

Charity Registration No. 1130467

Company Registration No. 06875332 (England and Wales)

ALVERBRIDGE NURSERY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

ALVERBRIDGE NURSERY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	S A Faichen Mr D P Harvey Dr J K Perry A J Somerset E Daly Mr L O Perry
Charity number	1130467
Company number	06875332
Registered office	32 Linden Grove Gosport Hampshire United Kingdom PO12 2EE
Independent examiner	Azets Audit Services Carnac Place Cams Hall Estate Fareham Hampshire United Kingdom PO16 8UY

ALVERBRIDGE NURSERY

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ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their report and financial statements for the year ended 31 August 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 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 2019)".

Objectives and activities

Objectives

The aims of the Nursery 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 the right of parents to take responsibility for and to become involved in the activities of such groups, ensuring opportunities for all children whatever their race, culture, religion, means or ability;
- Encouraging the study of the needs of such children and their families and promoting public interest in and recognition of such needs;
- Instigating, adhering to and furthering the aims and objects of the Early Years Alliance.

Powers

The Nursery is permitted by its articles of association to engage in any lawful activity as shall further its charitable objects and may invest money not immediately required for its objects in such investments, securities or property as the Trustees think fit.

Aims and strategies for attaining objectives

The over-riding policies pursued in the attainment of the Nursery's objects are:

- to offer appropriate play, education and care facilities for children.
 - to encourage the study of the needs of such children and their families and to promote public interest in recognition of the needs of such children.
- The trustees have regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

In November 2019 the nursery was awarded its 4th consecutive OUTSTANDING OFSTED result since 2006. It continues to offer flexible hours of childcare, its opening hours are from 7.30 a.m. to 6 p.m. Monday to Friday for 51 weeks a year. The aim of this service is to support the local community to enable parents to get back into the work place.

On a more personal note the Nursery were delighted that their nomination of Shirley Faichen the Nursery Manager was successful. Shirley Faichen was awarded a well deserved MBE for Services to Education. The Nursery congratulates her.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The nursery moved to its new home in 80 South Street in November 2017, completely refurbishing the existing building and building an additional building on site to provide an outstanding provision for local children and families. The nursery rents its new home from the Council on a rolling 10 year lease on the new location which was signed in July 2017. The Council will not charge rent on the new build for 10 years. A £70k loan in the form of an overdraft facility was put in place with CAF bank shortly after the 2017 AGM authorised it. It would allow the Nursery to protect its reserves which were depleted by the cost of the build/refurbishment and to ensure the Nursery could continue to manage its cashflow in the future while rebuilding reserves. As the loan is unsecured the Nursery must submit quarterly updates to CAF Bank on its financial status, it has agreed with CAF that it will aim to make at least a 20k operating profit until the loan is repaid. The final repayment is due December 2021. The total project cost £271k, it was fully funded by the nursery with the support of its staff, families and community.

This year's activity was dominated by the start of the Covid Pandemic in March 2019. The nursery remained open throughout the subsequent lockdowns to provide care for keyworker and vulnerable children. The nursery changed its operating routines several times during the pandemic, furloughing on full pay parts of its team in a rotating shift pattern with 2 week isolating periods at home to try and keep it staff safe through small operating bubbles and gaps in shifts long enough to isolate. It was recognised by the authorities that in a nursery environment it is not possible to social distance the children, in particular until later in the year it was unclear as to their role in transmission. The nursery followed all government Early Years Covid guidelines, reviewing its risk assessments and Covid control measures and operating as required by the everchanging last minutes goalposts. This involved considerable management time and cost not usually associated to the nursery. The nursery's priorities during the second half of 2019-20 were to keep its staff, children and families safe, provide support to its local community keyworkers and vulnerable families, provide stability and fun for the children it saw and online resources for its children at home, and finally to protect its future and team's livelihood.

Operating costs during Covid : In addition to management time, the nursery had to operate in bubbles, sometimes 2 or 3, changes and investment had to be made to the building to allow these to function including a new outdoor toilet, a wall to split the playground, a new outside shelter, and new hand washing facility outside. In addition to this the nursery continued to upgrade its facilities purchasing a new evacuation cot for the baby room, fridge and food serving trolley. Staffing of bubbles was also more costly as 2 members of staff for each bubble were required even at quiet times, and additional time was required for cleaning. However, the nursery saved money due to not being able to provide hot meals from March until the following October, not purchasing as many resources or food due to the limited children on site, it also secured Council grants towards the costs of changes to the building, didn't have to employ a member of staff to cover maternity leave, and claimed furlough money towards its isolating staff costs.

Income during Covid: The Government decided to protect its funding income as if all the children attended throughout, this protected half the nursery's usual income stream. The insurance company refused to entertain a claim for loss of revenue, as it considered that the nursery income was affected by the Government not by Public Health England due to Covid. There were no outbreaks of Covid at the nursery during this financial year, the nursery remained open to some extent throughout.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Profit end of year: The significant savings in operating costs offset the lost income and resulted in a final profit figure roughly as budgeted at the start of the year protecting the reserves for the next wave of Covid should they be required, and meant the nursery is confident it is a going concern.

Once again this year we have received generous donations from the Gosport Road Runners of £1000, the committee also fundraised over £2000 at the Christmas Show, the nursery plans to use this to buy an new outdoor climbing centre with this money. The purchase will not be made until the nursery stops operating in bubbles as it would be tricky to introduce such a large item onto the playground and not give half the children access to it. The nursery were very grateful to be given free use of the Masonic Hall for their Christmas Show.

In December 2019 Gosport Opportunity Group Pre-school ceased to operate, they have very kindly gifted a part of their reserves to the nursery as we have the same charitable aims, the nursery will received £529.00.

The nursery used the remaining Nicholson Hall funds (donated on its closure last year), to complete a nurture room to the south side of the building, complete with electrics. It also invested in lighting for the main playground extending the time of day it can be used during the winter months. It found the panelling the dining room so much easier to maintain/clean and fresher in appearance, that it decided to extend this throughout the children's rooms. It also extended the outdoor sheltered area, allowing children to sit outside without getting wet in both Cygnet and Swan area. It also purchased new storage including an outdoor coat and welly area. Parent donations allowed the creation of outdoor seating areas.

The Shed Men created a new storage area at the front of the nursery for prams.

The Nursery entered Gosport in Bloom in the spring 2019, it won Best Edible Garden, certificates of excellence for our sun flowers, bronze for best sensory and wildlife garden, and gold for best scarecrow.

It is the aim of Alverbridge to ensure that all individuals, whatever their circumstances feel fully empowered and supported in the process of guiding their child on their educational journey. Alverbridge believes that positive relationship with parents is the key to not only the child's wellbeing but the wellbeing of the whole family, supporting individuals towards the future.

The Nursery continues to prioritise access for vulnerable 2 year olds into the nursery.

The Nursery continues to supply childcare directly to Hampshire County Council as an independent provider.

The HCC funding rate increased slightly by 8p an hour from April 2020 (1.7%), this is the first increase in the funding rate in over 4 years, despite this industry being directly affected by living wage increases.

30 hour funding is proving popular with parents, increasing the ratio of funded income to private in the summer term. The living wage increased significantly again in April 2020 by 51p per hour in April (5%), the nursery also wanted to recognise its skilled team which contributed to our Outstanding OFSTED result rewarding them with a 2.5% extra increase in salary, this will cost approx. £17k in salary costs over the next 12 months (wages being the most important cost to the nursery). The trustees continue to support parents taking full advantage of the 30 hour funding.

The Trustees ethos when setting hourly rates is to keep them as low as possible, enabling as many local children as possible to have access to Outstanding Nursery care. Regrettably the Nursery increased its hourly rate from September 2019 to £4.50 per hour to cover the cost of living wage increases which have an important impact on not only direct staffing costs, but also on cleaning and the lunch costs of the nursery. It also introduced a small contribution towards food for full time children receiving funding, children attending term time already pay for meal times. The Nursery remains much cheaper than other local nurseries, keeping its fees to a minimum to allow access to an outstanding setting for all.

The Cygnet room accommodates up to 12 babies. The Nursery continues to increase its staff cover as necessary to maintain the outstanding level of care it offers to each child.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Nursery continues to be in a position to provide childcare for special needs children which regularly demands a higher number of staff hours. The Nursery also provides high levels of individual support to children and families requiring additional assistance and care or liaison with outside agencies.

The Nursery continues to work closely with Social Services to accommodate any identified vulnerable children into its setting, in exceptional circumstances providing unfunded free child care to ensure the needs of the children and family are met.

The Nursery maintained its level 5 hygiene classification. The nursery continue to encourage staff development. A member of staff successfully completed their level 4 qualifications and is now on her way to completing her level 5. Another member of staff is working towards her level 7. This year various staff have had access to training such as OFTG, Treasure baskets, busy playing, first aid, food hygiene, health and safety. Outstanding practice is supported and shared within Hampshire by our Manager Dawn Street who holds the LFSP role (Leading Foundation Stage Practitioner) hosting open evenings and supporting other settings in situ. Dawn assists other Early Year Settings through sharing Alverbridge's good practice. In house staff training continues to be given during termly during day closures, where we cover topics such as the role of the adult, planning, behaviour management and well being. A staff meeting is held once a month in the evening, this covers the general day to day aspects of the nursery.

The Nursery also offers childcare experience to local students and special needs young adults.

The Nursery offers a pension scheme through NEST (National Employment Saving Trust) offering staff a contribution based on Qualifying Earnings.

The Nursery introduced a cycle to work scheme in April 2015, this is repeated annually on request of its staff.

The Nursery has held various family events, including various open days, its Christmas show and a summer sports afternoon, increasing its involvement with its community and families. Regular parent evenings are also offered – currently via telephone. Unfortunately face to face events have been suspended during the covid pandemic, the nursery looks forward to re-introducing them when it is safe to do so. The nursery were developing their relationship with the library, with weekly visits to rhyme time, they look forward to being able to leave the nursery again when Covid guidance allows, but at this time for safety keep the children on site within their bubbles.

In addition to this the nursery has also had to close its doors to outside visitors in line with guidance only children and staff enter the nursery, with parents dropping off at the door. The staff have been relieved to see how resilient the children have been through all these changes; the happiness of those able to attend and the joy at returning to nursery after lock down by those who were kept off. The nursery has also admired the flexibility of its team, adapting to changing working practices and overcoming their worries by attending work and continuing to make the Nursery an amazing place for children to attend.

Financial review

The Trustees consider that the state of affairs of the Nursery is satisfactory and that, on a fund by fund basis, the Charity's assets are available and adequate to fulfil its obligations.

The Nursery's policy on retention of reserves is to:

- utilise income received for restricted purposes as soon as reasonably possible after receipt.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

- retain sufficient unrestricted funds to ensure that the Nursery has the resources to withstand any unforeseeable financial setback, take advantage of an opportunity, or temporarily finance a restricted activity in advance of the receipt of the related grant income. The nursery used its reserves to move the nursery to a new location in November 2017, it took out a loan with CAF Bank to act as its reserves until they are replaced over a period of 4 years. The members had voted to allow the trustees to take this loan at the AGM in March 2017. The trustees continue to decide against paying off the loan early due to the uncertainty surrounding Covid and its unpredictable impact on the business. However based on the information to date (April 2021 time of writing this report) the nursery has managed the impact of the pandemic on its cash flow and reserves, and it considers the business is continuing to operate as a going concern. The loan is currently paid regularly as planned, the loan will be paid back in full December 2021, the trustees believe this loan has successfully allowed the nursery time to replenish its reserves following the move and provided a safety margin during uncertain economic times.

The Committee has reviewed the major risks to which it considers the Nursery is exposed and has ensured that adequate systems have been established to mitigate those risks.

The Nursery had to increase its fees from September 2020 to £4.55 per hour, it continues to ask for a contribution from full time funded children towards the cost of lunch and tea (term time children already pay for these), and introduced a £5 contribution per term for snack. This is as a result of a 5% increase in living wage in April and only a 8p increase (1.7%) in government funding (the first increase in 4 years). The nursery continues not to set a limit on parents claiming 30 hour funding.

Living wage increases 2.2% in April 2021, the Trustees approve a 2.8% increase in wages to its team. It hopes by increasing the salaries slightly faster than the increase in living wage it commits to recognising the skill of the staff who work in a living wage industry, and will allow the nursery to retain and recruit in the coming year. The nursery receive a 5p increase in hourly rate from Hampshire County council (1% rise), this will not begin to cover the increase in living wage. The trustees decide that from September 2021 the private funding rate will be increased higher than the funded rate to £4.65/hour. They will keep other meal contributions the same as previously, continuing to subsidise the popular hot lunches it offers once a day. However, it replaces its termly snack donation with a daily snack and consumable donation of 50p per day for funded children.

Covid Control continues to be an important part of our focus, in April 2021 staff will have all been vaccinated a first time, voluntary testing will be carried out weekly, cleanliness will remain a priority in the building. Risk assessments and guidance will continue to be updated as needed to ensure everyone's safety. The nursery will have over 75% of children from vulnerable or critical worker families, as a result future lockdowns have little impact on the quantity of children attending. The nursery will continue to operate 2 bubbles with the extra staffing required and regular changes to shift patterns. Staff shielding and on maternity leave, plus two covid isolation periods, one in January and one in February for 10 days each during which a bubble closed completely will add to the pressure on staffing. Financially the furlough rules will change allowing the Nursery to claim furlough when staff isolate, and funding income will remain protected by the government until April 2021. In order to relieve the pressure on the staff the committee will authorise the temporary recruitment of additional staff. The nursery plan to begin a phased return to 1 bubble at the end of April if local covid statistics and guidelines are favourable.

Shirley Faichen the Founder of the Nursery and Nursery Manager of 24 years will retire at the end of the August, she leaves the Nursery in the capable hands of Dawn Street her Co- Manager, who joined the nursery 17 years ago, and shared the Management role for a few years in a transition plan for this retirement. The Nursery will recruit a second Deputy Manager to join Pauline Brazier supporting Dawn managing the Nursery, and ensuring it remains an outstanding setting for our local children.

Structure, governance and management

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

S A Faichen

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Mr D P Harvey
Dr J K Perry
A J Somersel
E Daly
Mr L O Perry

The Nursery is a company limited by guarantee and a charity registered under the Charities Act 2011. The Company commenced activities on 1 September 2009 following the transfer to it of the activities of unincorporated charity known as Alverbridge Pre-School.

The articles of association require that the Nursery be managed by a Management Committee (the Committee) the members of which are directors and managing trustees respectively within the meaning of the Companies Act 2006 and the Charities Act 2011. The Nursery's registration details, members and professional advisers are to be found on page 3.

The Trustees have been appointed on the basis of their knowledge of the educational and socio-economic needs of the inhabitants in the area of benefit. Trustees have been in receipt of initial induction.

The Committee meets approximately every two months. Operating decisions are made by majority decision of a quorate Committee. Constitutional matters including election of trustees are decided by a simple majority unless a larger majority is required under the Companies Act 2006.

Responsibilities of the Trustees

The Companies Act 2006 requires the trustees to prepare statements of account which give a true and fair view of the state of affairs of the Company and of its surplus or deficit for the year. In preparing such statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts on a going concern basis unless it is inappropriate to presume that the Nursery will continue in operation.
- state whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the accounts.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the accounts comply with the Companies Act 2006. In addition, the trustees are responsible for safeguarding the assets of the Nursery and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.

Dr J K Perry
Trustee
Dated: 26 May 2021

ALVERBRIDGE NURSERY

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF ALVERBRIDGE NURSERY

I report to the trustees on my examination of the financial statements of Alverbridge Nursery (the charity) for the year ended 31 August 2020.

Responsibilities and basis of report

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

Having satisfied myself that the financial statements of the charity 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 charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ACCA, which is one of the listed bodies.

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 that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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 financial statements 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 financial statements to be reached.

James Reilly ACCA

Azets Audit Services
Carnac Place
Cams Hall Estate
Fareham
Hampshire
PO16 8UY
United Kingdom

Dated: 26 May 2021

ALVERBRIDGE NURSERY

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

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
Income and endowments from:							
Donations and legacies	3	338,898	1,095	339,993	247,650	8,886	256,536
Charitable activities	4	181,070	-	181,070	241,344	-	241,344
Investments	5	937	-	937	884	-	884
Other income	6	766	-	766	-	-	-
Total income		521,671	1,095	522,766	489,878	8,886	498,764
Expenditure on:							
Raising funds	7	833	-	833	275	-	275
Charitable activities	8	487,812	759	488,571	457,022	15,039	472,061
Other	12	1,586	-	1,586	2,356	-	2,356
Total resources expended		490,231	759	490,990	459,653	15,039	474,692
Gross transfers between funds		-	-	-	(4,833)	4,833	-
Net income for the year/ Net movement in funds		31,440	336	31,776	25,392	(1,320)	24,072
Fund balances at 1 September 2019		282,258	-	282,258	256,866	1,320	258,186
Fund balances at 31 August 2020		313,698	336	314,034	282,258	-	282,258

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ALVERBRIDGE NURSERY

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		184,968		209,210
Current assets					
Stocks	14	88		114	
Debtors	15	6,273		3,883	
Cash at bank and in hand		158,909		119,236	
		<u>165,270</u>		<u>123,233</u>	
Creditors: amounts falling due within one year	17	<u>(29,426)</u>		<u>(23,851)</u>	
Net current assets			135,844		99,382
Total assets less current liabilities			<u>320,812</u>		<u>308,592</u>
Creditors: amounts falling due after more than one year	18		(6,778)		(26,334)
Net assets			<u><u>314,034</u></u>		<u><u>282,258</u></u>
Income funds					
Restricted funds			336		-
Unrestricted funds			<u>313,698</u>		<u>282,258</u>
			<u><u>314,034</u></u>		<u><u>282,258</u></u>

ALVERBRIDGE NURSERY

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2020

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2020.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 26 May 2021

A J Somerset
Trustee

Company Registration No. 06875332

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Charity Information

Alverbridge Nursery is a private company limited by guarantee incorporated in England and Wales. The registered office is 32 Linden Grove, Gosport, Hampshire, PO12 2EE, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006 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 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 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 a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	- Over the term of the lease 10 years
Playground equipment	- 33% on cost
Kitchen and office equipment	- 25% on cost and 25% on reducing balance
Baby room equipment	- 25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	1,529	-	1,529	17,586	-	17,586
Grants	337,369	1,095	338,464	230,064	8,886	238,950
	<u>338,898</u>	<u>1,095</u>	<u>339,993</u>	<u>247,650</u>	<u>8,886</u>	<u>256,536</u>

4 Charitable activities

	2020 £	2019 £
Fees receivable	177,813	236,476
Other income	3,257	4,868
	<u>181,070</u>	<u>241,344</u>

5 Investments

	Unrestricted funds	Unrestricted funds
	2020 £	2019 £
Interest receivable	<u>937</u>	<u>884</u>

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6 Other income

	Unrestricted funds	Total
	2020	2019
	£	£
Net gain on disposal of tangible fixed assets	766	-
	<u>766</u>	<u>-</u>

7 Raising funds

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
<u>Fundraising and publicity</u>		
Other fundraising costs	2,055	583
	<u>2,055</u>	<u>583</u>
<u>Trading costs</u>		
Other trading activities	(1,222)	(308)
	<u>(1,222)</u>	<u>(308)</u>
	<u>833</u>	<u>275</u>

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities

	2020 £	2019 £
Staff costs	376,957	356,857
Depreciation and impairment	32,568	33,143
Didactic equipment and toys	4,220	3,168
Food and nappies	18,375	26,857
Staff training	911	2,193
Local projects	334	156
Rent of rooms	18,383	17,900
Travelling	2	110
Postage and stationery	660	706
Telephone	461	483
Repairs and maintenance	11,712	6,323
Cleaning	13,479	12,298
Sports	-	1,480
Insurance	2,467	2,452
Computer consumables	2,624	1,513
Bank charges	2,294	3,538
	<u>485,447</u>	<u>469,177</u>
Share of governance costs (see note 9)	3,124	2,884
	<u>488,571</u>	<u>472,061</u>
Analysis by fund		
Unrestricted funds	487,812	457,022
Restricted funds	759	15,039
	<u>488,571</u>	<u>472,061</u>

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Legal and professional	-	3,124	3,124	-	2,884	2,884
	-	3,124	3,124	-	2,884	2,884
Analysed between Charitable activities	-	3,124	3,124	-	2,884	2,884

Governance costs includes payments to the auditors of £3,124 (2019- £2,884) for audit fees.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

11 Employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
	24	23
Employment costs	2020 £	2019 £
Wages and salaries	352,971	334,704
Social security costs	17,965	17,742
Other pension costs	6,021	4,411
	376,957	356,857

12 Other

	Unrestricted funds	Unrestricted funds
	2020	2019
Net loss on disposal of tangible fixed assets	365	-
Sundries	1,221	2,356
	1,586	2,356

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

12 Other (Continued)

13 Tangible fixed assets

	Leasehold improvements	Playground equipment	Kitchen and office equipment	Baby room equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2019	246,163	12,410	40,043	13,996	312,612
Additions	-	360	7,377	2,485	10,222
Disposals	-	-	(2,298)	(743)	(3,041)
At 31 August 2020	246,163	12,770	45,122	15,738	319,793
Depreciation and Impairment					
At 1 September 2019	49,213	10,220	33,445	10,523	103,401
Depreciation charged in the year	24,616	638	5,916	1,398	32,568
Eliminated in respect of disposals	-	-	(766)	(378)	(1,144)
At 31 August 2020	73,829	10,858	38,595	11,543	134,825
Carrying amount					
At 31 August 2020	172,334	1,912	6,527	4,195	184,968
At 31 August 2019	196,950	2,190	6,598	3,472	209,210

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	88	114

15 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,690	1,300
Prepayments and accrued income	2,583	2,583
	6,273	3,883

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	215	92
Bank loans	26,333	44,867
	<u>26,548</u>	<u>44,959</u>
Payable within one year	19,770	18,625
Payable after one year	6,778	26,334
	<u>26,548</u>	<u>44,959</u>

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	19,770	18,625
Trade creditors		450	2,255
Other creditors		6,117	10
Accruals and deferred income		3,089	2,961
		<u>29,426</u>	<u>23,851</u>

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	16	6,778	26,334
		<u>6,778</u>	<u>26,334</u>

19 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 31 August 2020 are represented by:						
Tangible assets	184,968	-	184,968	209,210	-	209,210
Current assets/(liabilities)	135,844	-	135,844	99,382	-	99,382
Long term liabilities	(6,778)	-	(6,778)	(26,334)	-	(26,334)
	<u>314,034</u>	<u>-</u>	<u>314,034</u>	<u>282,258</u>	<u>-</u>	<u>282,258</u>

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.