

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 2022

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 July 2022 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

The year saw a reinforcement of the positive outlook for the Pre-School, with a consolidation of last year's increased numbers of children and sessions taken up continuing to improve the financial position, albeit marginally so. Most sessions, particularly in the latter months of the year, were nearly full, if not completely full, in relation to Ofsted's child to adult ratios. There were no changes to staff during the year, allowing them to develop further into a settled team, and providing a stable backdrop to the delivery of care to our families. However, with the higher number of children in attendance, an additional member of staff would have been preferred in order to ease the pressure on the current practitioners, although the consequent favourable impact on finances was welcome. Efforts were continuing at the end of the year to recruit a SEND practitioner, either already qualified or willing to undertake the appropriate training.

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.

Turning to the operational aspects, during the course of the year, a total of 32 children were registered to attend Pre-School, 26 of whom were already enrolled in September 2021 for the start of the academic year with a further 6 joining during the year. Two children left, 16 children moved on to primary school in July with one more switching to a different setting, leaving 13 on the register at the end of the year. More under 2 ½ year-olds are now being accepted than in previous years, the higher fee / funding rate for whom augments income but this has to be balanced against the more restrictive staff to child ratios which apply to that age group. There were no special needs children in attendance during the year.

A full and varied programme of activities continued to be offered, all seeking to enrich the children's education and experiences, this year enhanced by a Father's Day Breakfast morning and the special celebrations to mark the late Queen Elizabeth's II Platinum Jubilee. Thanks go to the staff for their skills, enthusiasm and hard work in devising and delivering these activities and events with such success.

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. All those 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 £86,083
- Total expenditure £85,469
- Net income £614
- Net core income £7,977
- Net non-core expenditure £7,363
- Net assets / Total funds carried forward £19,968
- Total net fundraising £48.

Overview & key financial activities

Income

Fees

- Fees and funding income totalled £85,269. This is considerably 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 £4.38 per hour until April, when an increase to £4.50 per hour was forthcoming. The rate for 2 year-old children also increased, from £5.36 to £5.51.
- 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 £485 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 £308 carried forward from last year, a total of £483 was spent during the year on toys, dolls and sensory items. The remaining £310 has been carried forward to 2022/2023.

Fundraising

- No fundraising events were held during the year, in part due to the continuing caution about holding events involving the wider community.
- £28 was received from Amazon Smile, £11 from the sale of the children's Christmas cards and £9 from the sale of old DVDs.

Grants & Donations

- No grants or donations were applied for or received this year.

Non-Core

- Other non-core income comprises £500 received from ECC as a Covid assistance package, £60 contribution to the cost of the First Aid course from a member of the public attending the course plus £30 re deposits.

Expenditure

Wages

- The total wages cost for the year amounted to £70,531, considerably higher than last year due to having more staff on duty for more sessions.

- No employers' NI contributions were payable as all amounts due were off-set in full by the Government's annual tax year allowance of £5,000.
- Employer pension contributions totalled £1,066.
- A refund of Covid-19 Statutory Sick Pay of £177 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 2022 was 6.6% and this was applied to all our wage rates.

Rent & Insurance

- Rental costs totalled £5,645, at a rate of £6.05 per hour. This total is higher than last year due to being open for five days a week for the whole year.
- 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 £8,456, approximately £2,830 more than last year.
- Spending on equipment amounted to £2,848, some of which relates to the unspent portion of a donation received last year from a local charity and also the EYPP monies received. Specific items bought include waterplay waterproofs, a mealtime chair, a sand and water play tray, an outdoor trolley, a play hospital, flipchart easel, headphones and microphone, and a sensory pod, along with general play equipment and books to supplement & replace existing resources.
- Consumables totalled £1,897, significantly higher than last year's figure, reflecting the greater number of children in attendance throughout the year.
- Administration costs amounted to £523, encompassing the subscription to Tapestry, an advertisement for a job vacancy, a Disclosure and Barring Service application, Early Years Alliance policy guidance, website costs, and the standard annual fees from the Information Commission and Companies House.
- Training costs related primarily to the First Aid course for all staff and a safeguarding course for one member of staff.
- Book-keeping costs totalled £1,500.
- Other costs comprise the costs of the Christmas Party, the Jubilee celebrations and activities, the Father's Day breakfast, school lunches, end of year Graduation Party and gifts, a music and dance workshop, and a range of small thank you and welcome gifts.

Net Assets at year end

Net assets stand at £19,968, an increase of £614 from last year.

Assets

- Debtors at year end amounted to £532, 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 £25,746, comprising the current account (£25,741) and petty cash (£5). 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 £6,310 in respect of August's gross wages (£5,731) and employer pension contributions (£93), plus tax and employees' NI contributions not yet due for payment to HMRC (£436), as well as general creditors (£50).

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 is less than the minimum at year end. The directors / trustees agree that this is acceptable in the short term in the expectation that sufficient additional sessions will be taken up during the course of the forthcoming year to cover the deficit.

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 £7,977 to the wages reserve, less a transfer of £7,911 from the wages reserve to ensure compliance with the reserves policy, the balance stands at £4,490.

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 two existing potential liabilities plus the addition of three new potential liabilities accruing by the end of the next financial year, resulted in an overall increase to the reserve balance of £3,899 being required. This was transferred from the wages reserve, resulting in a closing balance of £5,858 on the redundancy reserve.
- This is equal to the potential redundancy liability as re-calculated in November 2022, 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 £7,977. As all monies in the first instance go through the Income & Expenditure, this amount was transferred from that account.
- However, an amount of £7,911 was then transferred back to the Income & Expenditure Account as referred to above.
- After the transfer of £3,899 to the redundancy reserve, the balance on the wages reserve stands at £9,620.

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 (12p per hour this year and 6p 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 further this year with a return to much more normal levels of enrolment, 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 once again 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 can be quite difficult in terms of the qualifications required, and 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, balancing the additional cost incurred against the opportunity to augment income.

Non-Core

- Another risk is that each year non-core expenditure is not covered by non-core income, resulting in core funds having to be used to make up the shortfall. This has been exacerbated in the last two years due to the limitations of the pandemic on fundraising but can now begin to be addressed by returning to holding fundraising events and activities.

The overall outlook for the Pre-School is positive. Crucially, register numbers are now sustained at a much improved level, with a more even spread of ages, thus removing the problem of starting each new academic year with very few children, and 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 is now greatly reduced as the number of children on the register has stabilised at more normal higher levels.
- Maintaining the redundancy reserve at a sufficient level to cover potential redundancy pay liabilities will, however, begin to become more of a significant issue with all staff being entitled by the end of the next financial year.

This area of risk therefore is not of immediate 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. Discussions began during the year about converting to a different legal structure primarily in order to simplify administrative and decision-making processes by reducing the number of Directors / Trustees, which by definition would reduce this area of risk. De-registering as a company, thus removing the Company Law aspect of individual responsibility, would potentially also help with this, as well as removing a set of regulations and reporting requirements at the organisation level. Further to these discussions, it was resolved in July 2022 to convert to a Charitable Incorporated Organisation.

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

- With the success of the vaccination rollout, the generally less severe effects of the virus and the gradual progression to a “learning to live with it” approach, risks to the operation of the Pre-School of Covid-19 have receded significantly.

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 as amended by Special Resolution dated 18 March 2014.

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 check. Once certification is received, they are registered with Companies House; they then complete

Ofsted's Early Years 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:	J Blackburn	(elected 29 March 2022, registered 16 September 2022)
Secretary:	C Sheehan	(elected as Director 29 March 2022 and as Secretary 18 May 2022, registration in process)
Treasurer:	L Burkle	(appointed 25 September 2020)
Director:	N Schillaci	(appointed 6 April 2020)
Director:	K O'Donnell	(appointed 5 May 2020)
Director:	K Woodhouse	(elected 29 March 2022, registered 25 September 2022)
Director & Manager:	A Guney	(appointed 23 July 2020)

Directors resigning during year

Chair:	S Morley	(resigned 17 March 2022, de-registered 13 September 2022)
Secretary:	A Denham	(resigned 18 May 2022, not yet de-registered pending registration of replacement)

There were no directors appointed after year end.

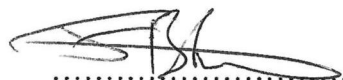
A delay will always occur between the election of a director / trustee and the formal appointment with Companies House and Charity Commission due to the DBS check and EY2 registration requirements and certification thereof.

This Report has been prepared under the small companies regime.

Signed on behalf of the Directors / Trustees:

Name:

Date:


.....
Sash Blackburn
.....
30/03/23
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The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2022

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.
- 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 (2020/2021: none).

Note 3

2021/22 2020/21

Yardleys Charity
Refund of fees re Covid-19 closure

£	£
0.00	1,200.00
0.00	429.00
<u>0.00</u>	<u>1,629.00</u>

Note 4

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.

	2021/22 £	2020/21 £
Parents' Fees	20,517.00	9,094.00
County Council Funding	64,751.85	51,178.84
	<u>85,268.85</u>	<u>60,272.84</u>

	2021/22 £	2020/21 £
EYPP balance b/fwd	307.98	102.15
EYPP portion of County Council Funding	484.95	537.42
EYPP monies spent	(482.88)	(331.59)
EYPP balance c/fwd	<u>310.05</u>	<u>307.98</u>

Note 5

	2021/22 £	2020/21 £
Sales of T-Shirts / Sweatshirts / Sunhats	0.00	9.50
Non-Refundable Deposits	30.00	0.00
Reclaim of Covid-19 Statutory Sick Pay	176.65	351.45
Miscellaneous Income	560.01	0.00
	<u>766.66</u>	<u>360.95</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 6

	2021/22 £	2020/21 £
Fundraising Receipts	47.81	1,688.39
Less: Expenses	0.00	(20.84)
Net Fundraising	<u>47.81</u>	<u>1,667.55</u>

	Receipts £	Expenses £	Net £	Net £
Sponsored Run-Around-the-Windmill	0.00	0.00	0.00	1,216.00
Cake Sale	0.00	0.00	0.00	181.50
Thaxted Advent Windows	0.00	0.00	0.00	100.00
Christmas Cards	10.50	0.00	10.50	52.80
Christmas Raffle	0.00	0.00	0.00	50.00
Amazon Smile	28.33	0.00	28.33	44.36
Terracycle / Ziffit Recycling Schemes	0.00	0.00	0.00	43.73
Smarties Tubes	0.00	0.00	0.00	(20.84)
Sale of DVDs	8.98	0.00	8.98	0.00
Christmas Bazaar	0.00	0.00	0.00	0.00
Crazy Ceramics	0.00	0.00	0.00	0.00
	<u>47.81</u>	<u>0.00</u>	<u>47.81</u>	<u>1,667.55</u>

No fundraising events were held. (2020/21: Fundraising was severely curtailed during the year due to Covid-19 restrictions, preventing the regular major events being held.

Note 7

2021/22 £	2020/21 £
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Gross wages	69,464.91	45,948.25
Employer's NI Contributions	0.00	0.00
Employer's Pension Contributions (NEST)	1,065.86	480.97
	<u>70,530.77</u>	<u>46,429.22</u>

Following a change in the method of calculating wages in 2020/21, the figures are adjusted for August's wages accruals.

Gross wages includes Covid-19 Statutory Sick Pay of £176.65 (2020/21: £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 £5,000 (increased from £4,000 to £5,000 in April 2022). (2020/21: contributions wholly offset).

No employees had employee benefits in excess of £60,000 (2020/21: nil)

During the year, the Windmill Pre-School employed an average of 5.25 staff (2020/21: 4), all of whom worked part-time. An average of approximately 23 sessions (2020/21: 13) were worked each week in total, equating to a full time equivalent of approximately 4.5 staff (2020/21: 3).

At balance sheet date, the pre-school was managed by 6 directors / trustees (2020/21: 6), none of whom are remunerated as directors / trustees. No expenses were incurred or reimbursed (2020/21: 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 8

Equipment comprises multiple use, durable educational material and playthings, pre-school furniture and other such items, all of which are treated as revenue items. Costs are thus taken directly into income and expenditure. Of the total costs, £482.88 was from the EYPP portion of the ECC funding (see note 4) and a further £705.08 from another funding supplement for children living in specific post codes which are deemed to be less affluent.

Note 9

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 10

Bad Debt relates to an unpaid fee.

Note 11

	2021/22	2020/21
	£	£
Gifts: staff, new parents, examiner, for use of field (2020/21: staff)	191.14	317.02
Covid-19 Sanitisation	0.00	168.00
Graduation Party / Leavers' Gifts	209.35	116.84
Visits: Tiny Tempos	50.00	50.00
Christmas Party & Presents	109.58	1.98
Miscellaneous	(0.99)	20.54
Jubilee Party	146.80	0.00
Father's Day Breakfast	26.85	0.00
School Lunches	39.65	0.00
	<u>772.38</u>	<u>674.38</u>

Note 12

	2021/22	2020/21
	£	£
All debtors are short term:		
Pre-payments	531.98	522.46
	<u>531.98</u>	<u>522.46</u>

Note 13	2021/22	2020/21
	£	£

Cash held at bank and in hand	25,745.70	23,255.39
	<u>25,745.70</u>	<u>23,255.39</u>

Note 14	2021/22	2020/21
	£	£
Other creditors: HMRC re July's PAYE & NI	436.24	290.55
General	49.47	0.00
Accruals: August '21 Standard Monthly Wage Amounts	5,731.47	4,096.54
August '21 Employer Pensions Contributions	92.51	36.67
	<u>6,309.69</u>	<u>4,423.76</u>

Note 15	Reserve Accounts			
	I & E	Redncy	Wages	Total
	£	£	£	£
Balances brought forward	3,941.42	1,959.68	13,452.99	19,354.09
Net Income / (Expenditure)	613.90			613.90
Transfer Core Surplus to Wages Reserve	(7,976.68)		7,976.68	0.00
Transfer from Wages Reserve	7,911.12		(7,911.12)	0.00
Transfer to Redundancy Reserve		3,898.91	(3,898.91)	0.00
Transfer from Redundancy Reserve				0.00
Balances carried forward	<u>4,489.76</u>	<u>5,858.59</u>	<u>9,619.64</u>	<u>19,967.99</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 is below the minimum limit. The Directors/Trustees are confident that sufficient additional sessions will be taken up during the course of the year to make up the shortfall.

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. (2020/21 - A cash sum equivalent to this balance was held within the current account.)

At the end of 2021/22, the potential liability was increased by £3,898.91 to cover the additional liability for the extra year of service and also for three more members staff becoming entitled during 2022/23. This sum was transferred from the Wages Reserve. (2020/21 - a sum of £1,507.00 was transferred.)

Note 17

The Wages Reserve services core income and core expenditure. In 2021/22, there was a core surplus of £7,976.68 which was transferred from the Income & Expenditure Account to the Wages Reserve. However, £7,911.12 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 £3,898.91 was transferred to the Redundancy Reserve (see Note 16). (2020/21 - a core surplus of £8,366.28 was transferred from the Income & Expenditure Account into the Wages Reserve, and a total of £1,810.92 was transferred back 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:

	2021/22	2020/21
	£	£
Net movement in funds	613.90	6,550.07
Less: Interest income	0.00	0.00
Decrease / (increase) in debtors	(9.52)	3.84
Increase / (decrease) in creditors	1,885.93	4,049.70
Increase / (decrease) in provisions	0.00	0.00
Net cash provided by / (used in) operating activities	<u>2,490.31</u>	<u>10,603.61</u>

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2022

Statement of Cash Flows

	Note	2021/2022 £	2020/2021 £
Cash flows from operating activities	18		
Net Cash provided by (used in) operating activities		2,490.31	10,603.61
Cash flows from investing activities			
None		0.00	0.00
Increase (decrease) in cash and cash equivalents in the year		<u>2,490.31</u>	<u>10,603.61</u>
Cash and cash equivalents at the beginning of the year		23,255.39	12,651.78
Total cash and cash equivalents at the end of the year		<u>25,745.70</u>	<u>23,255.39</u>

The Windmill Pre-School
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Statement of Financial Activities (incorporating the Income & Expenditure Account)

	Note	Unrestricted Funds 2021/2022		Unrestricted Funds 2020/2021	
		£	£	£	£
<u>Income</u>					
Income from Donations					
Donations	3	0.00	0.00	1,629.00	1,629.00
Income from charitable activities					
Provision of Pre-School Education & Care					
Fees & Funding	4	85,268.85		60,272.84	
Special Needs Funding		0.00		0.00	
Other	5	766.66	86,035.51	360.95	60,633.79
Income from other trading activities					
Fundraising Receipts	6		47.81		1,688.39
Total Income			86,083.32		63,951.18
<u>Expenditure</u>					
Expenditure on raising funds					
Fundraising Expenses	6		0.00		20.84
Expenditure on charitable activities					
Provision of Pre-School Education & Care					
Wages	7	70,530.77		46,429.22	
Hall Hire		5,644.65		4,490.50	
Insurance		679.20		674.45	
PSLA Membership		109.25		113.09	
OFSTED Registration		50.00		50.00	
Repairs & Renewals		170.53		0.00	
Equipment	8	2,848.00		2,402.16	
Consumables	9	1,897.11		648.82	
Administration Costs		522.63		385.40	
Training		678.90		12.25	
Book-keeping & Finance		1,500.00		1,500.00	
Bad Debt	10	66.00		0.00	
Other	11	772.38	85,469.42	674.38	57,380.27
Total Expenditure			85,469.42		57,401.11
Net Income / (Expenditure) for the year			613.90		6,550.07
<u>Reconciliation of Funds</u>					
Total Funds brought forward			19,354.09		12,804.02
Total Funds Carried Forward			19,967.99		19,354.09

The Windmill Pre-School
Registered Charity No. 1106496
Financial Statements for the year to 31 July 2022

Balance Sheet @ 31 July 2022

	Note	2022 £	2021 £
Current Assets			
Debtors	12	531.98	522.46
Cash at bank and in hand	13	25,745.70	23,255.39
Total Current Assets		<u>26,277.68</u>	<u>23,777.85</u>
Liabilities			
Creditors: amounts falling due within one year	14	(6,309.69)	(4,423.76)
Net current assets		<u>19,967.99</u>	<u>19,354.09</u>
Total assets less current liabilities		<u>19,967.99</u>	<u>19,354.09</u>
Provisions for Liabilities		0.00	0.00
Total Net Assets		<u><u>19,967.99</u></u>	<u><u>19,354.09</u></u>
 The Funds of the Windmill Pre-School			
Unrestricted income funds	15		
Income & Expenditure Account		4,489.76	3,941.42
Redundancy Reserve	16	5,858.59	1,959.68
Wages Reserve	17	9,619.64	13,452.99
Total Charity Funds		<u><u>19,967.99</u></u>	<u><u>19,354.09</u></u>

Audit Exemption Statement

For the year ending 31 July 2022 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: Sosh BlackburnDate: 30/03/2023

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 2022

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 July 2022 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

The year saw a reinforcement of the positive outlook for the Pre-School, with a consolidation of last year's increased numbers of children and sessions taken up continuing to improve the financial position, albeit marginally so. Most sessions, particularly in the latter months of the year, were nearly full, if not completely full, in relation to Ofsted's child to adult ratios. There were no changes to staff during the year, allowing them to develop further into a settled team, and providing a stable backdrop to the delivery of care to our families. However, with the higher number of children in attendance, an additional member of staff would have been preferred in order to ease the pressure on the current practitioners, although the consequent favourable impact on finances was welcome. Efforts were continuing at the end of the year to recruit a SEND practitioner, either already qualified or willing to undertake the appropriate training.

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.

Turning to the operational aspects, during the course of the year, a total of 32 children were registered to attend Pre-School, 26 of whom were already enrolled in September 2021 for the start of the academic year with a further 6 joining during the year. Two children left, 16 children moved on to primary school in July with one more switching to a different setting, leaving 13 on the register at the end of the year. More under 2 ½ year-olds are now being accepted than in previous years, the higher fee / funding rate for whom augments income but this has to be balanced against the more restrictive staff to child ratios which apply to that age group. There were no special needs children in attendance during the year.

A full and varied programme of activities continued to be offered, all seeking to enrich the children's education and experiences, this year enhanced by a Father's Day Breakfast morning and the special celebrations to mark the late Queen Elizabeth's II Platinum Jubilee. Thanks go to the staff for their skills, enthusiasm and hard work in devising and delivering these activities and events with such success.

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. All those 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 £86,083
- Total expenditure £85,469
- Net income £614
- Net core income £7,977
- Net non-core expenditure £7,363
- Net assets / Total funds carried forward £19,968
- Total net fundraising £48.

Overview & key financial activities

Income

Fees

- Fees and funding income totalled £85,269. This is considerably 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 £4.38 per hour until April, when an increase to £4.50 per hour was forthcoming. The rate for 2 year-old children also increased, from £5.36 to £5.51.
- 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 £485 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 £308 carried forward from last year, a total of £483 was spent during the year on toys, dolls and sensory items. The remaining £310 has been carried forward to 2022/2023.

Fundraising

- No fundraising events were held during the year, in part due to the continuing caution about holding events involving the wider community.
- £28 was received from Amazon Smile, £11 from the sale of the children's Christmas cards and £9 from the sale of old DVDs.

Grants & Donations

- No grants or donations were applied for or received this year.

Non-Core

- Other non-core income comprises £500 received from ECC as a Covid assistance package, £60 contribution to the cost of the First Aid course from a member of the public attending the course plus £30 re deposits.

Expenditure

Wages

- The total wages cost for the year amounted to £70,531, considerably higher than last year due to having more staff on duty for more sessions.

- No employers' NI contributions were payable as all amounts due were off-set in full by the Government's annual tax year allowance of £5,000.
- Employer pension contributions totalled £1,066.
- A refund of Covid-19 Statutory Sick Pay of £177 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 2022 was 6.6% and this was applied to all our wage rates.

Rent & Insurance

- Rental costs totalled £5,645, at a rate of £6.05 per hour. This total is higher than last year due to being open for five days a week for the whole year.
- 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 £8,456, approximately £2,830 more than last year.
- Spending on equipment amounted to £2,848, some of which relates to the unspent portion of a donation received last year from a local charity and also the EYPP monies received. Specific items bought include waterplay waterproofs, a mealtime chair, a sand and water play tray, an outdoor trolley, a play hospital, flipchart easel, headphones and microphone, and a sensory pod, along with general play equipment and books to supplement & replace existing resources.
- Consumables totalled £1,897, significantly higher than last year's figure, reflecting the greater number of children in attendance throughout the year.
- Administration costs amounted to £523, encompassing the subscription to Tapestry, an advertisement for a job vacancy, a Disclosure and Barring Service application, Early Years Alliance policy guidance, website costs, and the standard annual fees from the Information Commission and Companies House.
- Training costs related primarily to the First Aid course for all staff and a safeguarding course for one member of staff.
- Book-keeping costs totalled £1,500.
- Other costs comprise the costs of the Christmas Party, the Jubilee celebrations and activities, the Father's Day breakfast, school lunches, end of year Graduation Party and gifts, a music and dance workshop, and a range of small thank you and welcome gifts.

Net Assets at year end

Net assets stand at £19,968, an increase of £614 from last year.

Assets

- Debtors at year end amounted to £532, 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 £25,746, comprising the current account (£25,741) and petty cash (£5). 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 £6,310 in respect of August's gross wages (£5,731) and employer pension contributions (£93), plus tax and employees' NI contributions not yet due for payment to HMRC (£436), as well as general creditors (£50).

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 is less than the minimum at year end. The directors / trustees agree that this is acceptable in the short term in the expectation that sufficient additional sessions will be taken up during the course of the forthcoming year to cover the deficit.

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 £7,977 to the wages reserve, less a transfer of £7,911 from the wages reserve to ensure compliance with the reserves policy, the balance stands at £4,490.

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 two existing potential liabilities plus the addition of three new potential liabilities accruing by the end of the next financial year, resulted in an overall increase to the reserve balance of £3,899 being required. This was transferred from the wages reserve, resulting in a closing balance of £5,858 on the redundancy reserve.
- This is equal to the potential redundancy liability as re-calculated in November 2022, 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 £7,977. As all monies in the first instance go through the Income & Expenditure, this amount was transferred from that account.
- However, an amount of £7,911 was then transferred back to the Income & Expenditure Account as referred to above.
- After the transfer of £3,899 to the redundancy reserve, the balance on the wages reserve stands at £9,620.

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 (12p per hour this year and 6p 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 further this year with a return to much more normal levels of enrolment, 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 once again 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 can be quite difficult in terms of the qualifications required, and 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, balancing the additional cost incurred against the opportunity to augment income.

Non-Core

- Another risk is that each year non-core expenditure is not covered by non-core income, resulting in core funds having to be used to make up the shortfall. This has been exacerbated in the last two years due to the limitations of the pandemic on fundraising but can now begin to be addressed by returning to holding fundraising events and activities.

The overall outlook for the Pre-School is positive. Crucially, register numbers are now sustained at a much improved level, with a more even spread of ages, thus removing the problem of starting each new academic year with very few children, and 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 is now greatly reduced as the number of children on the register has stabilised at more normal higher levels.
- Maintaining the redundancy reserve at a sufficient level to cover potential redundancy pay liabilities will, however, begin to become more of a significant issue with all staff being entitled by the end of the next financial year.

This area of risk therefore is not of immediate 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. Discussions began during the year about converting to a different legal structure primarily in order to simplify administrative and decision-making processes by reducing the number of Directors / Trustees, which by definition would reduce this area of risk. De-registering as a company, thus removing the Company Law aspect of individual responsibility, would potentially also help with this, as well as removing a set of regulations and reporting requirements at the organisation level. Further to these discussions, it was resolved in July 2022 to convert to a Charitable Incorporated Organisation.

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

- With the success of the vaccination rollout, the generally less severe effects of the virus and the gradual progression to a “learning to live with it” approach, risks to the operation of the Pre-School of Covid-19 have receded significantly.

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 as amended by Special Resolution dated 18 March 2014.

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 check. Once certification is received, they are registered with Companies House; they then complete

Ofsted's Early Years 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:	J Blackburn	(elected 29 March 2022, registered 16 September 2022)
Secretary:	C Sheehan	(elected as Director 29 March 2022 and as Secretary 18 May 2022, registration in process)
Treasurer:	L Burkle	(appointed 25 September 2020)
Director:	N Schillaci	(appointed 6 April 2020)
Director:	K O'Donnell	(appointed 5 May 2020)
Director:	K Woodhouse	(elected 29 March 2022, registered 25 September 2022)
Director & Manager:	A Guney	(appointed 23 July 2020)

Directors resigning during year

Chair:	S Morley	(resigned 17 March 2022, de-registered 13 September 2022)
Secretary:	A Denham	(resigned 18 May 2022, not yet de-registered pending registration of replacement)

There were no directors appointed after year end.

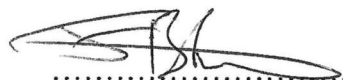
A delay will always occur between the election of a director / trustee and the formal appointment with Companies House and Charity Commission due to the DBS check and EY2 registration requirements and certification thereof.

This Report has been prepared under the small companies regime.

Signed on behalf of the Directors / Trustees:

Name:

Date:


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Sash Blackburn
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30/03/23
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