

Charity registration number 1149609

Company registration number 08194371 (England and Wales)

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THE FOUNDATION YEARS TRUST

(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees as at date of approval	Marcus Bell Dr Dermot Coleman Janice Darkes-Sutcliffe Simon Fuller Elizabeth Hartley Joanna Healey Professor Edward Melhuish OBE
Charity number	1149609
Company number	08194371
Registered office	Seacombe Children's Centre St Pauls Road Wallasey Wirral CH44 7AN
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

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**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees present their annual report and financial statements for the year ended 31 December 2021.

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 charitable company's Memorandum and Articles of Association, 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

The Foundation Years Trust (FYT) (the Trust) was established to implement the findings of the report of the Independent Review of Poverty and Life Chances, "The Foundation Years: how to prevent poor children becoming poor adults", Field, 2010, HM Government. The aim of the Trust is to develop and promote the Review's strategy to address the inter-generational transfer of poverty. The Trust's objectives are to test a series of initiatives developed from this strategy, including pilots of transferable models of local service delivery which support the Trust's wider aim. In the longer term, the Trust's objective is to work to achieve the adoption of initiatives that support the strategy across the UK.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

Activities in the year

The start of 2021 saw a continuation of adapted programming as Covid-19 regulations continued to impact on the delivery of FYT's services. However, having successfully secured a contract to work in partnership with another local charity, FYT launched Wirral's First 1001 Days programme in the spring and by May, had groups for 0–2 years olds up and running in community venues. This new programme is a collaboration with local charity, Koala North West and Wirral Council's Children's Centres and 0–19 services. The expansion of the baby groups was facilitated by the Community Engagement Coordinator role, introduced in 2020, which enabled FYT to develop new relationships with community groups with venues in the five most deprived wards in Wirral.

The Trust trained its first volunteer in the Peep Learning Together programme as a group leader and introduced peer support roles in groups for other volunteers. FYT also created and piloted a volunteer-led in-home reading support programme to complement a new book gifting scheme for 0–2-year-olds, as part of the First 1001 Days programme.

Through the Hungry Little Minds project, the charity launched the Story Trail in Birkenhead Park. The event was supported by local partners including Children's Centre staff, charities and Wirral libraries. FYT also launched a book corner initiative with several cafés in our target wards.

The Trust provided training to a new cohort of nursery staff and in the autumn were able to start running nursery-based groups again for the first time since March 2020.

At year end, FYT secured a contract as part of Wirral's Early Help Alliance, along with six other charities. The new early help model will be launched in spring 2022.

During the year the Trust was able to restart our work to create an Early Years Network across the Liverpool City Region, with the support of the Poverty and Life Chances Standing Action Group and VS6.

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance

Progress to date

- Five baby groups (Early Explorers) up and running in community venues – expanded from two pre-Covid.
- Nursery staff trained in Partnership with Parents and the Peep Learning Together Programme and five nurseries delivering Little Explorers groups, with continued implementation support from FYT's team.
- Provided three Early Readers courses in school nurseries.
- New partnership contract with another local charity to deliver Wirral's 1001 First Days programme which aims to increase collaboration and strategic planning between stakeholders working with 0–2-year-olds.
- Continued to work with 6 volunteers and develop the peer support programme. Volunteers were also engaged in the design of the 1001 First Days programme.
- Launched the Hungry Little Minds (HLM) Story Trail, attended by around 140 families. HLM banners were put up in the family section of local football team Tranmere Rover's stadium, promoting key messages on early years.
- Created a new Liverpool City Region Early Years Network with over 20 members by the year end, cementing our ambition to build relationships outside Wirral that could lead to expanding the services.
- Secured a role as part of Wirral's innovative new Early Help model.

Plans for the future

- Develop Wirral's Early Help programme with Alliance partners.
- Continue to build on the successes of the First 1001 Days programme, evaluating the impact on families and of the partnership on systemic changes in Wirral's early years sector.
- Build up numbers of nurseries participating in our programme – back to pre-Covid numbers.
- Invest in volunteers and parents accessing services to improve co-production within FYT and across Alliance partners.
- Deliver an Early Years Festival across the Liverpool City Region and build on the new Early Years Network to promote the early years and the role of the VCSE sector.
- Produce FYT's five-year strategy.

Financial review

Income for the year was £297,333 (2020: £204,691) and expenditure was £255,808 (2020: £250,455). This resulted in a surplus for the year of £41,525 (2020: a deficit of £45,764).

As at 31 December 2021 unrestricted reserves stood at £71,234 (2020: £63,438) and restricted reserves were £74,543 (2020: £40,814) making total reserves of £145,777 (2020: £104,252).

Reserves policy

It is the policy of the Trust to maintain both restricted and unrestricted funds at a level which equates to at least three months of expenditure to ensure that the Trust can continue to operate should difficulties in receiving income occur in the short term. It also ensures that the Trust is able to closedown at the end of its funding cycle, meeting all statutory staffing and operational costs. As expenditure in 2022 is projected to be £255,662, this would amount to £63,916. An element of this expenditure is committed (restricted funds) and an element is discretionary (unrestricted funds).

The Trust's restricted and unrestricted reserves held at the year end amount to £145,777 which covers the charity's reserve policy. Unrestricted reserves are minimal and strategically managed to protect the charity's financial sustainability. The majority of the Trust's activities in the year to 31 December 2021 were funded by restricted grants and given that it is likely that the charity's costs will continue to be funded by restricted income in the immediate term, the Trustees consider that sufficient funds will be available to cover management and administration support costs for the foreseeable future.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The Trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. Additionally the Trust maintains a risk register which supports the monitoring and discussion of these risks, which was updated in April 2020 to include the potential risk from Covid-19 on both the method of programme delivery and any threat to the funding sources and strategy.

All Trustees are also allocated specific areas of responsibility for governance through the Trust's policies, which also inform the working practices and ensure the company complies with relevant legislation.

Structure, governance and management

The charitable company is a company limited by guarantee without share capital governed by its memorandum and articles of association.

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:

Marcus Bell

Dr Dermot Coleman

Janice Darkes-Sutcliffe

Simon Fuller

Elizabeth Hartley

Joanna Healey

Professor Edward Melhuish OBE

Michael Towner

(Resigned 2 February 2021)

None of the Trustees have any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Membership of the Charity is open to any individual over the age of 18 years whom the Board decide to admit to membership. The Trust's Articles of Association state that all Trustees automatically become members. The business of the Trust is managed by the Board, which may consist of no fewer than three and no more than twelve elected members. An additional three members can be co-opted to the Board.

The Board delegates certain operational decisions to the Executive, consisting of at least four Trustees and the Trust Director. This sub-committee meets at least six times a year (virtually and face-to-face) and reports decisions to the following Board.

The Trust employs a Trust Director as well as a Local Director of the Birkenhead Project.

Auditor

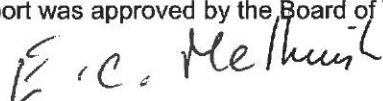
In accordance with the company's articles, a resolution proposing that DSG be reappointed as auditor of the company will be put at a General Meeting.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' Report was approved by the Board of Trustees.



Professor Edward Melhuish OBE

Trustee

Dated: 5 July 2022

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees, who are also the directors of the Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which 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 year.

In preparing these accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts 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 FOUNDATION YEARS TRUST (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST

Opinion

We have audited the financial statements of The Foundation Years Trust (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST**

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with charitable objectives, public benefit, fundraising regulations, safeguarding and health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jean Ellis BA FCA CTA (Senior Statutory Auditor)
for and on behalf of DSG

5 July 2022

**Chartered Accountants
Statutory Auditor**

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total Unrestricted funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Income from:							
Donations and legacies	3	3,594	-	3,594	11,854	-	11,854
Charitable activities - income	4	-	293,687	293,687	-	192,718	192,718
Investments	5	52	-	52	119	-	119
Total income		<u>3,646</u>	<u>293,687</u>	<u>297,333</u>	<u>11,973</u>	<u>192,718</u>	<u>204,691</u>
Expenditure on:							
Charitable activities - expenditure	6	2,345	253,463	255,808	23,924	226,531	250,455
Net incoming/(outgoing) resources before transfers		1,301	40,224	41,525	(11,951)	(33,813)	(45,764)
Gross transfers between funds		<u>6,495</u>	<u>(6,495)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year/							
Net movement in funds		7,796	33,729	41,525	(11,951)	(33,813)	(45,764)
Fund balances at 1 January 2021		<u>63,438</u>	<u>40,814</u>	<u>104,252</u>	<u>75,389</u>	<u>74,627</u>	<u>150,016</u>
Fund balances at 31 December 2021		<u><u>71,234</u></u>	<u><u>74,543</u></u>	<u><u>145,777</u></u>	<u><u>63,438</u></u>	<u><u>40,814</u></u>	<u><u>104,252</u></u>

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		-		-
Current assets					
Cash at bank and in hand		151,879		111,653	
Creditors: amounts falling due within one year	11	(6,102)		(7,401)	
Net current assets			145,777		104,252
Income funds					
Restricted funds	12		74,543		40,814
Unrestricted funds			71,234		63,438
			145,777		104,252

The financial statements were approved by the Trustees on 5 July 2022

E. C. Melhuish

Professor Edward Melhuish OBE
Trustee

Company registration number 08194371

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 Accounting policies

Charity information

The Foundation Years Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Seacombe Children's Centre, St Pauls Road, Wallasey, Wirral, CH44 7AN. The principal activities of the charity are disclosed in the Trustees' Report.

1.1 Accounting convention

The accounts have been prepared in accordance with the charitable company'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)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company 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 charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts 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 charitable company 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 these notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charitable company 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 charitable company 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 charitable company 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.

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services.

Governance costs include costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee costs linked to the strategic management of the charity.

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:

Fixtures, fittings & equipment	33% straight line
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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.

Gifted assets are capitalised if valued over £250 at the point of receipt.

1.7 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.

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.

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 charitable company's contractual obligations expire or are discharged or cancelled.

1.8 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 charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

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

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Critical accounting estimates and judgements

In the application of the charitable company'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	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	1,684	4,800
Coronavirus Job Retention Scheme	1,910	7,054
	<u>3,594</u>	<u>11,854</u>

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 Charitable activities - income

	Restricted funds 2021 £	Restricted funds 2020 £
Performance related grants	293,687	192,718
Performance related grants		
Tudor Trust	32,000	30,000
SHINE	-	13,640
Steel Charitable Trust	15,000	-
John Armitage Charitable Trust	70,000	35,000
Right to Succeed	5,217	-
Leathersellers	10,000	10,000
PH Holt	18,000	-
Eleanor Rathbone Charitable Trust	5,000	-
Paul Hamlyn	-	20,000
Department for Education via National Literacy Trust	42,659	47,831
Department for Health and Social Care	78,000	-
John Moore Foundation	5,000	-
National Lottery Community Fund	-	7,863
Onward Foundation	-	4,774
Elizabeth Rathbone	-	1,435
Liverpool Cares	-	1,875
Steve Morgan Foundation	-	7,490
Children's Centre Advisory Board	-	4,410
Kelly Family Trust	-	4,000
Comic Relief	2,000	2,000
Wirral Council FSM Fund	1,800	2,400
Big Local Funding	1,661	-
Liverpool Charity & Voluntary Services	2,500	-
Seacombe Advisory Board	3,350	-
Hemby Trust	1,500	-
	293,687	192,718

5 Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Interest receivable	52	119

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6 Charitable activities - expenditure

	2021 £	2020 £
Staff costs	199,456	202,187
Rent	5,640	5,640
Sundry expenses	2,052	1,688
Employee expenses	963	1,125
IT, website and phones	5,652	5,987
Training	2,563	229
Publications and subscriptions	124	169
Programme delivery	35,952	30,413
Legal and professional fees	1,242	1,133
	<u>253,644</u>	<u>248,571</u>
Share of governance costs (see note 7)	2,164	1,884
	<u>255,808</u>	<u>250,455</u>
Analysis by fund		
Unrestricted funds	2,345	23,924
Restricted funds	<u>253,463</u>	<u>226,531</u>
	<u>255,808</u>	<u>250,455</u>

7 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Audit fees	-	1,818	1,818	-	1,810	1,810
Other	-	346	346	-	69	69
Trustees' expenses	-	-	-	-	5	5
	<u>-</u>	<u>2,164</u>	<u>2,164</u>	<u>-</u>	<u>1,884</u>	<u>1,884</u>
Analysed between						
Charitable activities	<u>-</u>	<u>2,164</u>	<u>2,164</u>	<u>-</u>	<u>1,884</u>	<u>1,884</u>

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

Expenses totalling £nil (2020: £5) were incurred in respect of duties undertaken by the Trustees on the charity's behalf. These costs were principally travel expenses and were paid to nil (2020: 1) Trustees.

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9 Employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Management and directors	2	2
Administration	2	2
Other	3	4
Total	<u>7</u>	<u>8</u>

Employment costs	2021	2020
	£	£
Wages and salaries	175,165	177,652
Social security costs	15,723	15,806
Other pension costs	8,568	8,729
	<u>199,456</u>	<u>202,187</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2021	2020
	Number	Number
£60,000 - £70,000	<u>-</u>	<u>1</u>

10 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2021	<u>3,543</u>
At 31 December 2021	<u>3,543</u>
Depreciation and impairment	
At 1 January 2021	<u>3,543</u>
At 31 December 2021	<u>3,543</u>
Carrying amount	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

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11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other taxation and social security	4,002	4,256
Accruals and deferred income	2,100	3,145
	<u>6,102</u>	<u>7,401</u>

**THE FOUNDATION YEARS TRUST
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12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2020		Movement in funds		Balance at 1 January 2021		Movement in funds		Balance at 31 December 2021	
	£	£	Incoming resources	Resources expended	£	£	Incoming resources	Resources expended	£	£
John Armitage Charitable Trust	10	35,000		(35,010)	-	70,000		(38,828)	31,172	
Garfield Weston Foundation	49,839	-		(36,530)	13,309	-		(13,309)	-	
Tudor Trust	32	30,000		(30,032)	-	32,000		(31,945)	55	
Paul Hamlyn	-	20,000		(3,687)	16,313	-		(16,313)	-	
SHINE	1,062	13,640		(14,702)	-	-		-	-	
The Johnson Foundation	8,000	-		(8,000)	-	-		-	-	
The Woodward Foundation	1,500	-		(1,500)	-	-		-	-	
Leathersellers	-	10,000		(10,000)	-	10,000		(10,000)	-	
PH Holt	10,000	-		(10,000)	-	18,000		(11,472)	6,528	
Department for Education via National Literacy Trust	(816)	47,831		(48,345)	(1,330)	42,659		(48,732)	(7,403)	
Eleanor Rathbone Charitable Trust	5,000	-		(5,000)	-	5,000		(1,500)	3,500	
National Lottery Community Fund	-	7,863		-	7,863	-		(7,863)	-	
Onward Foundation	-	4,774		(4,774)	-	-		(659)	-	
Elizabeth Rathbone	-	1,435		(776)	659	-		-	-	
Liverpool Cares	-	1,875		(1,875)	-	-		-	-	
Steve Morgan Foundation	-	7,490		(7,490)	-	-		-	-	
Children's Centre Advisory Board	-	4,410		(4,410)	-	-		-	-	
Kelly Family Trust	-	4,000		-	4,000	-		(4,000)	-	
Comic Relief	-	2,000		(2,000)	-	2,000		(2,000)	-	

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12 Restricted funds	(Continued)					
Wirral Council FSM Fund	-	2,400	(2,400)	-	1,800	(1,800)
Steel Charitable Trust	-	-	-	-	15,000	(6,916)
Right to Succeed	-	-	-	-	5,217	(5,217)
Department for Health and Social Care	-	-	-	-	78,000	(51,757)
John Moore Foundation	-	-	-	-	5,000	(1,881)
Big Local Funding	-	-	-	-	1,661	(1,661)
Liverpool Charity & Voluntary Services	-	-	-	-	2,500	(2,500)
Seacombe Advisory Board	-	-	-	-	3,350	(105)
Hemby Trust	-	-	-	-	1,500	(1,500)
	<u>74,627</u>	<u>192,718</u>	<u>(226,531)</u>	<u>40,814</u>	<u>293,687</u>	<u>(253,463)</u>
						<u>74,543</u>

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12 Restricted funds	(Continued)
<p>John Armitage Charitable Trust The second tranche of 2019/21 continuation grant to fund the Trust Director and associated costs.</p> <p>Garfield Weston Foundation Continuation grant for 2019/21 to support core costs associated with the Birkenhead project and its management.</p> <p>Tudor Trust Final tranche of 2019/21 continuation grant to cover core costs associated with the Birkenhead project.</p> <p>Paul Hamlyn Continuation of Covid-19 emergency grant towards Volunteer Coordinator role.</p> <p>SHINE Final tranche of grant which was used to continue to fund the training of early years professionals to deliver the Peep Learning Together programme and associated costs.</p> <p>The Johnson Foundation To support Little Explorers groups and associated costs.</p> <p>Leathersellers The second tranche of 2019-22 grant to fund the parent campaign; supporting parents to engage and promote their children's development in the early years.</p> <p>P H Holt To fund parent partnership work through the pandemic.</p>	

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12	Restricted funds	(Continued)
	<p>Department for Education via National Literacy Trust For the co-ordination and delivery of the DfE's Hungry Little Minds campaign in Wirral.</p> <p>Eleanor Rathbone Charitable Trust Funding for the Early Explorers groups and associated costs in 2020.</p> <p>National Lottery Community Fund To fund Adventures at home to support parents of children in the early years.</p> <p>Onward Foundation Grant to support the home learning environment with parents of early years children.</p> <p>Elizabeth Rathbone Grant to support the training of professionals in the home learning environment.</p> <p>Liverpool Cares Emergency funding to support parents on the home learning environment during the pandemic.</p> <p>Steve Morgan Foundation Emergency funding to produce home learning environment activity packs.</p> <p>Children's Centre Advisory Board Funding for home learning environment activity packs.</p> <p>Kelly Family Trust Funding for Community Engagement Coordinator.</p> <p>Comic Relief Grant for resources and associated costs to support the home learning environment through the pandemic.</p> <p>Wirral Council FSM Fund Funding to provide early years resources to distribute with free school meals during half term holidays.</p>	

**THE FOUNDATION YEARS TRUST
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12 Restricted funds	(Continued)
Steel Charitable Trust To support delivery of Early Explorers groups in the community and Little Explorers groups in nurseries.	
Right to Succeed To fund Peep Learning Together and Partnership with Parents training in Cradle to Career schools, in addition to individual school support.	
Department for Health and Social Care To support the First 1001 Days initiative in Wirral in Partnership with Koala North-West.	
John Moore Foundation Funding towards two Parent Partnership Workers.	
Big Local Funding Funding to run Early Readers group at St Paul's Primary School.	
Liverpool Charity & Voluntary Services Community Impact Fund grant to strengthen family support for early learning and development.	
Seacombe Advisory Board To fund three Early Readers courses	
Hemby Trust Delivery of our Early Explorers group.	

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13 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:						
Current assets/(liabilities)	71,234	74,543	145,777	63,438	40,814	104,252
	<u>71,234</u>	<u>74,543</u>	<u>145,777</u>	<u>63,438</u>	<u>40,814</u>	<u>104,252</u>

14 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	526	526
Between two and five years	-	395
	<u>526</u>	<u>921</u>

15 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2021 £	2020 £
Aggregate compensation	<u>100,976</u>	<u>105,627</u>