

Charity Registration Number: 1153686

**Little Stars Early Years
Financial Statements
For the Year Ending
31 August 2023**

JANE ASCROFT ACCOUNTANCY LIMITED

Chartered Accountants
Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

Little Stars Early Years

Financial Statements

Year Ended 31 August 2023

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Little Stars Early Years

Trustees' Annual Report

Year Ended 31 August 2023

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 August 2023.

Objectives and Activities

Our charity's purpose as set out in our Constitution are:

- For the benefit of the public, the enhancement of the development and education of children of pre school age, by providing community groups and facilities for recreation and learning designed to meet the needs of such children and their parents in the North East of England and elsewhere as the trustees from time to time think fit.

Activities

Little Stars Early Years offers a range of services to local families. These can be categorised into the following groups:

Pre School: which includes the provision of OFSTED registered, good quality care and education for children from the age of 2 to 4 years.

Stay and play groups: sessions where parents and children can access good quality resources and activities in a safe, and welcoming environment. The sessions are open to all families from pregnancy through to school age. We offer the opportunity for friendship and support.

Sensory sessions: which includes the delivery of structured and semi structured sessions in the local leisure centres purpose built sensory room. These sessions are open to families with children from birth to school age.

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2023

Achievements and Performance

Numbers this year have increased from last year and have been sustained throughout the year. Families continue to top up their funded hours with paid sessions, mostly to equal 3 full days of care. We continue to have some families who pay fully for their placement. We had minimal children leave for school this year and numbers for the upcoming academic year are very positive. We expect to be close to full by April 2024.

We have received funding for 1 child through SEND funding. We provided the staffing for this enhanced provision. We have worked closely with colleagues from the sensory team to support a deaf child in setting. We did not claim additional funding for them as we felt the support received from the sensory team along with Quality First Teaching in setting provided them with sufficient levels of support for them to make good progress. DAF funding has also been received this year. This has been used to provide additional support directly for these children through staffing.

Staffing has remained generally stable across the first two terms. A member of staff left for another setting at the end of the academic year. We are yet to replace them as current staffing has been adequate.

The Board of Trustees remains constant with good input. Attendance at meetings is excellent. Our new Trustee has taken on the role of supervision for the Manager.

We have successfully agreed our lease with Durham County Council. This has been a long drawn out process but the lease is now formalized and offers a 5 year lease with a break clause at 3 years. This offers us more stability in our future and allows us to carry out more secure future planning.

Early Years Pupil Premium funding has been less this year but continued to allow us to offer a trip for our families. The funding allowed us to pay for the bus. Due to increases in costs we were only able to afford to fund the bus and families covered the full cost of entry to the farm. The trip was very well attended and feedback from families was very positive.

We continue to provide a book for each child to give as a gift for their birthday. This is inline with our commitment to closing the word gap for our children. Our Christmas party was held at the local leisure centre and was partially funded by again by a local business.

We are aware of expected changes to childcare provision in the upcoming year as the government expands its offer to families, in particular working families. As we are expecting next year to be particularly busy we are investigating ways that we can expand our provision to meet the expected increase in demand and also to better meet the needs of our families. This may include increasing our hours to longer sessions. The setting will, however, remain as a term time only setting.

We have undertaken a range of fundraising activities across the year to help fund activities for the children which otherwise would not be possible.

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2023

Financial Review

The main sources of funding during the year were:

- Childcare fees and funding £85,911 - income from the state or parents to cover childcare provisions;

The accounts show a net deficit after all costs of £13,925 (2022 - deficit of £21,179). This brings the total unrestricted reserves carried forward to £123,510. The charity aims to maintain reserves at one academic terms running costs to ensure the continual smooth ongoing running of the services. This equates to approximately £37,731 at 31st August 2023.

The additional reserves are being held to support the development work this year and increasing staff costs over the next few years.

Structure, Governance and Management

Governing Document

Little Stars Early Years is a registered charity (No 1153686) and is governed by a document of constitution.

Recruitment and Appointment of New Trustees

The organisation seeks to maintain a board of trustees who can add value and contribute to the delivery of the service. Trustees are invited to attend a meeting of the Board of Trustees before being formally appointed. New trustees are offered individual inductions and guidance on their role by the Chair, Treasurer or Chief executive, at the point when they agree to join the board.

Trustees are appointed by election at the Annual General Meeting or at the termly trustee meetings.

Organisational Structure

Day to day management of the charity was delegated to Mrs K Luther, CEO. The board of trustees meet every academic term and maintain regular contact with Mrs Luther throughout the year.

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2023

Reference and Administrative Details

Registered charity name Little Stars Early Years
Charity registration number 1153686
Principal office C/o Willington Children's Centre
Chapel Street
Willington
County Durham

The Trustees

Julie Relf
Kate Luther
Laura McMain
Stephen Wallace
Joanne Bromley

Independent Examiner Jane Ascroft FCA MA (Cantab)
Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

The trustees' annual report was approved on 13/3/2024 and signed on behalf of the board of trustees by:


Julie Relf
Trustee

Little Stars Early Years

Independent Examiner's Report to the Trustees of Little Stars Early Years

Year Ended 31 August 2023

I report to the trustees on my examination of the financial statements of Little Stars Early Years ('the charity') for the year ended 31 August 2023.

Responsibilities and Basis of Report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent Examiner's Statement

I have completed my examination. I confirm that no material 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 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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

Jane Ascroft

Jane Ascroft FCA MA (Cantab)
Independent Examiner

Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

Little Stars Early Years

Statement of Financial Activities

Year Ended 31 August 2023

			2023		2022
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	4	—	240	240	400
Charitable activities	5	103,138	—	103,138	81,422
Other trading activities	6	665	—	665	381
Total income		<u>103,803</u>	<u>240</u>	<u>104,043</u>	<u>82,203</u>
Expenditure					
Expenditure on charitable activities	7,8	<u>117,736</u>	<u>232</u>	<u>117,968</u>	<u>103,382</u>
Total expenditure		<u>117,736</u>	<u>232</u>	<u>117,968</u>	<u>103,382</u>
Net expenditure and net movement in funds		<u>(13,933)</u>	<u>8</u>	<u>(13,925)</u>	<u>(21,179)</u>
Reconciliation of funds					
Total funds brought forward		139,782	2,717	142,499	163,678
Total funds carried forward		<u>125,849</u>	<u>2,725</u>	<u>128,574</u>	<u>142,499</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

Little Stars Early Years

Statement of Financial Position

31 August 2023

	Note	2023 £	£	2022 £
Fixed Assets				
Tangible fixed assets	13		1,755	2,339
Current Assets				
Debtors	14	1,469		—
Cash at bank and in hand		<u>126,054</u>		<u>157,880</u>
		<u>127,523</u>		<u>157,880</u>
Creditors: amounts falling due within one year	15	<u>704</u>		<u>17,720</u>
Net Current Assets			<u>126,819</u>	<u>140,160</u>
Total Assets Less Current Liabilities			<u>128,574</u>	<u>142,499</u>
Net Assets			<u>128,574</u>	<u>142,499</u>
Funds of the Charity				
Restricted funds			2,725	2,717
Unrestricted funds			<u>125,849</u>	<u>139,782</u>
Total charity funds	18		<u>128,574</u>	<u>142,499</u>

These financial statements were approved by the board of trustees and authorised for issue on 13/3/2024, and are signed on behalf of the board by:


Julie Relf
Trustee


Kate Luther
Trustee

The notes on pages 8 to 15 form part of these financial statements.

Little Stars Early Years

Notes to the Financial Statements

Year Ended 31 August 2023

1. General Information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 14 Cragside Close, Spennymoor, County Durham, DL16 7SD.

2. Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investments measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The entity is a Public Benefit Entity.

Going Concern

There are no material uncertainties about the charity's ability to continue.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no significant estimates or judgements affecting these financial statements.

Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the purposes of the charity.

Designated funds are unrestricted funds earmarked by the trustees for specific purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2023

3. Accounting Policies *(continued)*

Income

All income is included in the statement of financial activities when the charity is entitled to the income, any performance related conditions attached have been met or are fully within the control of the charity, the income is considered probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Donations and legacy income is received by way of donations, legacies, grants and gifts and is included in full in the Statement of Financial Activities when receivable. Where legacies have been notified to the charity but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity, being the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market.

Investment income is included when receivable.

Income from charitable trading activity is accounted for when earned.

Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of raising funds comprise the costs associated with attracting donations, grants and legacies and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, as set out in the notes to the accounts.

Tangible Assets

All fixed assets are initially recorded at cost.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2023

3. Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment	- 25% reducing balance
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Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2023

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

4. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Grants			
Other grants	<u>—</u>	<u>240</u>	<u>240</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Grants			
Other grants	<u>400</u>	<u>—</u>	<u>400</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2023

5. Charitable Activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Childcare fees and funding	102,908	102,908	80,740	80,740
Other income from charitable activities	230	230	682	682
	<u>103,138</u>	<u>103,138</u>	<u>81,422</u>	<u>81,422</u>

6. Other Trading Activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Fundraising income	665	665	381	381

7. Expenditure on Charitable Activities by Fund Type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
See analysis on page 17	117,736	232	117,968

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
See analysis on page 17	103,382	—	103,382

8. Expenditure on Charitable Activities by Activity Type

	Activities undertaken directly £	Total funds 2023 £	Total fund 2022 £
See analysis on page 17	117,968	117,968	103,382

9. Net Expenditure

Net expenditure is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of tangible fixed assets	584	779

10. Independent Examination Fees

	2023 £	2022 £
Fees payable to the independent examiner for: Independent examination of the financial statements	324	324

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2023

11. Staff Costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2023	2022
	£	£
Wages and salaries	88,281	80,627
Employer contributions to pension plans	2,905	1,318
	<u>91,186</u>	<u>81,945</u>

The average head count of employees during the year was 6 (2022: 6). The average number of full-time equivalent employees during the year is analysed as follows:

	2023	2022
	No.	No.
Number of staff	<u>6</u>	<u>6</u>

No employee received employee benefits of more than £60,000 during the year (2022: Nil).

12. Trustee Remuneration and Expenses

Trustees received no expenses during the period. One trustee, Kate Luther, was employed by the charity and received a gross wage of £33,008 (2022 - £31,990) during the year.

During the year the charity paid £678 (2022 - £521) to Applause Accountancy Services Limited for payroll services. One of the trustees, Julie Relf, is a director of Applause Accountancy Services Limited.

13. Tangible Fixed Assets

	Equipment	Total
	£	£
Cost		
At 1 September 2022 and 31 August 2023	<u>8,450</u>	<u>8,450</u>
Depreciation		
At 1 September 2022	6,111	6,111
Charge for the year	584	584
At 31 August 2023	<u>6,695</u>	<u>6,695</u>
Carrying amount		
At 31 August 2023	<u>1,755</u>	<u>1,755</u>
At 31 August 2022	<u>2,339</u>	<u>2,339</u>

14. Debtors

	2023	2022
	£	£
Prepayments and accrued income	<u>1,469</u>	<u>-</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2023

15. Creditors: amounts falling due within one year

	2023	2022
	£	£
Accruals and deferred income	300	17,297
Other creditors	404	423
	<u>704</u>	<u>17,720</u>

16. Deferred Income

	2023	2022
	£	£
At 1 September 2022	16,997	16,632
Amount released to income	(16,997)	(16,632)
Amount deferred in year	—	16,997
At 31 August 2023	<u>—</u>	<u>16,997</u>

Deferred income represents funding for the autumn term received in advance.

17. Pensions and Other Post Retirement Benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £2,905 (2022: £1,318).

18. Analysis of Charitable Funds

Unrestricted funds

	At 1 September 2022	Income £	Expenditure £	At 31 August 2023
General funds	137,443	103,803	(117,736)	123,510
Capital fund	2,339	—	—	2,339
	<u>139,782</u>	<u>103,803</u>	<u>(117,736)</u>	<u>125,849</u>

	At 1 September 2021	Income £	Expenditure £	At 31 August 2022
General funds	157,843	82,203	(102,603)	137,443
Capital fund	3,118	—	(779)	2,339
	<u>160,961</u>	<u>82,203</u>	<u>(103,382)</u>	<u>139,782</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2023

18. Analysis of Charitable Funds (continued)

Restricted funds

	At 1 September 2022 £	Income £	Expenditure £	At 31 August 2023 £
DCC Sustainability grant	1,229	–	–	1,229
DCC Capital grant	–	240	(232)	8
CDCF grant	834	–	–	834
Groundwork grant	654	–	–	654
	<u>2,717</u>	<u>240</u>	<u>(232)</u>	<u>2,725</u>

	At 1 September 2021 £	Income £	Expenditure £	At 31 August 20 22 £
DCC Sustainability grant	1,229	–	–	1,229
CDCF grant	834	–	–	834
Groundwork grant	654	–	–	654
	<u>2,717</u>	<u>–</u>	<u>–</u>	<u>2,717</u>

The restricted funds are for the following purposes:

The DCC Sustainability grant is towards rent, resources and furniture

The grant from County Durham Community Foundation is for home learning.

The grant from Groundwork is for outdoor equipment.

19. Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	1,755	–	1,755
Current assets	124,798	2,725	127,523
Creditors less than 1 year	(704)	–	(704)
Net assets	<u>125,849</u>	<u>2,725</u>	<u>128,574</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	2,339	–	2,339
Current assets	155,163	2,717	157,880
Creditors less than 1 year	(17,720)	–	(17,720)
Net assets	<u>139,782</u>	<u>2,717</u>	<u>142,499</u>

Little Stars Early Years

Management Information

Year Ended 31 August 2023

The Following Pages Do Not Form Part of the Financial Statements.

Little Stars Early Years

Detailed Statement of Financial Activities

Year Ended 31 August 2023

	2023 £	2022 £
Income and endowments		
Donations and legacies		
Other grants	240	400
Charitable activities		
Childcare fees and funding	102,908	80,740
Other income from charitable activities	230	682
	<u>103,138</u>	<u>81,422</u>
Other trading activities		
Fundraising income	665	381
	<u>665</u>	<u>381</u>
Total income	<u>104,043</u>	<u>82,203</u>
Expenditure		
Wages	88,281	80,627
Pension costs	2,905	1,318
Rent	15,442	10,900
Insurance	611	521
Legal and professional fees	5,647	4,586
Uniforms	636	—
Depreciation	584	779
Staff training and expenses	660	130
Materials, resources and activities	1,642	2,714
Equipment	456	956
ICT and admin costs	624	694
Fundraising costs	502	20
Sundry costs	(22)	137
Total expenditure	<u>117,968</u>	<u>103,382</u>
Net expenditure	<u>(13,925)</u>	<u>(21,179)</u>