

Charity registration number 1130467

Company registration number 06875332 (England and Wales)

ALVERBRIDGE NURSERY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

ALVERBRIDGE NURSERY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr Daniel Harvey
Mrs Amelia Somerset
Mrs Dawn Street
Mrs Rosie Walters
Mrs Sally-Anne MacPherson (Appointed 23 January 2023)

Lorna Ball (Appointed 23 January 2023)

S A Faichen
Mr. L O Perry
Dr. J K Perry
E Daly

Charity number

1130467

Company number

06875332

Registered office

80 South Street
Gosport
Hampshire
England
PO12 1ES

Independent examiner

Azets Audit Services
Carnac Place
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ALVERBRIDGE NURSERY

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ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report and financial statements for the year ended 31 August 2022.

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 the 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 such needs in local areas.

The trustees have paid due 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.

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 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, whilst rebuilding reserves. The loan was paid off early on 29 November 2021, having accomplished its purpose of allowing operating reserves to be replenished. The total project cost £271k; it was fully funded by the nursery with the support of its staff, families and community.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

Dawn Street became the sole Nursery Manager from September 2021 after Shirley Faichen retired as planned at the end of August 2021.

This year's activities continued to be dominated by the ongoing Covid pandemic, which started in March 2020. The nursery's priorities in 2020-22 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. The nursery remained open throughout. In line with the rest of the UK, the nursery took tentative steps towards a new normal post-Covid in the latter part of this year, while still limiting unnecessary access to the site. The nursery was pleased to begin to be able to allow parents back on site, supporting them as needed.

Management time remained higher than normal, as the nursery needed to react quickly to the ongoing changing guidance and changing staff rotas as members of staff continued to isolate. All absences due to Covid/isolating were paid for at 100% of the staffs' normal salary, giving the staff financial stability in an uncertain time. From April 2022, when government guidelines changed and Covid testing was no longer available, the nursery joined the rest of the UK moving towards a new normal. The increased cleaning measures stayed in place for everyone's protection, however, Covid became treated as any other contagious illness within the nursery's standard absence policy and Statutory Sick Pay guidelines.

At the end of the last financial year, the nursery used the parents' fundraising income to order a large wooden slide and climbing area for the older children. Due to Covid, this was not delivered until 2022, but it has been massively popular with the children.

The trustees supported Dawn's vision for a nursery using The Curiosity Approach, which would combine Alverbridge's outstanding nursery practice with a clutter-free, calm environment, which would stimulate children's thinking, curiosity and imagination. The trustees allocated the profit of the previous year towards a complete overhaul of the inside of the nursery. However, due to most of the new environment being sourced through recycled furniture and equipment, and the continued goodwill and innovation by staff and their families in creating new areas and resources, the total cost came to £4k. This included buying many chairs, tables and a projector.

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 relationships with parents is the key to not only the child's wellbeing, but the wellbeing of the whole family, supporting individuals towards the future. Covid has made this more challenging, with parents unable to visit the nursery and drop-off and collections limited in time due to the possibility of Covid transmission. We were pleased to be able to give some limited access to the nursery after April 2022. The nursery continued to develop its new ways of communicating with parents, updating regularly an active Facebook page, giving activities for families and children to try at home and stories to listen to when unable to attend. We were disappointed to not be able to hold our family days and Christmas Show yet again. The AGM was an opportunity for parents to visit the nursery after hours and to meet each other for the first time. It also allowed parents to see our new interior, which they had previously only been able to get glimpses of online. We enjoyed our first family sports day in the summer, which was strongly supported by family and staff.

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 living wage increased dramatically by 6.6% (59p an hour) in April 2022; wages continue to be the most important running cost to the nursery (83% of its running costs). The nursery wants to ensure that it meets or exceeds the living wage; we want to offer a package to our team which will encourage them to stay with the nursery and understand that they are valued by the management team and the committee. In addition to the financial package, the nursery has also accommodated over the last few years many flexible working requests. This means that many of our staff have had their hours adjusted to give them a better work life balance. The new salaries from April will cost the nursery an additional £24,000 in the next 12 months.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

HCC have given a welcome £0.16 increase in hourly funding rates, however, this will only cover £8.7k of the salary rise. In addition to this increase, the nursery is also being hit with rising electricity, food, cleaning and refuse collection costs. The trustees have regretfully increased the hourly rate from September to £4.90 per hour, which will generate £14k towards the salary rise. They have also introduced a £0.50 per half day contribution towards the cost of snacks by all funded children. Along with careful budgeting, the nursery should be able to run a breakeven budget. The nursery currently has sufficient reserves to cover unexpected economic or business needs, so it does not feel that it needs to generate a profit this year. Any profit made would be ringfenced to cover future rental increases.

30-hour funding remains popular with parents, increasing the ratio of funded income to private in the summer term. The nursery continues to not set a limit on parents claiming 30-hour funding despite the Government funding rate being lower than our private rate.

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.

The nursery continues to be in a position to provide childcare for special needs children which regularly demands a higher number of staff hours. There is no specific funding paid to support this activity this year, the nursery uses its own resources to provide 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 continues to encourage staff development. This year, various staff have had access to training such as the Thomas course, food hygiene, E-magination, wellbeing, designated safeguard lead, curiosity approach, first aid, ELSA Supervision, in addition to tailored management courses for our new management team. 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 practices. In-house staff training continues to be given during term during day closures. A staff meeting is held once a month in the evening; this covers the general day to day aspects of the nursery. The nursery took on a new apprentice in line with its vision to home grow practitioners.

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.

Prior to Covid, the nursery liked to hold various family events, including various open days, its Christmas show and a summer sports afternoon, increasing its involvement with its community and families. The nursery was delighted to reintroduce this community spirit with its first sports day since the start of the pandemic and hopes this marks the start of a return to our family events. Regular parents evenings are also offered – currently via telephone. The nursery was developing its relationship with the library, with weekly visits to rhyme time; this will resume as soon as Covid rules allow.

In addition to this, the nursery has also had to close its doors to outside visitors in line with guidance, so 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.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Financial review

Review of financial position

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.

Reserves policy

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

- utilise income received for restricted purposes as soon as reasonably possible after receipt.
- 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 loan was paid off early on 29 November 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.

Risk factors

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.

Plans for future periods

Future plans

2022-23 sees the nursery operating under a new management team, with a new curriculum and with Covid guidelines eventually being removed. The last 3 years have required constant adaptation and reaction to change; the nursery will now need a period of consolidation.

The nursery will once again face a large increase in the living wage in April 2023, a 9.7% increase. The committee will try to adjust salaries to reward, value and retain our staff, whilst being acutely aware of the challenges faced in a living wage industry; this will cost an additional £35k over 12 months. The nursery also faces increases in waste, cleaning, food and rental costs. The government provides some increase in the hourly funding rate (4.4%), generating an additional £12k of income. The remaining shortfall for wages, rent, and other costs will need to come from the parents' hourly rate. The nursery carries out an annual market review to compare locally and we remain one of the few outstanding nurseries locally, as well as being one of the most reasonable ones to attend. Unfortunately, due to the living wage increase compared to the funding increase, another local nursery goes out of business, meaning competition for places in September 2023 will be higher than ever seen before. In conclusion, the committee decided that from September 2023, we will have to increase our hourly rate in line with CPI from £4.90 to £5.34. As a charity, we only try to charge what we spend looking after the children and investing in our setting and staff; this rate remains very reasonable compared locally. We are also one of the few nurseries that offer 2 weeks fee-free holiday per year for our full-time children.

New funding for parents

In the April 2023 budget, the government stated that it would roll out funded childcare for all children. We have had no detail since, but expect it to be rolled out as follows:

- April 2024 – 15 hours for working parents of over 2 year-olds
- Sept 2024 – 15 hours for working parents of over 9 month-olds
- Sept 2025 – 30 hours for working parents of over 9 month-olds

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

This means that children over 2 with working parents at the nursery will benefit from 15 hours' funding from April 2024. At this time, we have no idea at what rate this will be paid and if we will lose money or gain money as a result for the last term next year. We may have to take the extraordinary step of a second increase in hourly rate from April 2024 if it becomes obvious that we will see a loss in income. Most of our 2 year-old working families will see a reduction in their annual childcare costs despite the increase in annual rate, due to this new funding, so overall in the year they should be better off. Our vulnerable 2 year-old families will continue to receive the economic 2-year funding. If the hourly rate paid is the same or more than our hourly rate, the nursery should be unaffected by the first step of the funding roll out. Although we will get a rise in parents asking if their children could join in April 2024, this is not possible as we are full from September 2023.

From September 2024, nearly all our children will receive some kind of funding and by September 2025, most of our income will be in the control of the state.

This is considered to be risky for our nursery, as the government have not yet matched their increase in funding rate with that of the living wage. In addition, traditionally we see parents take on the full amount of funded hours as soon as it is made available to them, so we run a risk of all the places at nursery being taken prior to 3 year-olds with non-working parents trying to join the nursery when they get basic funding the term after their 3rd birthday. These are both items for concern for the future of the Alverbridge Nursery.

An initial review of our admission policy will ensure that we protect access to the nursery for all for 2023-24. We may need to tweak this further when the funding continues to roll out. Financially, the nursery has sufficient reserves to cover the increase in the cost of living wage if the government takes time to adjust their funding rate sufficiently whilst taking over our income stream. We are already seeing the impact locally with nurseries closing. The committee believes that the increase in hourly rate from September 2023 will protect the next 12 months of operating costs, leaving the reserves intact to protect the following 1-2 years of operating costs. This should give the nursery time to fully understand and ride the new funding roll out, and for the government to understand that its funding must allow for living wage and CPI increases if it wishes to have a childcare industry. The committee believes that they have taken action to protect the nursery's reserves during 2023-24, allowing for the uncertainty surrounding new funding to be clarified and market forces to settle.

Structure, governance and management

Governing document

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.

Constitution

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 of the activities to it from the 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.

ALVERBRIDGE NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

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:

Mr Daniel Harvey

Mrs Amelia Somerset

Mrs Dawn Street

Mrs Donna Earle

(Resigned 30 August 2022)

Mrs Rosie Walters

Mrs Natalie Burton

(Resigned 20 March 2023)

Mrs Sally-Anne MacPherson

(Appointed 23 January 2023)

Lorna Ball

(Appointed 23 January 2023)

S A Faichen

Mr. L O Perry

Dr. J K Perry

E Daly

Appointment of trustees

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.

How decisions are made

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.

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

Mr Daniel Harvey

Trustee

25 May 2023

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 2022.

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: 30 May 2023

ALVERBRIDGE NURSERY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

| | Notes | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total Unrestricted funds 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|-------|---------------------------------|-------------------------------|---------------------------------------|---------------------------------|-------------------------------|--------------------|
| Income from: | | | | | | | |
| Donations and legacies | 3 | 277,358 | 3,649 | 281,007 | 285,555 | 8,499 | 294,054 |
| Charitable activities | 4 | 252,413 | - | 252,413 | 260,671 | - | 260,671 |
| Other trading activities | 5 | 904 | - | 904 | 776 | - | 776 |
| Investments | 6 | 944 | - | 944 | 613 | - | 613 |
| Total income | | 531,619 | 3,649 | 535,268 | 547,615 | 8,499 | 556,114 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 4,318 | - | 4,318 | 3,014 | - | 3,014 |
| Charitable activities | 8 | 554,570 | 3,499 | 558,069 | 531,457 | 9,076 | 540,533 |
| Other | 12 | 4,745 | - | 4,745 | 1,784 | - | 1,784 |
| Total expenditure | | 563,633 | 3,499 | 567,132 | 536,255 | 9,076 | 545,331 |
| Gross transfers between funds | | - | - | - | (241) | 241 | - |
| Net (expenditure)/income for the year/ | | | | | | | |
| Net movement in funds | | (32,014) | 150 | (31,864) | 11,119 | (336) | 10,783 |
| Fund balances at 1 September 2021 | | 324,816 | - | 324,816 | 313,697 | 336 | 314,033 |
| Fund balances at 31 August 2022 | | 292,802 | 150 | 292,952 | 324,816 | - | 324,816 |

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 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|-----------------|----------------|-----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 134,741 | | 165,692 |
| Current assets | | | | | |
| Stocks | 14 | 69 | | 223 | |
| Debtors | 15 | 5,959 | | 6,906 | |
| Cash at bank and in hand | | 183,206 | | 167,714 | |
| | | <u>189,234</u> | | <u>174,843</u> | |
| Creditors: amounts falling due within one year | 17 | <u>(31,023)</u> | | <u>(15,719)</u> | |
| Net current assets | | | 158,211 | | 159,124 |
| Total assets less current liabilities | | | <u>292,952</u> | | <u>324,816</u> |
| Income funds | | | | | |
| Restricted funds | | | 150 | | - |
| Unrestricted funds | | | 292,802 | | 324,816 |
| | | | <u>292,952</u> | | <u>324,816</u> |

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 2022.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 25 May 2023

Mrs Amelia Somerset
Trustee

Company registration number 06875332

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Charity information

Alverbridge Nursery is a private company limited by guarantee incorporated in England and Wales. The registered office is 80 South Street, Gosport, Hampshire, PO12 1ES, England.

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. 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.

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.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1.5 Expenditure

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. All expenditure is accounted for on an accruals basis under the following headings.

Costs of raising funds comprises fundraising costs incurred in seeking donations and grants. Fundraising costs do not include the costs of disseminating information of support of the charitable activities.

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Expenditure on charitable activities includes the costs of running the nursery undertaken to further the purposes of the charity and their associated support costs.

Support costs comprise those costs which are incurred directly in support of expenditure on the objects of the charity and include governance cost, finance, and office costs. Governance costs are those costs incurred in connection with the compliance with constitutional and statutory requirements of the charity.

Support costs are allocated to the principal activity of the charity, being the day-to-day running of the nursery. More detail on the analysis and basis of allocation is given in note 9 to the financial statements.

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 | Straight line over 10 years |
| Baby room equipment | 25% on reducing balance |
| Playground equipment | Straight line over 3 years |
| Kitchen and office 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 the statement of financial activities.

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 2022

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 2022

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 |
|--|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
| | 2022 £ | 2022 £ | 2022 £ | 2021 £ | 2021 £ | 2021 £ |
| Donations and gifts | 500 | - | 500 | - | - | - |
| Grants | 276,858 | 3,649 | 280,507 | 285,555 | 8,499 | 294,054 |
| | <u>277,358</u> | <u>3,649</u> | <u>281,007</u> | <u>285,555</u> | <u>8,499</u> | <u>294,054</u> |
| Grants receivable for core activities | | | | | | |
| Government grants | 275,795 | 3,649 | 279,444 | 276,824 | 8,499 | 285,323 |
| Coronavirus Job Retention Scheme grants | - | - | - | 7,553 | - | 7,553 |
| Other grants | 1,063 | - | 1,063 | 1,178 | - | 1,178 |
| | <u>276,858</u> | <u>3,649</u> | <u>280,507</u> | <u>285,555</u> | <u>8,499</u> | <u>294,054</u> |

4 Charitable activities

| | 2022 £ | 2021 £ |
|-----------------|----------------|----------------|
| Fees receivable | 252,378 | 260,383 |
| Uniform income | 35 | 288 |
| | <u>252,413</u> | <u>260,671</u> |

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Other trading activities

| | Unrestricted funds | Unrestricted funds |
|--------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| Fundraising events | 904 | 776 |
| | <u> </u> | <u> </u> |

6 Investments

| | Unrestricted funds | Unrestricted funds |
|--------------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| Bank interest receivable | 944 | 613 |
| | <u> </u> | <u> </u> |

7 Raising funds

| | Unrestricted funds | Unrestricted funds |
|----------------------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| <u>Fundraising and publicity</u> | | |
| Other fundraising costs | 3,105 | 1,888 |
| | <u> </u> | <u> </u> |
| <u>Trading costs</u> | | |
| Other trading activities | 1,213 | 1,126 |
| | <u> </u> | <u> </u> |
| | <u>4,318</u> | <u>3,014</u> |

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Charitable activities

| | Nursery 2022 £ | Nursery 2021 £ |
|--|----------------------|----------------------|
| Staff costs | 441,103 | 426,352 |
| Depreciation and impairment | 32,646 | 31,856 |
| Didactic equipment and toys | 3,104 | 2,910 |
| Food and nappies | 28,750 | 23,108 |
| Staff training | 1,838 | 1,847 |
| Local projects | 2,227 | 2,730 |
| Rent of rooms, water rates and electricity | 19,404 | 19,050 |
| Travelling | 45 | 400 |
| Printing, postage and stationery | 741 | 332 |
| Telephone | 379 | 340 |
| Repairs and maintenance | 2,112 | 6,126 |
| Cleaning and waste disposal | 16,178 | 15,175 |
| Insurance | 1,562 | 2,469 |
| Computer consumables | 2,408 | 2,310 |
| Bank charges | 155 | 1,401 |
| | <u>552,652</u> | <u>536,406</u> |
| Share of governance costs (see note 9) | 5,417 | 4,127 |
| | <u>558,069</u> | <u>540,533</u> |
| Analysis by fund | | |
| Unrestricted funds | 554,570 | 531,457 |
| Restricted funds | 3,499 | 9,076 |
| | <u>558,069</u> | <u>540,533</u> |

9 Support costs

| | Support costs £ | Governance costs £ | 2022 Support costs £ | Governance costs £ | 2021 £ |
|--|-----------------------|--------------------------|-------------------------|--------------------------|--------------|
| Independent examination fees | - | 4,980 | 4,980 | - | 3,392 |
| Legal and professional | - | 437 | 437 | - | 735 |
| | <u>-</u> | <u>5,417</u> | <u>5,417</u> | <u>-</u> | <u>4,127</u> |
| Analysed between Charitable activities | - | 5,417 | 5,417 | - | 4,127 |
| | <u>-</u> | <u>5,417</u> | <u>5,417</u> | <u>-</u> | <u>4,127</u> |

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

10 Trustees

One of the trustees received remuneration from the charity during the year (2021 - two) in accordance with the governing document of the charity.

Shirley Faichen was paid total remuneration of £nil (2021 - £33,755) in her capacity as Co-Manager of the Nursery.

Dawn Street was paid total remuneration of £42,057 (2021 - £13,283) in her capacity as Manager (previously Co-Manager) of the Nursery.

None of the trustees were remunerated for their trustee duties.

11 Employees

The average monthly number of employees during the year was:

| | 2022 Number | 2021 Number |
|-------------------------|----------------|----------------|
| | 26 | 26 |
| | | |
| Employment costs | 2022 | 2021 |
| | £ | £ |
| Wages and salaries | 410,054 | 398,423 |
| Social security costs | 23,444 | 20,845 |
| Other pension costs | 7,605 | 7,084 |
| | 441,103 | 426,352 |

There were no employees whose annual remuneration was more than £60,000.

12 Other

| | Unrestricted funds | Unrestricted funds |
|---|-----------------------|-----------------------|
| | 2022 | 2021 |
| Net loss on disposal of tangible fixed assets | 320 | 211 |
| Sundry expenses | 4,425 | 1,573 |
| | 4,745 | 1,784 |

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

13 Tangible fixed assets

| | Leasehold improvements | Baby room equipment | Playground equipment | Kitchen and office equipment | Total |
|------------------------------------|---------------------------|------------------------|-------------------------|------------------------------------|---------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 September 2021 | 246,163 | 10,521 | 55,707 | 17,596 | 329,987 |
| Additions | - | 1,104 | - | 912 | 2,016 |
| Disposals | - | (1,194) | (113) | (712) | (2,019) |
| At 31 August 2022 | 246,163 | 10,431 | 55,594 | 17,796 | 329,984 |
| Depreciation and impairment | | | | | |
| At 1 September 2021 | 98,446 | 9,179 | 43,615 | 13,056 | 164,296 |
| Depreciation charged in the year | 24,616 | 612 | 6,055 | 1,363 | 32,646 |
| Eliminated in respect of disposals | - | (1,106) | (113) | (480) | (1,699) |
| At 31 August 2022 | 123,062 | 8,685 | 49,557 | 13,939 | 195,243 |
| Carrying amount | | | | | |
| At 31 August 2022 | 123,101 | 1,746 | 6,037 | 3,857 | 134,741 |
| At 31 August 2021 | 147,717 | 1,342 | 12,092 | 4,541 | 165,692 |

14 Stocks

| | 2022 £ | 2021 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 69 | 223 |

15 Debtors

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 2,204 | 4,323 |
| Other debtors | 60 | - |
| Prepayments and accrued income | 3,695 | 2,583 |
| | 5,959 | 6,906 |

16 Loans and overdrafts

| | 2022 £ | 2021 £ |
|-------------------------|-----------|-----------|
| Bank loans | - | 6,778 |
| Payable within one year | - | 6,778 |

ALVERBRIDGE NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Creditors: amounts falling due within one year

| | Notes | 2022 £ | 2021 £ |
|------------------------------------|-------|---------------|---------------|
| Bank loans | 16 | - | 6,778 |
| Other taxation and social security | | 6,753 | - |
| Trade creditors | | 7,292 | 1,811 |
| Other creditors | | 11,998 | 3,770 |
| Accruals and deferred income | | 4,980 | 3,360 |
| | | <u>31,023</u> | <u>15,719</u> |

18 Analysis of net assets between funds

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ |
|---|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 August 2022 are represented by: | | | | | | |
| Tangible assets | 134,741 | - | 134,741 | 165,692 | - | 165,692 |
| Current assets/(liabilities) | 158,061 | 150 | 158,211 | 159,124 | - | 159,124 |
| | <u>292,802</u> | <u>150</u> | <u>292,952</u> | <u>324,816</u> | <u>-</u> | <u>324,816</u> |

19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2022 £ | 2021 £ |
|------------------------|---------------|---------------|
| Aggregate compensation | <u>51,531</u> | <u>83,068</u> |

There were no other disclosable related party transactions during the year (2021 - none).

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