

Charitable Incorporated Organisation - Registration number: 1154939

Kamelia Kids

Annual Report and Financial Statements

for the Year Ended 31 December 2020



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kameliakids.org.uk

Charity Number: 1154939

Charity Registered EY477206

Kamelia Kids

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Kamelia Kids

Reference and Administrative Details

Charity Registration Number	1154939
Patron	Lady Emma Barnard
Chair	K Haffenden
Trustees	P R Jarman L Smith G Launder K Thompson K Haffenden P Byfield
Charity Communications Manager	D Calderwood
Nursery Operations Director	Suzanne Charlesworth
Principal Office	Wellesley Avenue Goring By Sea Worthing West Sussex BN12 4PN The charity is incorporated in England and Wales.
Bankers	HSBC Bank Warwick Street, Worthing 1 Warwick Street Worthing West Sussex BN11 3DE
Independent Examiner	Matthew Hodson FCA Hodson & Co Independent Examiner Wiston House 1 Wiston Avenue Worthing West Sussex BN14 7QL

Kamelia Kids

Trustees' Report

The Trustees' present the annual report together with the financial statements of the charity for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the Charity's governing document, the Charities Act 2011 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).

Objectives and activities

Objects and aims

The objects of the Charity are as follows:

"To support all children particularly those with special and additional needs due to sickness, physical or mental disability, poverty or social and economic circumstances through the provision of facilities, help and education, including support to their families and carers, to enable them to achieve the best possible educational, developmental and other outcomes."

Objectives, strategies and activities

The Charity has continued to fulfil its objects by providing early years learning and development to children of all abilities within a fully inclusive and integrated environment. The activities continue to be provided from the purpose built premises in Goring by Sea as well as our beach hut on Goring seafront.

The charity strives to continually enhance the nursery environment to ensure the nursery can provide an inclusive, safe, stimulating and welcoming environment where, according to their needs, children are given opportunities to flourish in all areas of their development, through play, exploration and active and creative experiences in and outdoors. The refurbishment of our sensory room and installation of a state-of-the-art floor projection system known as the "Magic Carpet" has enabled access to interactive and sensory equipment which is essential to the Charity's work particularly with children who have communication and mobility challenges. The improvement of the outdoor spaces is providing children with activities to enhance their learning and development experience.

The integrated and inclusive model of service delivery continues to be successful and highly positive with all children receiving the best education and support and benefitting from our highly skilled and specialist staff team. The progress and achievements of all children are closely monitored and recorded in relation to their overall development.

Activities and experiences are planned to help children express their feelings and emotions, develop physical skills and to maximise their well-being. This year has been challenging to find ways of delivering our service during the coronavirus pandemic to benefit as many of our children as possible. The Nursery Manager and her team worked in close partnership with parents and carers to ensure that the needs of our children were met to the best of our ability given the restrictions within which we had to work. An Assistant SENDCo (Special educational needs and disabilities coordinator) was appointed to work alongside and support our SENDCo to address the changing and increasing needs that local vulnerable and disadvantaged families were experiencing. Daily intensive 1-1 and group support was provided to children and their families, including those shielding at home due to health issues.

The Charity's commitment to ensuring that all children feel fully valued and cared for and that they and their families are given all the support they need remains our priority.

The notes on pages 14 to 24 form an integral part of these financial statements.

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Trustees' Report

Public benefit

Activities undertaken to further public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

The nursery provides a safe, stimulating and supportive environment embracing early years pedagogy and theory to inform delivery of the Early Years Foundation Stage framework to the highest standard. The nursery is regulated by OFSTED and to meet the stringent standards there is clear focus and regular review of Nursery Improvement Plans. The nursery has an OFSTED rating of 'Good' in all areas.

The Quality Improvement and Business Development Plan covering short, medium and long-term goals was implemented in 2019 has been regularly updated throughout 2020 and into 2021.

2020 has been a year of challenges and achievements in all aspects of the Charity's work. Challenges in adapting to the ever-changing situation presented by the pandemic in terms of providing our service and financially. However careful management combined with strategic guidance has resulted in amazing achievements in improving the nursery environment and the growth in the nursery occupancy.

The refurbishment of the Sensory Room and installation of the Magic Carpet Projection System has provided an extraordinary, highly engaging and fun experience which can be adapted to suit all children, especially for children with a range of special educational needs and disabilities. It has proved to be invaluable in encouraging friendship-building when such essential development has been limited outside the nursery environment due to the coronavirus restrictions.

The transformation of an outdoor area into a Sensory and Wellbeing Garden has provided a special area dedicated to helping our children with special needs and disabilities to experience the outdoors in a way that stimulates their senses and encourages our children with communication issues (such as those with autism) to better articulate their wants and needs which all enriches their personal, social and emotional development.

Occupancy was significantly affected by the limitations placed upon the nursery during the lockdowns, however we continued to provide our service to the key worker and vulnerable children allowed to attend and provided remote contact to many of our children. From 1 June 2020 we were allowed to welcome back all our children and the staff that had been furloughed. September saw the nursery's occupancy increase to pre-coronavirus levels and steady growth continued to the end of the year with the first quarter of 2021 seeing a 24% increase in occupancy. The Nursery Manager and her team showed immense resilience, commitment, determination and compassion during these unprecedented times, with smiles on their faces and a heartfelt desire to serve and care for the children and their families.

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Trustees' Report

Kamelia Kids is known for its high standard of care and support of pre-school children living with a range of special needs and disabilities, as well as social, educational and additional needs. Of the children registered with us, around 25% have a Special Educational Need or Disability including complex medical needs requiring specialist care. A further 15% experience a range of milder educational needs and behavioural difficulties; whilst some children have poor verbal communication skills, reduced mobility, or struggle to understand, express their emotions or make confident, independent choices. Children's emotional wellbeing can also be compromised and challenging behaviour is common. The remaining 60% are 'mainstream' children – though several of this cohort also have a range of milder educational needs.

Our nursery staff include a number of graduate level early years practitioners, a dedicated special educational needs co-ordinator (SENDCO) and Assistant SENDCO, all of whom are passionate about their profession and seek excellence in all they do through continuous professional development and training. Despite the coronavirus restrictions we continued to support and make a difference to some of the most vulnerable children living in and around our local community, including those with severe learning difficulties and/or complex medical and physical disabilities as well as those from deprived economic and vulnerable backgrounds and a number for whom English is not the spoken language in their home environment.

Kamelia Kids

Trustees' Report

Financial review

Nursery income was unsurprisingly lower this year than the previous year due to occupancy restrictions imposed during the lockdowns, however, use of the government's Coronavirus Job Retention scheme helped to mitigate this.

The collaborative bid writing between the part-time fundraising consultant and the Marketing and Communications Manager has continued throughout 2020 securing funding for a number of projects to improve the nursery environment, including the following:-

Sensory Garden Project - Co-op Local Community Support - £5.4k, Hays Travel Foundation - £1k

Magic Carpet Sensory Project - Awards for All - £9.7k, Morrisons Foundation - £9.7k

New Heating System - Kamelia Botnar Foundation - £25K, Screwfix Foundation - £4.2k

Alongside this we have received the second year of funding for the SENDCO project - £28k in total.

Local fundraising and donation support suffered this year with some of our committed donors unable to carry out their usual events.

Staff salaries continue to be our main cost but equally staff are our greatest asset.

Other expenditure in 2020 included £29k spent on a new heating system to replace the 40 year old unreliable and inefficient boiler helping to reduce the impact on the environment and the utility bills. We also bought a fogging sanitiser which is a safe and efficient way of sanitising a room or open space in as little as 30 seconds, enhancing our nursery in house cleaning.

Total income from activities has fallen slightly £585,747 in 2019 to £573,971 in 2020, and costs have increased by £27k on the previous year. The net loss for 2020 was £30,996 compared to net income of £7,905 in 2019. Unrestricted reserves not invested in property at 31st December 2020 decreased slightly to £58,684 (2019 £66,411) of which £21,609 (2019 £2,363) was invested in fixtures and equipment. Currently the level of free reserves is £37,075 (2019 £64,048).

The Trustees have always aimed to achieve business sustainability, 2020 was a challenging year both financially and operationally. Recognising the difficulties faced the Trustees worked closely with the senior management team (SMT) to carry out a Structure and Organisation Review in the final quarter of 2020 with the aim of delivering overall efficiency savings and ensuring financial sustainability. The resulting changes have already started to have a significant impact e.g. increased marketing, an adjusted fee structure and better use of space has seen nursery income exceed budget by £26k in the first quarter of 2021.

Policy on reserves

The Trustees have reviewed their policy, taking into account guidance by the Charity Commission, so as to establish an acceptable level of reserves which is the cornerstone of the prudent financial management of the Charity.

The aspiration of the Trustees is to hold sufficient funds whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the Charity should be based on running costs for six months. This amounts to approximately £260k, currently the level of free reserves is £37,075 (2019 £64,048). The trustees continue to monitor this closely to safeguard the 'free reserves' and increase them to an appropriate level.

The notes on pages 14 to 24 form an integral part of these financial statements.

Kamelia Kids

Trustees' Report

Plans for future periods

Aims and key objectives for future periods

Project Snowdrop -

Kamelia Kids has deep community roots and a commitment to putting local families' and children's voices at the heart of everything we do. Our unique nursery-family partnerships are further strengthened through use of a parents' Facebook group, regular Zoom / phone calls and conversations. These frequent interactions mean that our staff are tuned in to what parents and carers are thinking, and it has been their insight that has highlighted the need for - and informed the development of - 'Project Snowdrop'. The aim is to repurpose a large, rarely-used part of the nursery 'The Snowdrop Room' into a setting for 3-hour morning and/or afternoon sessions with up to 24 places targeted at families experiencing financial hardship or other challenges. The catalyst for 'Snowdrop' has been the increasing demand for (and shortage of) local nursery places, and the need that has been identified for a more tailored childcare 'offer' for disadvantaged families who are eligible for, or in receipt of, the universal 15 hours' Free Entitlement funding.

Further enhancement to the outdoor environment -

Being outdoors has a positive impact on children's sense of well-being and helps all aspects of children's development. Playing outside gives first hand contact with the weather, seasons and the natural world, offering freedom to explore, use their senses and be physically active. A beautifully constructed (with the assistance of a parent) bespoke mud kitchen has been built in the Toddlers play area and fundraising is currently underway to enable a mud kitchen to be built in the Pre-schoolers playground.

Going concern

Kamelia Kids remained open throughout the whole of the pandemic providing our service to the key worker and vulnerable children who were allowed to attend alongside providing as much virtual contact and support as we could to the children and families unable to attend in person.

The reduced nursery fees income was offset by furloughing a proportion of staff and claiming the government funded Coronavirus Job Retention Scheme grant (CJRS) (£32,593). During the first lockdown period we had a number of vulnerable children from settings that had closed attending our nursery for which we made no additional charge. Since the return of all our children we have continued to give our discretionary charitable discount to families experiencing financial hardship and children from disadvantaged backgrounds. Whilst this put a strain on our limited financial reserves it served as a catalyst for change and as a result a number of strategic decisions have been implemented in order to streamline the organisation, better utilise the ample space we are so fortunate to have at our premises and implement an 'aggressive' marketing campaign which has seen the number of children on our register increase from 107 in November 2020 to 151 in May 2021.

At the start of the pandemic the only government grant we were eligible for was the CJRS but as time progressed and criteria changed we were successful in our application for the local government additional restrictions grant (£9K received March 2021) and we received £17k in January 2021 from the Charitable Aid Foundation (CAF) resilience fund.

With the growth in occupancy, the income from the COVID grants and other measures put in place over the last few months the Trustees are confident that Kamelia Kids has a sound future.

The notes on pages 14 to 24 form an integral part of these financial statements.

Kamelia Kids

Trustees' Report

Structure, governance and management

Nature of governing document

The Charity became a Charitable Incorporated Organisation (CIO) with a revised Constitution and a new charity number (1154939) in December 2013. For accounting purposes the transfer was effective from 1st January 2014. A year later the Charity amended its objects and adopted the working name Kamelia Kids. In December 2019 the working name of Kamelia Kids was adopted as the legal name of the Charity.

Recruitment and appointment of trustees

Trustees are elected and removed by the Board of Trustees. The maximum number of Trustees shall be 9 and the minimum shall be 3.

The Trustees who served during the year are listed on Page 1. The Trustees at the date of approval of the Financial Statements remain the same as those listed on Page 1.

Induction and training of trustees

Prospective Trustees are invited to the centre and shown the range of activities that the Charity provides and they are also invited to attend a Trustees meeting. Once appointed Trustees undergo relevant induction training including a welcome pack.

The Board of Trustees continue to look to recruit new trustees with relevant skills.

Organisational structure

The Charity is managed by a board of Trustees who meet at least quarterly (with management attending as appropriate). The operational management of the Charity has in the past been delegated to the management team comprising the Marketing and Communications Manager, Nursery Manager and Finance Manager. Following on from the Structure and Organisation Review at the end of 2020 the management team was streamlined with effect from 1 May 2021. The Trustees have delegated overall day-to-day management of the organisation to the Nursery Operations Director (formerly Nursery Manager). The Charity Communications Manager (formerly Marketing and Communications Manager) the Finance Manager and the Deputy Nursery Manager all report directly to the Nursery Operations Director.

The Nursery is regulated by OFSTED.

Financial instruments

Objectives and policies

The charity only has financial assets and financial 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

The notes on pages 14 to 24 form an integral part of these financial statements.

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Trustees' Report

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual report was approved by the trustees of the charity on 29 June 2021 and signed on its behalf by:



K Haffenden
Chair and Trustee

Kamelia Kids

Independent Examiner's Report to the trustees of Kamelia Kids

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 December 2020 which are set out on pages 10 to 24.

Respective responsibilities of trustees and examiner

As the charity's trustees of Kamelia Kids you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trustees' accounts carried out under section 145 of the 2011 Act, and in carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since Kamelia Kids'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 ICAEW, 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:

1. accounting records were not kept in respect of Kamelia Kids as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts 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. ; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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



Matthew Hodson FCA
Independent Examiner
Wiston House
1 Wiston Avenue
Worthing
West Sussex
BN14 7QL

Date: 29/06/21

Kamelia Kids

Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
Income and Endowments from:				
Donations and legacies	3	36,233	68,577	104,810
Charitable activities	4	456,410	11,476	467,886
Other trading activities	5	437	-	437
Investment income		155	-	155
Other income		683	-	683
Total income		<u>493,918</u>	<u>80,053</u>	<u>573,971</u>
Expenditure on:				
Raising funds	6	(10,265)	-	(10,265)
Charitable activities	7	<u>(519,296)</u>	<u>(75,406)</u>	<u>(594,702)</u>
Total expenditure		<u>(529,561)</u>	<u>(75,406)</u>	<u>(604,967)</u>
Net (expenditure)/income		(35,643)	4,647	(30,996)
Transfers between funds		<u>21,724</u>	<u>(21,724)</u>	<u>-</u>
Net movement in funds		(13,919)	(17,077)	(30,996)
Reconciliation of funds				
Total funds brought forward		<u>350,500</u>	<u>48,744</u>	<u>399,244</u>
Total funds carried forward	16	<u>336,581</u>	<u>31,667</u>	<u>368,248</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

Kamelia Kids

Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Comparative - 31 December 2019

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Donations and legacies	3	4,769	91,357	96,126
Charitable activities	4	480,719	6,387	487,106
Other trading activities	5	790	-	790
Investment income		621	-	621
Other income		1,104	-	1,104
Total income		<u>488,003</u>	<u>97,744</u>	<u>585,747</u>
Expenditure on:				
Raising funds	6	(12,508)	-	(12,508)
Charitable activities	7	<u>(493,046)</u>	<u>(72,288)</u>	<u>(565,334)</u>
Total expenditure		<u>(505,554)</u>	<u>(72,288)</u>	<u>(577,842)</u>
Net (expenditure)/income		(17,551)	25,456	7,905
Transfers between funds		<u>(1,868)</u>	<u>1,868</u>	-
Net movement in funds		(19,419)	27,324	7,905
Reconciliation of funds				
Total funds brought forward		<u>369,919</u>	<u>21,420</u>	<u>391,339</u>
Total funds carried forward	16	<u><u>350,500</u></u>	<u><u>48,744</u></u>	<u><u>399,244</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2019 is shown in note 16.

The notes on pages 14 to 24 form an integral part of these financial statements.

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(Registration number: 1154939)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	308,406	300,498
Current assets			
Debtors	11	4,148	3,503
Cash at bank and in hand	12	174,517	156,551
		178,665	160,054
Creditors: Amounts falling due within one year	13	(68,823)	(61,308)
Net current assets		109,842	98,746
Total assets less current liabilities		418,248	399,244
Creditors: Amounts falling due after more than one year	14	(50,000)	-
Net assets		368,248	399,244
Funds of the charity:			
Restricted income funds			
Restricted funds	16	31,667	48,744
Unrestricted income funds			
Unrestricted funds		336,581	350,500
Total funds	16	368,248	399,244

The financial statements on pages 10 to 24 were approved by the trustees, and authorised for issue on 29 June 2021 and signed on their behalf by:


K Haffenden
Chair and Trustee

Kamelia Kids

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (expenditure)/income		(30,996)	7,905
Adjustments to cash flows from non-cash items			
Depreciation	7	16,961	13,963
Investment income		(155)	(621)
		(14,190)	21,247
Working capital adjustments			
(Increase)/decrease in debtors	11	(645)	23,808
Increase/(decrease) in creditors	13	7,515	(2,255)
Net cash flows from operating activities		(7,320)	42,800
Cash flows from investing activities			
Interest receivable and similar income		155	621
Purchase of tangible fixed assets	10	(24,869)	(6,212)
Net cash flows from investing activities		(24,714)	(5,591)
Cash flows from financing activities			
Repayment of loans and borrowings	13	50,000	-
Net increase in cash and cash equivalents		17,966	37,209
Cash and cash equivalents at 1 January		156,551	119,342
Cash and cash equivalents at 31 December		174,517	156,551

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 14 to 24 form an integral part of these financial statements.

Kamelia Kids

Notes to the Financial Statements for the Year Ended 31 December 2020

1 Charity status

The charity is a charitable incorporated organisation, incorporated in England and Wales under the Charities Act 2011. The address of the registered office is provided in Reference and administrative details. Details of the charity's operations are provided in the Report of the Trustees.

These financial statements were authorised for issue by the trustees on 29 June 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts include the results of the charity's operations which are described in the Trustees' report, all of which are continuing.

Basis of preparation

Kamelia Kids meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

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Notes to the Financial Statements for the Year Ended 31 December 2020

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

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.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity 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 charity 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.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property (beach hut)	10% straight line
Leasehold buildings, extensions and alterations	Period of lease (99 years from 11.9.78)
Property improvements	20% straight line
Equipment	20% straight line
Computer equipment	25% straight line

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Notes to the Financial Statements for the Year Ended 31 December 2020

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

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Notes to the Financial Statements for the Year Ended 31 December 2020

Financial instruments

Classification

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

3 Income from donations and legacies

	Note	2020 £	2019 £
<u>Restricted</u>			
Individuals		83	26
Awards for All		-	9,721
BBC Children In Need		10,000	10,000
Camelia Botnar Foundation		25,000	35,000
Trusts - various		20,594	33,510
Early years Teacher Status Grant		4,900	2,100
Peter Harrison Foundation		8,000	-
Other Organisations		-	1,000
		<u>68,577</u>	<u>91,357</u>
<u>Unrestricted</u>			
Individuals		2,395	2,609
Trusts - other		-	1,000
Other organisations		550	2,798
Legacies		-	(1,638)
Government grants - CJRS/Covid SSP		33,288	-
		<u>36,233</u>	<u>4,769</u>
		<u>104,810</u>	<u>96,126</u>

4 Income from charitable activities

	Unrestricted funds General £	Restricted funds £	Total funds £
	456,410	11,476	467,886
Total for 2020	<u>456,410</u>	<u>11,476</u>	<u>467,886</u>
Total for 2019	<u>480,719</u>	<u>6,387</u>	<u>487,106</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

5 Income from other trading activities

	Unrestricted funds General £	Total funds £
Fundraising income;		
Other fundraising income	437	437
Total for 2020	437	437
Total for 2019	790	790

6 Expenditure on raising funds

a) Costs of generating donations and legacies

	Unrestricted funds General £	Total 2020 £	Total 2019 £
Note			
Marketing and publicity	2,026	2,026	2,437
Other direct costs of generating voluntary income	8,239	8,239	10,071
	<u>10,265</u>	<u>10,265</u>	<u>12,508</u>

7 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2020 £
Staff and support costs	376,447	107,151	483,598
Premises	60,422	17,901	78,323
Nursery expenses	14,079	-	14,079
Depreciation	16,062	665	16,727
Governance costs	-	1,975	1,975
	<u>467,010</u>	<u>127,692</u>	<u>594,702</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

	Activity undertaken directly £	Activity support costs £	2019 £
Staff and support costs	374,342	110,498	484,840
Pemises	34,061	18,305	52,366
Nursery expenses	10,384	-	10,384
Depreciation	12,993	736	13,729
Governance costs	-	4,015	4,015
	<u>431,780</u>	<u>133,554</u>	<u>565,334</u>

£519,296 (2019 - £493,046) of the above expenditure was attributable to unrestricted funds and £75,406 (2019 - £72,288) to restricted funds.

In addition to the expenditure analysed above, there are also governance costs of £1,975 (2019 - £4,015) which relate directly to charitable activities. See note 8 for further details.

8 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total 2020 £	Total 2019 £
Independent examiner fees			
Examination of the financial statements	1,740	1,740	1,616
Depreciation, amortisation and other similar costs	235	235	235
Other governance costs	-	-	2,164
	<u>1,975</u>	<u>1,975</u>	<u>4,015</u>

All governance costs are attributable to unrestricted funds for both years.

9 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	435,063	433,959
Social security costs	22,156	23,604
Pension costs	6,480	5,938
	<u>463,699</u>	<u>463,501</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2020 No	2019 No
Direct charitable expenditure	18	18
Support costs	4	4
	<u>22</u>	<u>22</u>

No employee received emoluments of more than £60,000 during the year.

The Trustees' consider the key management personnel of the charity to consist of the Nursery Operations Director, the Charity Communications Manager, The Finance Manager, and the Deputy Nursery Manager. The total employee benefits of the key management personnel of the charity were £129,663 (2019 - £123,745).

10 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 January 2020	718,540	188,714	907,254
Additions	<u>-</u>	<u>24,869</u>	<u>24,869</u>
At 31 December 2020	<u>718,540</u>	<u>213,583</u>	<u>932,123</u>
Depreciation			
At 1 January 2020	434,451	172,305	606,756
Charge for the year	<u>6,192</u>	<u>10,769</u>	<u>16,961</u>
At 31 December 2020	<u>440,643</u>	<u>183,074</u>	<u>623,717</u>
Net book value			
At 31 December 2020	<u>277,897</u>	<u>30,509</u>	<u>308,406</u>
At 31 December 2019	<u>284,089</u>	<u>16,409</u>	<u>300,498</u>

Included within the net book value of land and buildings above is £10,500 (2019 - £12,000) in respect of freehold land and buildings and £267,397 (2019 - £272,089) in respect of leaseholds.

11 Debtors

	2020 £	2019 £
Trade debtors	234	6
Prepayments	3,440	3,467
Other debtors	<u>474</u>	<u>30</u>
	<u>4,148</u>	<u>3,503</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

12 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	70	87
Cash at bank	33,514	55,907
Short-term deposits	140,933	100,557
	<u>174,517</u>	<u>156,551</u>

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,104	3,657
Other taxation and social security	6,849	5,567
Other creditors	52,913	46,639
Accruals	5,957	5,445
	<u>68,823</u>	<u>61,308</u>

14 Creditors: amounts falling due after one year

	2020 £
Other loans	<u>50,000</u>

15 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £6,480 (2019 - £5,938).

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Notes to the Financial Statements for the Year Ended 31 December 2020

16 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
Unrestricted funds					
<i>General</i>					
General Fund	66,411	493,918	(529,561)	27,916	58,684
<i>Designated</i>					
Capital Reserve	284,089	-	-	(6,192)	277,897
Total unrestricted funds	350,500	493,918	(529,561)	21,724	336,581
Restricted funds					
Makaton Training	150	-	(150)	-	-
Support staff and staff cover	-	4,900	(4,900)	-	-
SENCO Salary Grants	10,000	28,000	(28,000)	-	10,000
Magic Carpet	19,442	-	(1,578)	(15,912)	1,952
Building Maintenance	1,541	-	(1,541)	-	-
Disability Access Fund	3,171	7,995	(3,648)	(2,614)	4,904
Early Years Pupil Premium	394	3,481	(550)	(674)	2,651
Other assets funded by grants	14,046	-	(5,145)	-	8,901
Sensory Garden Project	-	6,449	(666)	(2,524)	3,259
Boiler/heating Project	-	29,228	(29,228)	-	-
Total restricted funds	48,744	80,053	(75,406)	(21,724)	31,667
Total funds	399,244	573,971	(604,967)	-	368,248

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Notes to the Financial Statements for the Year Ended 31 December 2020

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds					
<i>General</i>					
General Fund	79,638	488,003	(505,554)	4,324	66,411
<i>Designated</i>					
Capital Reserve	290,281	-	-	(6,192)	284,089
Total unrestricted funds	<u>369,919</u>	<u>488,003</u>	<u>(505,554)</u>	<u>(1,868)</u>	<u>350,500</u>
Restricted					
Makaton Training	150	-	-	-	150
WSCC Centre improvement grant	1,795	-	(1,795)	-	-
Support staff and staff cover	-	27,100	(27,100)	-	-
SENCO Salary Grants	7,500	30,750	(28,250)	-	10,000
Outside classrooms	-	4,039	(18)	(4,021)	-
Magic Carpet	-	19,442	-	-	19,442
Building Maintenance	-	10,000	(8,459)	-	1,541
Disability Access Fund	-	4,305	(554)	(580)	3,171
Early Years Pupil Premium	-	2,082	(1,946)	258	394
Other assets funded by grants	11,975	-	(4,140)	6,211	14,046
Specific donations from parents	-	26	(26)	-	-
Total restricted funds	<u>21,420</u>	<u>97,744</u>	<u>(72,288)</u>	<u>1,868</u>	<u>48,744</u>
Total funds	<u>391,339</u>	<u>585,747</u>	<u>(577,842)</u>	<u>-</u>	<u>399,244</u>

The specific purposes for which the funds are to be applied are as follows:

Grants were received from sources including the Kamelia Botnar Foundation, The Peter Harrison Foundation and BBC Children in Need during the year to meet specific costs, including salaries and capital expenditure. Grants for funding fixed assets have been transferred to general funds at the date of the purchase of the asset. Other balances carried forward are expected to be spent in 2021.

The capital reserve is a designated fund, reflecting the net book value of the freehold and leasehold buildings, which is maintained for the purposes of fulfilling the charity's principal objects and so as to distinguish such amounts from those remaining available in the General Fund to service the day to day commitments.

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Notes to the Financial Statements for the Year Ended 31 December 2020

17 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds at 31 December 2020
	General	Designated		
	£	£	£	£
Tangible fixed assets	21,609	277,897	8,900	308,406
Current assets	155,898	-	22,767	178,665
Current liabilities	(68,823)	-	-	(68,823)
Creditors over 1 year	(50,000)	-	-	(50,000)
Total net assets	<u>58,684</u>	<u>277,897</u>	<u>31,667</u>	<u>368,248</u>

	Unrestricted funds		Restricted funds	Total funds at 31 December 2019
	General	Designated		
	£	£	£	£
Tangible fixed assets	2,363	284,089	14,046	300,498
Current assets	125,356	-	34,698	160,054
Current liabilities	(61,308)	-	-	(61,308)
Total net assets	<u>66,411</u>	<u>284,089</u>	<u>48,744</u>	<u>399,244</u>

18 Analysis of net funds

	At 1 January 2020	Financing cash flows	At 31 December 2020
	£	£	£
Cash at bank and in hand	<u>156,551</u>	<u>17,966</u>	<u>174,517</u>
Net debt	<u>156,551</u>	<u>17,966</u>	<u>174,517</u>
	At 1 January 2019	Financing cash flows	At 31 December 2019
	£	£	£
Cash at bank and in hand	<u>119,342</u>	<u>37,209</u>	<u>156,551</u>
Net debt	<u>119,342</u>	<u>37,209</u>	<u>156,551</u>