

Company registration no. 05277574  
Registered Charity No: 1107547

**HAPPY FACES PRE-SCHOOL LIMITED**

**TRUSTEES' REPORT AND UNAUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 AUGUST 2020**

# HAPPY FACES PRE-SCHOOL LIMITED

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# HAPPY FACES PRE-SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2020

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Trustees	Emma Holt (Chair) Lucy Child (Treasurer) Kerry Allen (Secretary) Rachel Stewart Gemma Carter Amber Danch (elected 28 February 2020)
Registered Office	Hectorage Road Tonbridge Kent TN9 2DS
Company Number	05277574
Charity Registration Number	1107547
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
Independent Examiner	A S Healey FCA CTA DChA Lindeyer Francis Ferguson Limited Chartered Accountants North House 198 High Street Tonbridge Kent TN9 1BE

# HAPPY FACES PRE-SCHOOL LIMITED

## TRUSTEES' REPORT

*FOR THE YEAR ENDED 31 AUGUST 2020*

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The Trustees, (who also the directors of the company for the purposes of the Companies Act) present their report and the financial statements of Happy Faces Pre-School Limited for the year ended 31 August 2020.

The Trustees confirm that the report and financial statements of the charity comply with the current statutory requirements, the requirements of the company's governing document, and the provisions of "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 (FRS102)" (effective 1 January 2019) (Charities SORP (FRS 102)).

The Legal and Administrative information on page 1 forms part of this report.

### Structure, Governance and Management

#### *Company Status*

Happy Faces Pre-school Limited is a charitable company limited by guarantee and has no share capital. The liability of each member in the event of a winding up is limited to £1. The company was incorporated on 4 November 2004 and is governed by a memorandum and articles of association.

#### *Governance and internal control*

The Board of Trustees are responsible for selecting and recruiting suitable trustees to office at any time during the course of the year. The board shall consist of a Chair, Treasurer, Secretary and not less than 2 or more than 9 other members. The Chair, Treasurer and Secretary hold office for a period of one year but can offer themselves for re-election. No board member can hold office for more than six years.

Potential new trustees are invited to attend board meetings to receive an introduction to the charity's activities, workings, finances and risk assessments. Current and potential trustees are also encouraged to attend courses on topical subjects relating to directors.

The board controls the activities of the charity through regular meetings held throughout the year.

### Aims and objectives

#### *Aims*

The object of the charity is the provision of childcare facilities for children aged two to five years in the Tonbridge area.

Happy Faces is a community pre-school with a wide social mix and aims to treat each child as an individual. The Pre-school's goal is to provide a happy and secure environment in which each child can reach their full potential. Happy Faces aims to do this through good quality care and education for young children, in a safe yet stimulating environment. Children are given the freedom to experience a wide range of activities in a play-based curriculum, providing the best possible foundation for Primary School.

In setting the objectives and planning the activities of the Project the trustees have given careful consideration to the Charity Commissioner's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

# HAPPY FACES PRE-SCHOOL LIMITED

## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2020

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### *Objectives*

The objectives are set to reflect the local community and educational aims as well as the ethos of the Pre-school.

The high level objectives for the year included:

To offer appropriate play, education and care facilities for local pre-school aged children (two to five years of age);

To encourage parents to understand and provide for the needs of their children;

To be an inclusive organisation which welcomes families from different ethnic and cultural backgrounds and actively seeks to value and respect the diversity of our multi-cultural society.

Happy Faces Pre-school seeks to benefit the public through pursuit of its stated aims.

The Pre-school welcomes children from all backgrounds. Happy Faces is legally obliged to take funded children (those aged three to five years) as priority, and then fills any remaining spaces on its roll with children aged from two to three years.

Happy Faces is registered on the government scheme "Free for 2", which funds places for 2 year olds for up to 15 hours per week (this can be split between two childcare settings). The scheme is to provide good quality early education for disadvantaged children, aiming to improve their social and cognitive outcomes before they start school. Happy Faces has had 2 year olds on the roll during the year funded by this scheme. Happy Faces also accepts children aged 3 & 4 who are eligible for the 30 hours Free Early Entitlement. Happy Faces has had 3 & 4 year olds on the roll during the year funded by this scheme.

Regular contact is maintained with parents and carers across the year through informal contact and a monthly newsletter. Happy Faces staff work both independently and closely with parents and carers to identify where there is a need to engage with the full range of wider support services, including health visitors, paediatricians, child psychologists, portage, speech therapists, and the Specialist Teaching Service.

The Pre-school sends children to a wide range of schools in the Tonbridge area. However, it maintains particular links with Royal Rise Primary School, formally known as St Stephen's Primary School, for example by Happy Faces children visiting the school to watch their pupils' Christmas performances.

### Review of activities and achievements

The number of children aged two to five years on the roll at Happy Faces across the year was:

Term 1 & 2 - September 2019 – December 2019 – 60 children; (2018 - 49)

Term 3 & 4 - January 2020 – March 2020 – 61 children; (2019 - 60)

Term 5 & 6- April 2020 – August 2020 - 61 children (2019 - 62)

Due to the Covid-19 pandemic, no new children started with us from April onwards.

# HAPPY FACES PRE-SCHOOL LIMITED

## TRUSTEES' REPORT (continued) *FOR THE YEAR ENDED 31 AUGUST 2020*

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Happy Faces is well-known locally and many children come to the pre-school as a result of its positive word-of-mouth reputation. The Pre-school is listed by Kent County Council, the National Child Birth Trust (NCT) and the local library. The local Primary School also sign-posts new parents with appropriately aged children to Happy Faces. In addition, children are referred to Happy Faces from Special Educational Needs Service and the local children's centre.

Fourteen members of staff are employed at Happy Faces. In addition, as part of Happy Faces' connection with the local community, work experience placements are offered to girls from West Kent College (although this did not happen this year due to the Covid-19 pandemic).

Happy Faces is an equal opportunities organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. Reasonable adjustments will be made to meet the needs of staff or children who are or who become disabled.

All staff are dedicated to continuous personal and professional development and the Pre-school has an exceptionally high percentage of trained staff. Happy Faces follows the Early Years Foundation Stage Framework with support from a Kent County Council Setting Improvement Partner. Happy Faces is part of a collaboration of eight Early Year settings in Tonbridge and the surrounding area, where we share ideas and funding to further improve our settings.

Happy Faces seeks to be at the heart of the local community, holding Easter and Christmas raffles and regular cake sales to welcome in and engage with members of the wider community, as well as parents and carers. Again, no fundraising events took place due to Covid-19.

Due to the Covid-19 pandemic, Happy Faces closed to all children from 23<sup>rd</sup> March only to re-open for 2 vulnerable children from 4<sup>th</sup> May. All but 5 staff were placed on furlough until 8<sup>th</sup> June when we re-opened for children who were due to start primary school in September. Not all of the parents took us up on this offer. Our income was reduced due to being closed. Thankfully, Kent County Council allowed us to keep the funding for both term 3 & 4 and term 5 & 6.

We are closely monitoring our funds to ensure we have enough in reserve should we have to make staff redundant and/or close the Pre-school.

### Financial Review

#### *Reserves*

Total income for the year was £178,100, up on the previous year's income of £151,410. Costs were £191,470, compared with £173,112 in 2019. This resulted in a deficit on the general fund of £13,370 (2019 - £21,702) for the year and the balance carried forward on the general fund at the year-end is £122,227 (2019 - £135,597). The general fund includes the leasehold premises of £73,605 and the balance of £48,622 is available to be spent at the Trustees' discretion in furtherance of the charity's objectives.

# HAPPY FACES PRE-SCHOOL LIMITED

## TRUSTEES' REPORT (continued) *FOR THE YEAR ENDED 31 AUGUST 2020*

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Happy Faces sets fees at a level to ensure the financial viability of the Pre-school and in line with the early years funding provided by Kent County Council. The Pre-school offers wrap around care between the hours of 08.30 and 16.00, should parents and carers wish to take advantage of this, thereby facilitating parents' return to work. Happy Faces offers payment plans and flexible methods of payment to all parents who may be experiencing difficulty in meeting their fees obligation.

The Happy Faces Board seeks to raise funds for the pre-school throughout the year. Primarily this is done through three annual fundraising events: Easter, the summer and Christmas raffles. However, the Committee also seeks to hold other smaller fundraising activities each term, for example, a children's sponsored bounce. Due to Covid-19 we did not hold any fundraising activities from March - August.

### Plans for the future

Happy Faces will continue to seek to improve the quality of the care it provides. Staff will work to maintain their awareness of the latest developments in nursery and pre-school care and child development and will continue to assess well-being and involvement to ensure each child is actively developed and encouraged to meet its full potential.

The Committee will continue to fundraise in the coming year, both for Happy Faces and for the wider community. The Committee will also strive to encourage more parents and carers to join its body.

We have lost 6 members of staff between February 2020 and April 2021 and have only replaced one (as an apprentice) in March 2021. This means that our highest expense has decreased. We will move forward by not employing any more staff unless we absolutely need to in order to meet our ratio requirements. Our part time staff are also willing to be flexible in adding extra sessions on a temporary basis. On this basis we hope to minimise the likelihood of further financial losses for the charity.

### Trustees and their interests

The following served as trustees during the financial year:

Emma Holt	(Chair)
Kelly Allen	(Secretary)
Lucy Child	
Rachel Stewart	
Gemma Carter	
Amber Danch	(appointed 28 February 2020)

The trustees are the company's members.

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of charitable company for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

# HAPPY FACES PRE-SCHOOL LIMITED

## TRUSTEES' REPORT (continued) *FOR THE YEAR ENDED 31 AUGUST 2020*

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Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

This report was approved by the Trustees on 17 May 2021 and signed on their behalf by:

Emma Holt  
Chair



# HAPPY FACES PRE-SCHOOL LIMITED

## INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 AUGUST 2020

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I report to the charity trustees on my examination of the accounts of the charitable company for the year ended 31 August 2020.

### Responsibilities and basis of report

As the trustees of the company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the company's accounts 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

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Amy Healey FCA CTA DChA  
Lindeyer Francis Ferguson Limited  
Chartered Accountants  
North House  
198 High Street  
Tonbridge  
Kent  
TN9 1BE

Dated: 25 May 2021

# HAPPY FACES PRE-SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Income from:			
Donations and grants		2,635	50
Charitable activities			
Fees and Local Authority funding		174,325	149,454
Other trading activities			
Fundraising events		1,062	1,843
Investments			
Bank interest receivable		78	63
		<u>178,100</u>	<u>151,410</u>
Expenditure on:			
Charitable activities	2	<u>191,470</u>	<u>173,112</u>
Net expenditure and net movement in funds		( 13,370)	( 21,702)
Reconciliation of funds			
Total funds brought forward		<u>135,597</u>	<u>157,299</u>
Total funds carried forward	7	<u><u>122,227</u></u>	<u><u>135,597</u></u>

*There were no restricted or endowment funds in the current or preceding period.*

# HAPPY FACES PRE-SCHOOL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2020

			2020		2019
	Note	£	£	£	£
Fixed assets:					
Tangible assets	4		73,605		85,527
Current assets:					
Debtors	5	2,649		2,660	
Cash at bank and in hand		59,981		68,701	
		<u>62,630</u>		<u>71,361</u>	
Creditors: amounts falling due within one year	6	( 14,008)		( 21,291)	
Net current assets			<u>48,622</u>		<u>50,070</u>
Total net assets			<u>122,227</u>		<u>135,597</u>
The funds of the charity:	7				
Unrestricted funds:					
General Fund			<u>122,227</u>		<u>135,597</u>
			<u>122,227</u>		<u>135,597</u>

For the year in question, the charitable company was entitled to exemption from an audit under section 477 of the Companies Act 2006 and the members have not required the charitable company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Executive Committee acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Executive Committee on 17 May 2021. and signed on their behalf by:

Emma Holt  
Director and Chair

Company registration no: 05277574

# HAPPY FACES PRE-SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in pounds sterling and rounded to the nearest pound.

The trustees are aware that the charity has continued to make losses in 2020 which is slowly reducing their available reserves. Post year end the charity has reduced staff numbers (within the minimum ratio required) which means that the charity should expect to break-even at the end of 2021. In addition to this most of the income for the charity comes from local authority funding, which has continued to be provided during the COVID-19 pandemic, even during lockdowns where children did not attend the setting. On this basis the trustees expect the charity to continue to operate and the going concern basis of accounting has therefore continued to be adopted.

There are no significant areas of judgement or estimation uncertainty.

#### 1.2 Income

Income in relation to fees and Local Authority funding is recognised in the period in which the places for which the fees are charged or the funding is received are attended by the children.

Income from milk refunds are recognised when the goods are consumed. Income from fundraising events is recognised when the event takes place.

#### 1.3 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount required to settle the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Irrecoverable VAT is included. Expenditure is classified under headings that aggregate all costs related to that category.

Support and governance costs have been allocated to the charity's one charitable activity.

# HAPPY FACES PRE-SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *FOR THE YEAR ENDED 31 AUGUST 2020*

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### 1 Accounting policies (continued)

#### 1.4 Tangible Fixed assets

All expenditure on fixed assets is capitalised at cost. Tangible fixed assets are stated at cost less depreciation, which is provided at rates calculated to write off each asset over its expected useful life, with leasehold premises depreciated on a straight line basis over the period of the 25 year lease. In 2018 the useful lives were revised so that the net book value of leasehold premises is depreciated over the remaining lease period to 2026.

#### 1.5 Financial instruments

The charity only has financial instruments which are classified as basic financial instruments. Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in the Statement of Financial Activities.

#### 1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

#### 1.7 Status

The Happy Faces Pre-School Limited is a charitable company, limited by guarantee, registered with the Charity Commission in England and Wales. Its registered address is Hectorage Road, Tonbridge, Kent, TN9 2DS. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

# HAPPY FACES PRE-SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 2 Expenditure on charitable activities

	2020 £	2019 £
<i>Activity: Pre-school education</i>		
Staff costs - (see note 3)	129,267	117,252
Materials/replacement toys	2,859	5,960
Children's food and milk	897	1,252
Premise costs (including repairs)	26,304	15,056
Depreciation	11,922	11,922
<i>Support costs:</i>		
Staff costs - (see note 3)	12,056	10,165
Insurance	1,202	1,183
PPS	1,167	1,692
Other costs	4,536	7,670
<i>Governance:</i>		
Independent examination	1,260	960
	<u>191,470</u>	<u>173,112</u>

### 3 Staff costs and remuneration of key management personnel

	2020 £	2019 £
Wages and salaries - administering the charity	12,056	10,165
Wages and salaries - nursery staff	126,496	115,007
Employer's National Insurance	1,452	1,307
Employers Pension cost	1,319	938
	<u>141,323</u>	<u>127,417</u>

The average number of employees on a headcount basis was 14 (2019: 12). No employee received employee benefits in excess of £60,000 (2019: Nil).

The key management personnel are considered to be the trustees and the pre-school manager. Remuneration of key management personnel including employers' national insurance and pension contributions, was £26,806 (2019: £27,572). During the year, no trustees received any remuneration or benefits nor were reimbursed for any expenses in their capacity as trustees (2019: Nil).

# HAPPY FACES PRE-SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

4	Tangible Fixed assets		
			£
	Leasehold premises		
	Cost at 1 September 2019 and 31 August 2020		213,378
	Depreciation		
	At 1 September 2019		127,851
	Charge		11,922
	At 31 August 2020		139,773
	Net book value		
	At 31 August 2020		73,605
	At 31 August 2019		85,527
5	Debtors		
		2020	2019
		£	£
	Prepayments	2,649	2,660
6	Creditors: amounts falling due within one year		
		2020	2019
		£	£
	Accruals and deferred income	13,088	19,838
	Taxation and social security	920	1,453
		14,008	21,291

Accruals and deferred income for 2020 includes £11,395 (2019: £17,724) Local Authority funding for 2020/21 Terms 1&2.

# HAPPY FACES PRE-SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

### 7 Unrestricted funds

At 31 August 2020	B/Fwd	Income	Expenditure	Transfers	C/Fwd
General Fund	135,597	178,100	( 191,470)		122,227
Unrestricted funds	135,597	178,100	( 191,470)	-	122,227
At 31 August 2019	B/Fwd	Income	Expenditure	Transfers	C/Fwd
General Fund	152,299	151,410	( 173,112)	5,000	135,597
Designated funds:					-
Repairs Fund	5,000	-	-	( 5,000)	-
Unrestricted funds	157,299	151,410	( 173,112)	-	135,597

Designated funds:

*Repairs fund:*

The repairs fund was a provision for future maintenance of the leasehold premises. This fund is no longer required and has been transferred to general funds.

### 8 Lease commitments

The charity has a lease for land with Tonbridge and Malling Borough Council which expires on 14 December 2026. A rent of £600 per annum is currently payable, subject to 5 yearly review.

### 9 Related party transactions

Mr Tim Fuller, husband of the pre-school manager was paid £4,725 (2019: £633) for gardening and general maintenance work carried out in the year. There were no other related party transactions.