



Incorporating



LAUNCHPAD SOCIAL ENTERPRISE
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 August 2022

Company Number: 9166520
Charity Number: 1162372

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TRUSTEE REPORT

The Trustees present their report, together with the financial statements, for the period ended 31 August 2022.

Following the acquisition of the subsidiary company Paint Pots Pre-School and Nursery Ltd in February 2022, in accordance with the Memorandum and Articles of Association, the company passed a resolution to change its financial year-end from 31 December to 31 August, to better align with that of the subsidiary company. As a result of this, the current financial period covers 8 months with the comparative period for 2021 covering a full calendar year.

This combined report satisfies the legal requirements for:

- a Directors Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees Annual Report under the Charities Act 2011

Legal Objects

The principal objects of the charitable company are:

- To relieve poverty, to advance education, and to relieve need in individuals arising from their youth, age, infirmity or disability, financial hardship or social circumstances, by any charitable means and in such places in the world as the Trustees from time to time decide:
- The promotion of research into the moral and social welfare needs of the community and the publication of the useful results of all such research.
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation by any charitable means as the Trustees from time to time decide
- Such other exclusively charitable means as the Trustees may from time to time determine.

The company was incorporated on 7th August 2014 and registered as a charity on 24th June 2015. The company commenced trading/activity in December 2017 as the Winchester Social Enterprise. This name was legally changed to Launchpad Social Enterprise on 25th Nov 2021.

Given that one of LSE's charitable objects is to advance education, the directors are confident (having had regard to Charity Commission guidance) that the Charity delivers public benefit through carrying out its aims and business strategies.

Strategic Aims

In general terms, the charity was set up with the aim of supporting social transformation for the common good by running some activities of its own as well as helping local churches to run their own activities, by providing training, and running a range of socially enterprising activities of its own that will sustain the organisation in the long term.

The LSE board has agreed a long-term strategy in which the primary focus of its work is on developing an early years' offer (nurseries and pre-schools). The Church of England has a great deal of experience in primary and secondary education, but the early years element is not consistent. By making this a

key focus, LSE can offer expertise across a range of settings including in areas of disadvantage, as well as richer areas, and aim to work as a self-funding, trading, social enterprise with benefits for the people (children, parents, and staff), the planet (in terms of policies which are environmentally and community friendly) while making a surplus which is reinvested back into work of the charity, and securing its own long-term sustainability.

Strategic Risks and Uncertainties

The Directors are responsible for the identification, mitigation and management of risk. To achieve this, a register of the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Directors on a regular basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Executive Director and through him, other responsible officers. The following areas are considered to be the current highest strategic risk areas for the charity and its subsidiary undertaking.

Safeguarding
Financial
Legal
Ofsted
Reputation
Operational
People

Activities and Achievements in the period

The first three Launchpad pre-schools were opened in 2019, with the expectation that it would take them three academic years to reach full scale. This was due to children in pre-schools largely being ages 2-5 and parents not usually changing settings once they have found somewhere. This development path was interrupted to a significant degree in 2020 and then in 2021 by Covid which meant that it would take longer than originally envisaged to reach full scale.

While Covid has presented huge challenges for staff and settings coping with the virus in staff, parents and children, the impact on children's development and their mental health has continued to emerge. Staff have worked hard to mitigate the effects and help children who have missed out on learning and socialisation to catch up and continue their progress into their school years.

Following a period of consolidation, the board recognised the need to expand. An opportunity arose in the last half of 2021 to take over a group of nine settings in Southampton. Following six months detailed due diligence, the board agreed to take over Paint Pots Pre-School and Nursery Ltd on 1 February 2022. This was a bigger group, with a dedicated central support which made a profit and was invested in areas of disadvantage as well as other areas. It therefore met all the criteria for LSE. The owners were keen to pass on the group they had started and developed to an organisation and people with similar values, and it was a positive collaboration for both parties. They continue to be involved as Paint Pots ambassadors which has also been a model of how a take-over can work positively.

In bringing Paint Pots under the umbrella of LSE, it became a wholly owned subsidiary. As there were only 12 staff in LSE, working in early years, it was simpler and cheaper to move them across to Paint Pots than to move 165 Paint Pots staff the other way. There are now therefore 13 settings, six nurseries and seven pre-schools, all of which sit within the Paint Pots subsidiary. LSE now does no direct delivery except what is done by the Executive Director in terms of training and support to parishes.

LAUNCHPAD SOCIAL ENTERPRISE

Annual Report and Financial Statements for the period ended 31 August 2022

Paint Pots had a year-end of 31 August and it was simpler to align LSE's year end with that, hence this report is for less than one year as the two become aligned. This report therefore covers:

- For LSE from 1 January 2022 to 31 August 2022 (8 months)
- For Paint Pots, the consolidated accounts are from: 1 February 2022 – 31 August 2022.

The LSE board met four times during the year.

Fundraising Statement

The charity does not undertake any formal or organised fundraising activities, either directly or through a professional fundraiser or commercial participator or any person acting on its behalf. The charity does not engage in cold calling, door-to-door or street fundraising. Therefore, it does not target any vulnerable people.

No complaints about fundraising activities have been received in either this or the preceding year. However, if a complaint were to be received, we would undertake to resolve it promptly and envisage that there would never be any need for any complaint to escalate to the stage of referral to the regulator.

Financial Review

Launchpad Social Enterprise was supported in 2022 by the grant of £100,000 (2021: £95,000) received from Winchester DBF's Social Responsibility Fund. Each Launchpad setting has introduced a new income stream to LSE partly from direct local authority payments for the free 30 hours for 3-4-year olds and some 2 year olds, and partly from parental fees for those not qualifying or buying extra hours. For 2022 the total income was achieved for each of the three settings combined, £160,550 (2021: £110,715).

On 1 February 2022, Launchpad Social Enterprise purchased 100% of the share capital of Paint Pots Pre-School & Nursery Limited to expand its work in early years provision. The results of this subsidiary company are consolidated into those of the charity. The acquisition was funded in part by a loan from Winchester Diocesan Board of Finance, Social Responsibility Fund. The loan is interest free and is repayable over 10 years. The company also received grants of £74,500 from its subsidiary company during the period.

The Consolidated Statement of Financial Activities shows a surplus for the 8-month period of £329,507 (2021: £12,378). Trading income has increased over the previous year, but the company was still dependent upon support from Winchester Diocesan Board of Finance to cover the day-to-day operational costs from their Social Responsibility Fund. As the Launchpad settings were transferred into the Paint Pots subsidiary on 1 September 2022 (and will be rebranded), there should be a reducing need for further subsidy in future years.

Reserves policy

Unrestricted funds:

All of the charity's reserves are unrestricted, meaning that they are freely available to spend on any of the charity's purposes.

The Charity does not currently have a formal reserves policy in place but is working towards this with the aim of holding free reserves equivalent of three months expenditure, taking into consideration

financial risk, liquidity requirement and the timing of cashflows. At 31 August 2022, the balance of free reserves was £74,563 (2021: nil). This balance represents the equivalent of less than one months of budgeted expenses for the charity and its subsidiary undertaking. The charity has been dependent upon the support of Winchester Diocesan Board of Finance during the period, but this should not be the case going forward.

Structure, Governance and Management

Launchpad Social Enterprise is a company limited by guarantee, incorporated the 7th August 2014 and operating under a Memorandum and Articles of Association altered pursuant to Special Resolution on the 5th September 2019. (Company no. 09166520; Charity no. 1162372). The board agreed to change the name of the company from Winchester Social Enterprise to Launchpad Social Enterprise in October 2021. The trustees, who served during the period are set out on page 6. Except for two ex officio trustees, and the Winchester Diocesan Board of Finance as a corporate trustee, the remaining, majority of trustees, are appointed by the current trustee body.

Decision making structure

Section 172 of the Companies Act requires trustees to act in a way they consider, in good faith, would be most likely to promote the success of the charity to achieve its charitable purposes. In doing so the Board of Trustees delegates day to-day management and decision-making to the Executive Director and Management Team, who are required to act in furtherance of the Charity's strategy and to ensure that the Charity's activities are carried out in compliance with agreed plans and policies. The trustees receive updates on the Charity's performance and plans at each Board meeting.

Trustee recruitment, selection and induction

Trustees are selected on the basis of skills, knowledge and networks. They are given induction and provided with training as appropriate. All Trustees are required maintain their entry in the record of declarations of interest.

LSE staff

Canon Nick Ralph's role as Executive Director on a half time basis (shared with Portsmouth CSR) continues. Liz McCarthy continued in her role as Operations Manager. There are also staff across the three settings, including a manager, deputy manager, and practitioner(s) at each one. All, apart from Nick Ralph, transferred to Paint Pots on 1 September 2022. LSE is grateful to many others who have given their time, support, and expertise to help move this work forward.

Remuneration Policy

The Board operates a set salary scale and employees are placed on this and benchmarked where possible against comparable roles in other similar organisations. The salary scale is reviewed each year by the Board with reference to cost-of-living, movements in staff and national minimum wage. Emoluments of higher-paid employees are determined in consultation between the Bishop of Portsmouth and the Diocesan Secretary.

Related Parties

The Charity has been dependent on the continuing financial support of Winchester Diocesan Board of Finance (WDBF) during the period, but this should no longer be the case going forward. This financial support was in the form of grant income and an interest-free loan repayable over 10 years. During the period, the Charity acquired 100% of the share capital of Paint Pots Pre-School & Nursery Ltd. The Charity received a grant from its subsidiary company during the period.

Future plans

Having taken over Paint Pots on 1 February 2022, the priority has been to consolidate the current work and establish the necessary professional working protocols and staffing complement for a much larger early years operation and get to know the new business and new area well before contemplating further work. That said, there was an existing agreement to open a new pre-school setting in Southampton on the site of the new through school at St Mark's and this was duly opened on 1 September 2022 – the first new setting under our ownership.

Early years is a challenging area of work, and there are well-rehearsed issues nationally, to do with levels of funding, recruitment, and staff ratios all of which are under active review and discussion by and with central government. Over 4,000 settings have closed in the last year alone (according to the Early Years Alliance), but Paint Pots is working well. We will take a view on other new opportunities as they come up bearing in mind their location and impact on our current staffing, especially the work of the central staff who supervise, and manage finances, HR, and other elements.

Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the LSE and of the surplus or deficit of the LSE for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe 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 material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LSE and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LSE and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LSE's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Administrative Details

None of the below listed Trustees' had any beneficial interest in the charity. The following are the Trustees who served during the period and as at the date of this report:

The Right Reverend Deborah Sellin
Mrs Victoria Louise James (resigned on 8th Aug 2022)
Colin Harbidge
Ms Gambol Beverley Parker
Mrs Jane Annabelle Boyes (resigned on 21st July 2022)
Mrs Jane Elizabeth Dyke
The Reverend Andrew Mark Micklefield
The Reverend Dr Philip Lewis Krinks (with effect from 15th Feb 2022)
Winchester Diocesan Board of Finance (WDBF) (corporate trustee)

Company Secretary: The Reverend Canon Nicholas Ralph (non-trustee)

Registered Office: Bishop of Winchester, Wolvesey Palace, Winchester, Hampshire SO23 9ND

Bankers: National Westminster Bank PLC, 105 High Street, Winchester, SO23 9AW

Solicitors: Blake Morgan LLP, New Kings Court, Tollgate, Chandlers Ford, Eastleigh, SO53 3LG

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

WDBF Trustees as at the date of this report are set out below:

Mr A J L Barron
Mrs E Clift
Mrs A Coulter
The Reverend A Micklefield
Mr I Newman
The Revd Dr T Matthews
The Revd R Noel
Mrs G Knight
The Right Revd D Sellin
The Right Revd D Williams
The Ven R Brand
The Very Revd C Ogle
Mrs E Mackeggie Gurney
Mr I Dighé

In so far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

This report has been prepared in accordance with the small companies' regime.

+Deborah Southamptoi

The Right Revd Deborah Sellin
Chairman

Dated: 18 July 2023

Independent auditor's report to the members of Launchpad Social Enterprise

Opinion

We have audited the financial statements of Launchpad Social Enterprise for the period ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and 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 group's and of the parent charitable company's affairs as at 31 August 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, 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 group 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.

Other matters

The financial statements prepared for the prior year were not subject to an audit, therefore the comparative figures presented in these financial statements are unaudited.

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 group'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and 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 strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the parent charitable company; or
- the parent charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding, health and safety and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 Auditor's 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, for our audit work, for this report, or for the opinions we have formed.



Jane Askew (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 26.07.2023

10 Queen Street Place
London
EC4R 1AG

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	2022 8 months £	2021 12 months £
Income			
Voluntary Donations			
Grant from Winchester DBF		100,000	95,000
Other Grant		953,795	95,082
Furlough		-	755
Charitable activities		<u>1,287,104</u>	<u>110,715</u>
Total Income		2,340,899	301,552
Expenditure			
Support costs	5	302,603	68,299
Depreciation		40,769	11,979
Charitable activities		<u>1,652,334</u>	<u>208,896</u>
Total Expenditure	2	1,995,706	289,174
Net Income before tax		345,193	12,378
Tax Payable		15,686	-
Net Income after tax		329,507	12,378
Net movement in funds		<u>329,507</u>	<u>12,378</u>
Total funds brought forward		35,745	23,367
Total funds carried forward		<u>365,252</u>	<u>35,745</u>

All income and gains for the period are recognised on the statement of financial activities. All of the charity's activities are classified as continuing. The results for the period include those of the subsidiary undertaking for the period 01 February 2022 to 31 August 2022.

CONSOLIDATED BALANCE SHEET

	Note	2022 £	2021 £
Intangible Assets			
Goodwill	7	463,371	-
Tangible Assets			
Property, plant and equipment	6	290,689	134,197
Current Assets			
Debtors and Prepayments	8	42,686	30,671
Cash at Bank		560,298	7,250
		<u>602,984</u>	<u>37,921</u>
Creditors – amounts falling due within one year	9	346,856	58,373
Net Current Assets		<u>1,010,188</u>	<u>113,745</u>
Creditors: falling due after more than one year	9	644,936	78,000
Net Assets		<u>365,252</u>	<u>35,745</u>
Reserves			
Unrestricted Funds		365,252	35,745
		<u>365,252</u>	<u>35,745</u>

The notes on pages 16 to 24 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 18th July 2023 and signed on behalf of the Board by:

+Deborah Southampto,

The Right Revd Deborah Sellin
Chairman

Dated: 18 July 2023

BALANCE SHEET

	Note	2022	2021
		£	£
Fixed Assets			
Property, plant and equipment	6	126,599	134,197
Investments			
Investment in Subsidiary	3	1,351,112	-
Current Assets			
Debtors and Prepayments	8	2,847	30,671
Cash at Bank		<u>12,388</u>	<u>7,250</u>
		<u>15,235</u>	<u>37,921</u>
Creditors – amounts falling due within one year	9	118,122	58,373
Net Current Assets		<u>1,374,824</u>	<u>113,745</u>
Creditors: falling due after more than one year	9	1,265,963	78,000
Net Assets		<u>108,861</u>	<u>35,745</u>
Reserves			
Unrestricted Fund		108,861	35,745
		<u>108,861</u>	<u>35,745</u>

The net income for the charitable company for the 8 month period to 31 August 2022 was £73,116

The notes on pages 16 to 24 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 18th July 2023 and signed on behalf of the Board by:

+Deborah Southampto

The Rt Revd Deborah Sellin
Chairman

Dated: 18 July 2023

CONSOLIDATED CASH FLOW STATEMENT

	2022 8 months £	2021 12 months £
Net cash provided by operating activities	588,681	(4,147)
Cash flows from investing activities:		
Purchase of business combination	(463,371)	-
Purchase of tangible fixed assets	(197,262)	(7,931)
Net cash provided by/(used in) investing activities	<u>(660,633)</u>	<u>(7,931)</u>
Cash flows from financing activities:		
Cash inflows from new borrowing	625,000	-
Net cash provided by/(used in) financing activities	<u>625,000</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period	553,048	(12,078)
Cash and cash equivalents at 01 January 2022	7,250	19,328
Cash and cash equivalents at 31 August 2022	<u>560,298</u>	<u>7,250</u>

Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the reporting period	329,507	12,378
Depreciation charges	40,769	11,979
Decrease/(increase) in debtors	(12,015)	(29,671)
Increase/(decrease) in creditors	230,420	1,167
Net cash used in operating activities	<u>588,681</u>	<u>(4,147)</u>

Analysis of Cash and Cash Equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>560,298</u>	<u>7,250</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Legal status of the charity

Launchpad Social Enterprise is a company limited by guarantee, registered in England and Wales. Launchpad Social Enterprise is a public benefit entity as defined by FRS102

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in October 2019, the Companies Act 2006, the Charities Act 2011 and applicable UK accounting standards, including FRS 102.

The financial statements have been prepared on a going concern basis under the historical cost convention. Under 'Going Concern' below, the trustees state that they have reasonable expectation that there are no material uncertainties that call into doubt the charitable company's ability to continue in operation and meet its liabilities as they fall due. Consequently, the trustees have a reasonable expectation that the Group will continue in existence for the next 18 months and, therefore, have adopted the going concern basis in preparing these financial statements.

Basis of consolidation

The consolidated statement of financial activities (SOFA), group balance sheet and consolidated statement of cash flows consolidate the financial statements of the Charity and its wholly-owned subsidiary, Paint Pots Pre-School & Nursery Ltd. The financial statements of the subsidiary are consolidated with the Charity on a line-by-line basis. Transactions and balances between the entities are eliminated on consolidation. Details of the subsidiary undertaking are given in Note 3.

No separate SOFA has been presented for the Charity alone, as permitted by s408 of the Companies Act 2006. The total income of the Charity for the period was £335,050 (2021: £301,552) and the net result of the Charity was a surplus of £73,116 (2021: surplus of £12,378).

Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern and they therefore continue to prepare the financial statements on the going concern basis.

The charity is supported by the Corporate Social Responsibility funding from the Winchester Diocesan Board of Finance. The WDBF restricted fund has sufficient reserves to support the continued operations of the charity and has been designated for that purpose.

Income

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received and the amount can be reliably measured.

Income from nursery fees are included in the Statement of Financial Activities (SOFA) when the charity becomes entitled to the fees and any conditions for receipt are met.

1. ACCOUNTING POLICIES (continued)

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Grants are accounted for on a receivable basis.

Furlough grant income is recognised in the same period as the staff costs to which it relates.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is accounted for on the accruals basis and the trading costs have been classified under headings that relate to the categories of trading income.

Charitable expenditure relates to the costs incurred in support of the day to day operations of each nursery setting.

Support costs are overhead costs necessarily incurred in the running of the charity.

Tangible fixed assets

Fixed assets are capitalised at cost, where acquired or managements approximation valuation of cost where donated.

In the charitable company, depreciation is provided to write off the cost, less an estimated residual value, or all fixed assets evenly over their expected economic useful lives as follows: -

- | | |
|-------------------------|------------------------|
| • Property – Yurt | 15 years straight-line |
| • Fixtures and fittings | 20% reducing balance |

For the subsidiary undertaking, depreciation is provided to write off the cost, less an estimated residual value, or all fixed assets evenly over their expected economic useful lives as follows: -

- | | |
|-------------------------|---|
| • Land & Buildings | Any leasehold properties over life of the lease |
| • Fixtures and fittings | 20% straight line |
| • Motor Vehicles | 25% straight line |
| • Equipment | 33% straight line |

The need for any impairment of a fixed asset write-down is considered if there is concern over the carrying value of an asset and is assessed by comparing that carrying value against the value in use or realisable value of the asset when appropriate.

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation.

Amortisation for all intangible assets is calculated on a straight-line basis over their estimated useful lives as follows:

- Goodwill 10 years straight line

Unrestricted funds

As no restrictions were placed upon the grant received from Winchester DBF, all activities relate to a single general fund.

2. EXPENDITURE

	Group		Company	
	2022	2021	2022	2021
	(8 months)	(12 months)	(8 months)	(12 months)
	£	£	£	£
Support Costs	302,603	68,299	117,850	68,299
Depreciation	40,769	11,979	7,597	11,979
Expenditure on charitable activities	1,652,334	208,896	136,487	208,896
	1,995,706	289,174	261,934	289,174

	Group		Company	
	2022	2021	2022	2021
	(8 months)	(12 months)	(8 months)	(12 months)
Net income is stated after charging:				
Services provided by the Charity's auditors:				
Audit fees	17,946	-	10,200	-
Independent Examination fees	120	2,369	120	2,369
Depreciation	40,769	11,979	7,597	11,979
Operating lease rentals – buildings	171,125	-	48,167	-

3. INVESTMENT IN SUBSIDIARY

On 1 February 2022, the company purchased 100% of the share capital of Paint Pots Pre-School & Nursery Limited to expand its work in early years provision. The total cost of acquisition was £1,351,112 split as follows:

	2022	2021
	£	£
Completion Payment	1,250,463	-
Capitalised Costs of Acquisition	100,649	-
	1,351,112	-

Fair value of Net Assets Acquired:

Tangible Fixed Assets	169,720	-
Intangible Fixed Assets	7,509	-
Cash at bank and in hand	999,667	-
Debtors and Prepayments	59,443	-
Creditors and accruals	(343,848)	-
	892,491	-
Goodwill arising on acquisition	458,621	-
	1,351,112	-

Paint Pots Pre-School & Nursery Ltd (company number 03895659) is a UK Registered company with registered office at Paint Pots House, 1 Spring Crescent, Southampton, England, SO17 2FZ. The aggregate of the subsidiary company's assets, liabilities and funds at 31 August 2022 was £1,148,882. The gross income for the 8 months to 31 August 2022 was £2,080,349 and the surplus for the period was £256,391.

Goodwill on acquisition will be amortised over 10 years commencing in the year to 31 August 2023.

The Consolidated Statement of Financial Activities, Consolidated Balance Sheet and Consolidated Cash Flow Statement include the company's share of the subsidiary's results for the period 1 February 2022 to 31 August 2022.

Following the acquisition, the company changed its financial year end from 31 December to 31 August, meaning that the figures for 2022 are for an 8-month period and the comparative figures for 2021 cover a full 12 months. The 2021 comparative figures are for the company only.

4. STAFF COSTS

All staff are employed by Launchpad Social Enterprise or its subsidiary undertaking, except for Nick Ralph, whose stipend charge is recharged via Portsmouth Diocese Board of Finance.

Staff costs for the period were as follows:

	Consolidated		Company	
	2022	2021	2022	2021
	(8 months)	(12 months)	(8 months)	(12 months)
	£	£	£	£
Wages and salaries	1,363,512	169,441	121,540	169,441
National insurance contributions	69,242	6,446	8,444	6,446
Pension costs	27,234	12,825	9,320	12,825
	<u>1,459,988</u>	<u>188,711</u>	<u>139,304</u>	<u>188,711</u>

At the end of August 2022 there were an average of 166 employees (2021: 12) across the charitable company and its subsidiary undertaking, working a mixture of part time and full-time term hours. In September 2022 the employment contracts of the staff were transferred by TUPE to Paint Pots Pre-School and Nursery Ltd, a wholly owned subsidiary of the company.

The trustees were not paid or reimbursed for expenses during the period (2021: £nil).

No employee earned more than £60,000 per annum (2021: £nil)

Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees, for planning, directing, and controlling the activities of the organisation.

For the period 31 August 2022 this covered Executive Director – The Revd Canon Nick Ralph

	2022	2021
	(8 months)	(12 months)
	£	£
The Revd Canon Nick Ralph - salary, pension & expenses	<u>20,788</u>	<u>30,283</u>
	<u>20,788</u>	<u>30,283</u>

LAUNCHPAD SOCIAL ENTERPRISE (formerly WINCHESTER SOCIAL ENTERPRISE)
Notes to the Financial Statements for the period ended 31 August 2022

5. SUPPORT COST ANALYSIS

	Group		Company	
	2022	2021	2022	2021
	(8 months)	(12 months)	(8 months)	(12 months)
	£	£	£	£
Office support costs	53,553	10,361	11,495	10,361
Office Rent	171,125	-	48,167	-
Salaries, HR & recruitment (overhead)	59,491	54,297	47,500	54,297
Subscriptions & publications	368	1,272	368	1,272
Independent examination	120	2,369	120	2,369
Audit Fees	17,946	-	10,200	-
	302,603	68,299	117,850	68,299

6. TANGIBLE FIXED ASSETS

Consolidated

	Freehold Land & Buildings	Leasehold Improvements	Motor Vehicles	Computer & Other Equipment	Fixture & Fittings	Total
	£	£	£	£	£	£
Valuation as at:						
1 January 2022	129,083	-	-	-	17,093	146,176
Additions	-	11,127	-	16,414	-	27,541
Transfer on acquisition	-	435,481	3,450	247,581	-	686,512
31 August 2022	129,083	446,608	3,450	263,995	17,093	860,229
Depreciation						
At 1 January 2022	8,561	-	-	-	3,419	11,980
Charge for the year	5,707	19,901	-	13,271	1,890	40,769
Transfer on acquisition	-	300,689	3,450	212,652	-	516,791
At 31 August 2022	14,268	320,590	3,450	225,923	5,309	569,540
Net Book Value						
At 31 August 2022	114,815	126,018	-	38,072	11,784	290,689
At 31 December 2021	120,522	-	-	-	13,674	134,197

LAUNCHPAD SOCIAL ENTERPRISE (formerly WINCHESTER SOCIAL ENTERPRISE)
Notes to the Financial Statements for the period ended 31 August 2022

6. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold Land & Buildings	Leasehold Improvements	Motor Vehicles	Computer & Other Equipment	Fixture & Fittings	Total
	£	£	£	£	£	£
Valuation as at:						
1 January 2022	129,083	-	-	-	17,093	146,176
31 August 2022	129,083	-	-	-	17,093	146,176
Depreciation						
At 1 January 2022	8,561	-	-	-	3,419	11,980
Charge for the year	5,707	-	-	-	1,890	7,597
At 31 August 2022	14,268	-	-	-	5,309	19,577
Net Book Value						
At 31 August 2022	114,815	-	-	-	11,784	126,599
At 31 December 2021	120,522	-	-	-	13,674	134,197

7. INTANGIBLE FIXED ASSETS

Consolidated

	Goodwill	Total
	£	£
Valuation as at:		
1 January 2022	113,204	113,204
Goodwill on acquisition of subsidiary	458,621	458,621
31 August 2022	571,825	571,825
Amortisation		
At 1 January 2022	105,695	105,695
Charge for the period	2,759	2,759
At 31 August 2022	108,454	108,454
Net Book Value		
At 31 August 2022	463,371	463,371

8. DEBTORS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade Debtors	11,365	77	77	77
Prepayments	20,096	30,594	2,770	30,594
Other Debtors	11,225	-	-	-
	42,686	30,671	2,847	30,671

9. CREDITORS

Creditors: Amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Loans Payable	74,500	12,000	74,500	12,000
Corporation Tax	81,195	-	-	-
Accrued Expenses	20,663	10,651	16,530	10,651
Pension, taxes and social security	32,143	1,127	1,178	1,127
Other Creditors	138,355	34,595	25,914	34,595
	346,856	58,373	118,122	58,373

Creditors: Amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Loans Payable	640,500	78,000	640,500	78,000
Amount owed to subsidiary undertaking	-	-	625,463	-
Deferred Tax	4,436	-	-	-
	644,936	78,000	1,265,963	78,000

Loans Payable comprise two loans of £90,000 and £625,000 received from Winchester Diocesan Board of Finance (WDBF). These loans are interest free and repayable over 7.5 years and 10 years, respectively.

10. LEASE COMMITMENTS

Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	203,523	114,523	-	-
Two to five years	635,412	348,762	-	-
Over five years	493,777	145,867	-	-
	1,332,712	609,152	-	-

11. RELATED PARTY TRANSACTIONS

During 2022 a grant of £100,000 (2021: £95,000) was received from Winchester Diocesan Board of Finance.

At 31 August 2022, loans totalling £715,000 were owed to Winchester Diocesan Board of Finance.

None of the trustees received any remuneration from the charity.

None of the trustees received any reimbursement of expenses from the charity