desire, at the end of lockdown, to enrol their children. A new deputy manager had been appointed during the summer holidays, and together with the existing staff members, formed a skilled team of four to move forward. One of these sadly left during the autumn term but was replaced another experienced practitioner. These four managed admirably with the increasing numbers of children until the summer term when a student joined on a short term basis to gain practical experience in the sector, and a fifth qualified practitioner was also appointed. By having fewer members of staff working each day, but still within the legal staff to child ratios, wage costs were reduced with a subsequent favourable impact on overall finances. However, this level of staffing will not be sustainable in the long term as child numbers increase further.

Part of this success, and an indicator of it, is that Thursday sessions were once again offered from the start of the summer term. Although with a small take-up at first it was felt that there was sufficient potential to fill the spaces during the term and that it was therefore the right time to re-introduce them. This has subsequently proved to be the case. It was always the aim to re-instate these sessions so to have done so is a major achievement and a positive statement about the pre-School's future.

In summary, the management team, staff and directors / trustees have all worked extremely hard throughout the year, in difficult circumstances for much of it, with the result of a more secured future than for several years.

Turning to the operational aspects, during the course of the year, a total of 33 children were registered to attend Pre-School, 14 of whom were already enrolled in September 2020 for the start of the academic year with a further 19 joining during the year. One child left, their family's needs having changed, and one child did not take up their place. 14 children moved on to primary school in July, leaving 17 on the register at the end of the year. (Nine further enrolments after year end increased the total in attendance at the start of the new academic year to 26. By the end of the autumn term, 4 more children had joined, one had left, giving 29 children on the register.) There were no special needs children in attendance during the year.

Ofsted have strict regulations governing staff to child ratios, in terms of numbers, ages of children and qualifications of staff. Four of our five permanent staff are Level 3 qualified or above, the minimum level to act as a manager of a setting, the fifth being Level 2 qualified. This provides a good deal of flexibility for staff cover, thus ensuring that the regulations can always be met.

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. Whilst register numbers have been of concern in recent years, this year has seen a major improvement with most sessions being full or nearly full in relation to the Ofsted ratios referred to above. All the other indicators were 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 £63,951
- Total expenditure £57,401
- Net income £6,550
- Net core income £8,329
- Net non-core expenditure £1,779
- Net assets / Total funds carried forward £19,354
- Total net fundraising £1,668.

Overview & key financial activities

Income

Fees

- Fees and funding income totalled £60,273. This is higher than last year’s total, reflecting a fuller register overall and more 2 year-old children for whom a higher funding rate is received and a higher fee rate is charged.
- The County Council funding rate stood at £4.32 per hour until April, when an increase to £4.38 per hour was forthcoming. The rate for 2 year-old children also increased, from £5.28 to £5.36.
- The fee rate charged for fee-paying sessions was kept at £5.50 per hour for children aged three and above, and at £6.00 per hour for children aged less than three, this latter rate being to better compensate for the higher staff to child ratios required for that age group.
- Included within the funding figure is an amount of £537 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 £102 carried forward from last

year, a total of £331 was spent during the year on toys, dolls and sensory items. The remaining £308 has been carried forward to 2021/2022, £96 of which had been pre-allocated.

Fundraising

- Fundraising activity was hugely impacted once more by the national Covid-19 pandemic restrictions and general caution about holding events involving the wider community, which meant that no such events were possible during the financial year.
- A hugely successful children-only “Sponsored Run Around the Windmill” was however held in the spring, raising £1,216. Supplementing that was £182 from a socially-distanced made to order cake sale organised, and baked, by a committee member; a contribution of £100 from Thaxted’s Advent Windows: £53 and £50 from the sale of the children’s Christmas cards and a Christmas raffle respectively; plus £44 each from Amazon Smile and a recycling scheme, less £21 cost of Smarties tubes for re-filling with loose change which did not ultimately take place as a result of the Covid-19 situation at the time.

Grants & Donations

- An extremely generous donation of £1,200 was received from a local charity to fund the purchase of outdoor clothing for both children and staff. Fees due for refund as a result of the Covid-19 closure totalling £429 were donated.

Non-Core

- Other non-core income comprises £10 for the sale of one item of children’s uniform.

Expenditure

Wages

- The total wages cost for the year amounted to £46,429, considerably lower than last year due in part to having fewer staff on duty for the sessions, and also, with a predominantly new staff team, to reducing the number of non-session hours that are paid in addition to the session hours.
- No employers’ NI contributions were payable as all amounts due were off-set in full by the Government’s annual tax year allowance of £4,000.
- Employer pension contributions totalled £481.
- A refund of Covid-19 Statutory Sick Pay of £351 was received.
- Core non-discretionary costs must be met from core income i.e. from fees and funding and not from fundraising. As the majority of sessions are funded rather than fee-paying, the Pre-School’s core income is largely constrained by the funding rate, and wages consequently restricted. Having more fee-payers currently on the register allows more flexibility but this has to be balanced against our ethos of affordable fee rates.
- 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. Wage rates are reviewed in conjunction with the government’s increase to the minimum wage rate in April of each year.
- This statutory increase in April 2021 was 2.2% and this was applied to all our wage rates.

Rent & Insurance

- Rental costs totalled £4,490, at a rate of £5.85 per hour for the autumn term, increasing to £6.05 per hour for the spring term onwards. This is much higher than last year due to the Thursday re-opening, and last year's total being greatly reduced due to the Covid-19 closure for several weeks across the spring and summer terms.
- 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 £5,623, approximately £685 more than last year.
- Spending on equipment amounted to £2,402, much of which relates to the donation received from the local charity and also the EYPP monies received. Specific items bought include the outdoor clothing, waterplay waterproofs, a welly-boot rack, a resources storage trolley and tablets to facilitate the documenting of the children's developmental records, along with general play equipment and books to supplement & replace existing resources.
- Consumables totalled £649, slightly higher than last year's Covid-19 reduced figure.
- Administration costs amounted to £385, 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 an early years education publication.
- Book-keeping costs totalled £1,500.
- Other costs comprise the costs of the end of year Graduation Party and leavers' gifts for those children moving on to primary school, a music and dance workshop, the commercial-scale sanitisation of the hall after the Covid-19 outbreak, thank you gifts for the staff and a small amount of non-reclaimable milk costs.

Net Assets at year end

Net assets stand at £19,354, an increase of £6,550 from last year.

Assets

- Debtors at year end amounted to £522, 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 £23,255, comprising the current account (£23,155) 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 amounted to £4,424 in respect of August's gross budgeted wages (£4,096) and employer pension contributions (£37), plus tax and employees' NI contributions not yet due for payment to HMRC (£291).

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 the first two comply with the Reserves Policy but the balance on the wages reserve exceeds the maximum at year end. The directors / trustees agree that this is acceptable in the short term in the expectation that the inflated balance brought about in part by the lower number of staff working the sessions during this year will be eroded by the end of 2021/2022 with the recruitment of an additional practitioner to work most sessions. If the balance still exceeds the maximum at the end of 2021/2022 the excess will be transferred to the other reserve accounts as appropriate.

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 surplus of £8,330 to the wages reserve, less a transfer of £1,774 from the wages reserve to ensure compliance with the reserves policy, the balance stands at £3,941.

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.
- The increase to the one existing potential liability plus the addition of a new potential liability accruing by the end of the next financial year, resulted in an overall increase to the reserve balance of £1,507 being required. This was transferred from the wages reserve, resulting in a closing balance of £1,960 on the redundancy reserve.
- This is equal to the potential redundancy liability as re-calculated in September 2021, 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 surplus this year amounted to £8,330. As all monies in the first instance go through the Income & Expenditure, this amount was transferred from that account.
- However, an amount of £1,774 was then transferred back to the Income & Expenditure Account as referred to above.
- After the transfer of £1,507 to the redundancy reserve, the balance on the wages reserve stands at £13,453.

- This amount will be sufficient to cover the core deficit budgeted for 2021/2022, and as outlined above temporarily exceeds the maximum balance permitted by the reserves policy.

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 (6p per hour this year and 8p per hour last year), although higher than previous years, have been minimal with little 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 staff to child ratios.
- The risk in recent years of the drop in numbers of children on the register has receded this year as levels firstly stabilized and latterly began to grow significantly, resulting in a much stronger base going forward.
- The negative impact of few children starting Pre-School before they become eligible for funding has also receded as a much higher proportion of younger children enrolled during the year, generating more income at the higher rates for 2 year-olds. This also removes the issues of a large portion of the children leaving for primary school at the same time, and the subsequent 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.
- Wage costs are to an extent determined by Ofsted's staff to child ratios, which govern the overall staff structure and work rota.
- Recruitment is becoming more difficult in terms of the qualifications required, and, even though this year has seen a surplus, 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, still has to be carefully assessed.
- Concerns of previous years relating to the level of wage costs not relating directly to the sessions have receded considerably as, with a predominantly new team of staff, these were able to be reduced. Those savings improve the feasibility of increasing the number of staff per session, which in turn, subject to ratios, may allow more children to attend and consequently increase the opportunity to augment 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.

The overall outlook for the Pre-School is considerably more positive than at the end of the last financial year. Crucially, register numbers are now much improved, to the extent that Thursday sessions have been able to be re-introduced. There is a much more even spread of ages, removing the problem of starting each new academic year with very few children, thus smoothing child numbers and staffing requirements across the year to a much greater extent.

Redundancy Reserve

- The risk of redundancy for any or all members of staff has greatly reduced this year as a result of the increase 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 will begin to become more of a significant issue as more of the staff become entitled.
- Two members of staff will be entitled by the end of the next financial year, with the remaining three qualifying for a potential payment during the year after that.

This area of risk therefore is not currently of 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 as the potential liability increases each year.

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. Social distancing guidelines have hindered recruitment campaigns, instead having to rely on general discussions amongst parents and direct requests.

General – Register and Hours

- In general terms, staff hours will broadly adjust according to the number of children in attendance. However 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.
- The most efficient register in terms of child numbers and staffing levels for each day may not always be possible as existing parents may not want or be able to switch from

their current sessions and new parents may not be able to accept the specific sessions offered. This may result in less than optimal income levels and wage costs.

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 was an underlying feature of this financial year, and will continue to be so to a greater or lesser extent into the future. Social distancing, enhanced cleaning and sanitisation requirements, and the risk to staff and families of infection, and to the setting of subsequent closures, are all on-going. Depending on the severity of government measures in place at any given time, income and costs may be affected but, with the uncertainties created by the pandemic, it is difficult to predict what the overall effects could be. At the time of writing, following the success of the vaccination roll-out, it appears that further lockdowns would only be imposed in extreme circumstances. In addition, funding was last year confirmed to continue during closures unless the setting itself chooses to close (thereby denying access to the provision), although that should not be assumed to always be the case. Therefore the major part of our income would most likely continue during any future waves of the virus; however, with fees now forming a greater proportion of total income, there is some risk to that portion of revenue if parents were to choose to not send their children to Pre-School during any such outbreaks. There is also a risk that funding may be withheld for funded children not attending. Although considered unlikely on balance, any substantial reduction of income would impact the ability to pay wages and this, as well as the reduction in child numbers itself, may result in reduced hours being available to the staff.

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:	S Morley	(appointed as director 16 March 2018, and as Chair 19 March 2019)
Secretary:	A Denham	(appointed as director 3 July 2020, and as Secretary 25 March 2021)
Treasurer:	L Burkle	(appointed 25 September 2020)
Director:	N Schillaci	(appointed 6 April 2020)
Director:	K O'Donnell	(appointed 5 May 2020)
Director & Manager:	A Guney	(appointed 23 July 2020)

Directors resigning during year:

Secretary:	D Mallyon	(resigned 25 March 2021)
------------	-----------	--------------------------

There were no directors appointed after year end.

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:

Date:

.....S. J. Morley.....
.....S. J. MORLEY.....
.....17/3/22.....

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2021

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

	Note	Unrestricted Funds 2021		Unrestricted Funds 2020	
		£	£	£	£
<u>Income</u>					
Income from Donations					
Grants	3	0.00		340.00	
Donations	4	<u>1,629.00</u>	1,629.00	<u>254.00</u>	594.00
Income from charitable activities					
<u>Provision of Pre-School Education & Care</u>					
Fees & Funding	5	60,272.84		55,305.91	
Special Needs Funding		0.00		1,167.48	
Other	6	<u>360.95</u>	60,633.79	<u>426.00</u>	56,899.39
Income from other trading activities					
Fundraising Receipts	7		1,688.39		1,191.97
Total Income			<u>63,951.18</u>		<u>58,685.36</u>
<u>Expenditure</u>					
Expenditure on raising funds					
Fundraising Expenses	7		20.84		99.09
Expenditure on charitable activities					
<u>Provision of Pre-School Education & Care</u>					
Wages	8	46,429.22		54,471.20	
Rent		4,490.50		2,983.50	
Insurance		674.45		669.86	
PSLA Membership		113.09		113.00	
OFSTED Registration		50.00		50.00	
Repairs & Renewals		0.00		0.00	
Equipment	9	2,402.16		1,372.75	
Consumables	10	648.82		564.77	
Administration Costs		385.40		178.12	
Training		12.25		570.90	
Book-keeping & Finance		1,500.00		1,500.00	
Other	11	<u>674.38</u>	57,380.27	<u>752.30</u>	63,226.40
Total Expenditure			<u>57,401.11</u>		<u>63,325.49</u>
Net Income / (Expenditure) for the year			<u>6,550.07</u>		<u>(4,640.13)</u>
<u>Reconciliation of Funds</u>					
Total Funds brought forward			12,804.02		17,444.15
Total Funds Carried Forward			<u>19,354.09</u>		<u>12,804.02</u>

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2021

Balance Sheet @ 31 July 2020

	Note	2021 £	2020 £
Current Assets			
Debtors	12	522.46	526.30
Cash at bank and in hand	13	23,255.39	12,651.78
Total Current Assets		<u>23,777.85</u>	<u>13,178.08</u>
Liabilities			
Creditors: amounts falling due within one year	14	(4,423.76)	(374.06)
Net current assets		<u>19,354.09</u>	<u>12,804.02</u>
Total assets less current liabilities		<u>19,354.09</u>	<u>12,804.02</u>
Provisions for Liabilities		0.00	0.00
Total Net Assets		<u><u>19,354.09</u></u>	<u><u>12,804.02</u></u>

The Funds of the Windmill Pre-School

Unrestricted income funds	15		
Income & Expenditure Account		3,941.42	3,946.71
Redundancy Reserve	16	1,959.68	452.68
Wages Reserve	17	13,452.99	8,404.63
Total Charity Funds		<u><u>19,354.09</u></u>	<u><u>12,804.02</u></u>

Audit Exemption Statement

For the year ending 31 July 2021 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: S.G. MorleyName: S.G. MORLEYDate: 17/3/22

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2021

Statement of Cash Flows

	Note	2021 £	2020 £
Cash flows from operating activities	18		
Net Cash provided by (used in) operating activities		10,603.61	(4,486.17)
Cash flows from investing activities			
None		0.00	0.00
Increase (decrease) in cash and cash equivalents in the year		<u>10,603.61</u>	<u>(4,486.17)</u>
Cash and cash equivalents at the beginning of the year		12,651.78	17,137.95
Total cash and cash equivalents at the end of the year		<u><u>23,255.39</u></u>	<u><u>12,651.78</u></u>

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2021

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.
 Income is predominantly received from County Council Early Years Education Funding and fees paid by parents; core costs (wages, rent, insurance, PSMA 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 had recently been adversely impacting 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, was creating an imbalance and was a cause for a concern. Although not permanently resolved, this issue receded during 2020/21 due to the number of children attending growing throughout the year whilst keeping staffing levels the same, but still within the staff / child ratios. The forecast for 2021/22 is similarly encouraging but tempered by the expectation of needing an extra member of staff during the year and going forward into 2022/23.
- 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 at the amount pre-paid.
- h) Cash at bank and cash in hand includes the bank balance and petty cash.
- 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 (2019/2020: none).

Note 3

	2020/21	2019/20
	£	£
Thaxted Fayre Charitable Trust: for music/dance sessions	0.00	340.00
	<u>0.00</u>	<u>340.00</u>

Note 4

	2020/21	2019/20
	£	£
Yardleys Charity	1,200.00	0.00
Refund of fees re Covid-19 closure	429.00	44.00
Bolford Street Hall	0.00	200.00
Facebook Giving Fund	0.00	10.00
	<u>1,629.00</u>	<u>210.00</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.

	2020/21	2019/20
	£	£
Parents' Fees	9,094.00	1,664.00
County Council Funding	51,178.84	53,641.91
	<u>60,272.84</u>	<u>55,305.91</u>

	2020/21	2019/20
	£	£
EYPP balance b/fwd	102.15	197.27
EYPP portion of County Council Funding	537.42	198.75
EYPP monies spent	(331.59)	(293.87)
EYPP balance c/fwd	<u>307.98</u>	<u>102.15</u>

Note 6

	2020/21	2019/20
	£	£
Sales of T-Shirts / Sweatshirts / Sunhats	9.50	86.00
Non-Refundable Deposits	0.00	40.00
Reclaim of Covid-19 Statutory Sick Pay	351.45	0.00
Miscellaneous Income (compensation from Bolford Street Hall re 1 day closure)	0.00	300.00
	<u>360.95</u>	<u>426.00</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.

Note 7

	2020/21	2019/20
	£	£
Fundraising Receipts	1,688.39	1,191.97
Less: Expenses	(20.84)	(99.09)
Net Fundraising	<u>1,667.55</u>	<u>1,092.88</u>

	Receipts	Expenses	Net	Net
	£	£	£	£
Sponsored Run-Around-the-Windmill	1,216.00	0.00	1,216.00	0.00
Cake Sale	181.50	0.00	181.50	0.00
Thaxted Advent Windows	100.00	0.00	100.00	0.00
Christmas Cards	52.80	0.00	52.80	(1.00)
Christmas Raffle	50.00	0.00	50.00	0.00
Amazon Smile	44.36	0.00	44.36	10.77
Terracycle / Ziffit Recycling Schemes	43.73	0.00	43.73	0.00
Smarties Tubes	0.00	(20.84)	(20.84)	116.55
Christmas Bazaar	0.00	0.00	0.00	946.56
Crazy Ceramics	0.00	0.00	0.00	20.00
	<u>1,688.39</u>	<u>(20.84)</u>	<u>1,667.55</u>	<u>1,092.88</u>

Fundraising was severely curtailed during the year due to Covid-19 restrictions, preventing the regular major events being held. (2019/20 similarly affected from March onwards.)

Note 8

	2020/21	2019/20
	£	£
Gross wages	45,948.25	53,948.61
Employer's NI Contributions	0.00	0.00
Employer's Pension Contributions (NEST)	480.97	522.59
	<u>46,429.22</u>	<u>54,471.20</u>

Following a change in the method of calculating wages, 2020/21's figures include an accrual of £4,133.21. Gross wages includes Covid-19 Statutory Sick Pay of £351.45. Under the government's Coronavirus Statutory Sick Pay Rebate Scheme, this amount was able to be reclaimed, and is included in the Financial Statements as Other Income (note 6).

Employer's NI contributions were wholly offset by the Employer's NI Allowance of £4,000 (increased to £4,000 in April 2020). (2019/20: contributions wholly offset).

No employees had employee benefits in excess of £60,000 (2019/20: nil)

During the year, the Windmill Pre-School employed an average of 4 staff (2019/20: 6), all of whom worked part-time. An average of approximately 13 sessions (2019/20: 17) were worked each week in total, equating to a full time equivalent of approximately 3 staff (2019/20: 3). This includes all sessions unable to be worked, but still paid, due to Covid-19 closure, and restrictions.

At balance sheet date, the pre-school was managed by 6 directors / trustees (2019/20: 6), none of whom are remunerated as directors / trustees. No expenses were incurred or reimbursed (2019/20: 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 9

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

Note 10

Consumables comprise limited use playthings such as art and craft items, activity-based items, stationery, food for the children's snacks, first aid items etc.

Note 11	2020/21	2019/20
	£	£
Gifts: staff (2019/20: staff, committee, examiner)	317.02	301.49
Covid-19 Sanitisation	168.00	0.00
Graduation Party / Leavers' Gifts	116.84	0.00
Visits: Tiny Tempos	50.00	0.00
Christmas Party & Presents	1.98	106.00
Miscellaneous	20.54	68.00
Reading Folders	0.00	94.49
Advertising	0.00	30.00
Staff & Children T-Shirts & Sweatshirts	0.00	73.32
Job Advert	0.00	79.00
	<u>674.38</u>	<u>752.30</u>

Note 12	2020/21	2019/20
	£	£
All debtors are short term:		
Pre-payments	522.46	526.30
	<u>522.46</u>	<u>526.30</u>

Note 13	2020/21	2019/20
	£	£
Cash held at bank and in hand	23,255.39	17,137.95
	<u>23,255.39</u>	<u>17,137.95</u>

Note 14	2020/21	2019/20
	£	£
Other creditors: HMRC re July's PAYE & NI	290.55	374.54
Accruals: August '21 Standard Monthly Wage Amounts	4,096.54	0.00
August '21 Employer Pensions Contributions	36.67	0.00
	<u>4,423.76</u>	<u>374.54</u>

The accrual results from a change during the year in the method of calculating wages, whereby an agreed standard number of hours per week for each member of staff is grossed up by the number of weeks to be worked plus holiday pay weeks, and then apportioned equally across the year from September to August.

Note 15	Reserve Accounts			
	I & E	Redncy	Wages	Total
	£	£	£	£
Balances brought forward	3,946.71	452.68	8,404.63	12,804.02
Net Income / (Expenditure)	6,550.07	0.00	0.00	6,550.07
Transfer Core Surplus to Wages Reserve	(8,329.61)	0.00	8,329.61	0.00
Transfer from Wages Reserve	1,774.25	0.00	(1,774.25)	0.00
Transfer to Redundancy Reserve	0.00	1,507.00	(1,507.00)	0.00
Transfer from Redundancy Reserve	0.00		0.00	0.00
Balances carried forward	<u>3,941.42</u>	<u>1,959.68</u>	<u>13,452.99</u>	<u>19,354.09</u>

The I & E reserve is a general reserve, Redundancy & Wages reserves are designated. All transactions in the first instance go through the I & E and then the relevant totals for the year are transferred between the reserves as appropriate at year end.

Balances on all Reserve accounts are within the limits set out in the Reserves Policy, except for the Wages Reserve which exceeds the maximum limit. The Directors/Trustees have approved this as forecast wage costs for 2021/22 are lower than normal due to forecast fewer staff working some sessions than desired. It is anticipated that a full staff rota will be in operation for 2022/23, therefore potentially requiring a higher reserve balance than the base calculation.

Note 16

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. (2019/20 - A cash sum equivalent to this balance was held within the current account.)

At the end of 2020/21, the potential liability was increased by £1,507.00 to cover the additional liability for the extra year of service and also for another member staff becoming entitled during 2021/22. This sum was transferred from the Wages Reserve. (2019/20 - 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.)

Note 17

The Wages Reserve services core income and core expenditure. In 2020/21, there was a core surplus of £8,366.28 which was transferred from the Income & Expenditure Account to the Wages Reserve. However, £1,774.25 was then reversed back to the Income & Expenditure Account to cover a deficit on that account against the minimum balance required by the reserves policy. A further £1,507.00 was transferred to the Redundancy Reserve (see Note 16). (2019/20 - a core deficit of £1,972.92 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.

(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 18

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

	2020/21	2019/20
	£	£
Net movement in funds	6,550.07	(4,640.13)
Less: Interest income	0.00	0.00
Decrease / (increase) in debtors	3.84	154.44
Increase / (decrease) in creditors	4,049.70	(0.48)
Increase / (decrease) in provisions	0.00	0.00
Net cash provided by / (used in) operating activities	<u>10,603.61</u>	<u>(4,486.17)</u>



Section A

Independent Examiner's Report

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

The Windmill Pre-School

**On accounts for the year
ended**

31st July 2021

Charity no.:

1106496

Company no.:

5021469

Set out on pages

1-8

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31/07/2021.

**Responsibilities and
basis of report**

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: 1/3/22

Name: CATHERINE FOX

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

AAT

Address:

53 MAGDALEN GREEN
THAXTED
ESSEX CM 6 2L

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.