

The Ark Preschool Nursery, Liphook
Trustees Report & Statutory Accounts
Year Ended 31 July 2021

Registered Charity Number: 1168943

The Ark Preschool Nursery, Liphook
Trustees' Annual Report
Year Ended 31 July 2021

Administrative Details

Registered Charity Number: 1168943

Principal office and Address:

The Ark Preschool Nursery, Liphook
The Church Centre
Portsmouth Road
GU30 7DJ

Other Names used: The Ark

Trustees

The Trustees who served during the period were:

Edward Cumming Bruce

Claire Weller

Valentine Inglis-Jones

Henrietta Paterson

Helen Jackson (resigned 20 March 2021)

Helen Coleman

Hilton Carr

Alison Jackson (appointed 12 May 2021)

Chair's Statement

After the tumultuous pandemic period covered by the previous Annual Report and Accounts, it had been hoped that the 2020/2021 academic year would prove less disrupted. As it turned out, this hope was only partially realised.

Covid-19 continued to be a factor throughout, placing significant additional operational burdens as the nursery strived to stay open and safe for the families we serve. Isolated positive covid tests amongst staff members placed enormous strain on the unaffected team members but remarkably we were able to keep the facility open and available throughout the year.

The year covered by these accounts was also one of sad farewell's and new beginnings. In January 2021 we bid a farewell to Alison Jackson, who stood down after three hugely successful years as our Co-Head, years which included the award of an outstanding rating from Ofsted. This change necessitated a rejig of our management structure and we were fortunate to be joined by Lillian Zwarts as new sole Head. Lillian joined us with a wealth of experience in early years development and has already put her mark on the preschool.

It is hugely pleasing to be able to report that, in the face of ongoing challenge and change the charity was once again able to steer a stable financial and operational course. Even more importantly the Ark continues to be a place of unrelenting joy, full of amazing children and staff. The Trustee Board could not be prouder of them.

Throughout all the trials and tribulations we have once again benefitted from the support of Bramshott and Liphook PCC and its congregants, for which we remain eternally grateful. Above all else however, we have been ever conscious of God's unending faithfulness, something we become more aware of as the Ark safely rides out each fresh challenge.

Edward Cumming Bruce

Chairman

Objectives & Activities

The stated Objects of the Charity are:

- 1) The Advancement of education for the public benefit by the provision of a preschool nursery in Liphook in accordance with Christian principles; and
- 2) To make grants for charitable purposes.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Commission in determining the activities undertaken by the Charity.

Achievements & Performance

Key achievements made in the period were as follows:

- Providing care, education and support to over 50 children in the course of the 2020/21 academic year
- Provision of approximately 70% of pre-school sessions at EYFS rates, providing a key service, free at the point of use, to the local population in an area previously suffering from a shortage of capacity.
- Remaining open throughout the academic year in the face of huge disruption, ensuring the availability of our essential service.

Financial review

The year ended 31 July 2021 covered the fifth academic year of the Ark and was another that took place under the shadow of COVID 19. Pleasingly, the preschool was able to open throughout this academic year to all children on our roster. However COVID ensured this was only achieved through significant additional operational complication and cost burdens some of which can be plainly seen within the figures reported.

Despite these difficulties, thanks to continued tight control of expenditure, and the provision of government financial support via the Job retention scheme, the preschool was again able to continue running sustainably for the entirety of the year, building on the success of the prior periods.

Financial performance was therefore pleasing with a surplus of £10.5k being recorded (2020: £27.5k surplus).

Income from funded and unfunded sessions in the year was £132,865 (2020:£120,772) with just under 70% of this total coming via funded sessions. This 70% target continues to prove a financially sustainable attendance mix, one with significant public benefit implications. The trustees therefore wish to preserve the session mix within +/- 10%.

The Ark was approximately 80% full during the year based on floor space capacity. Further minor increases have been seen post year end and the Trustees continue to actively assess options for increasing session capacity.

Voluntary income totalled £22 (2020: £2,203) of which £nil (2020: £nil) was general grant income. Income for the year was however once again bolstered by receipts from the government's Job Retention Scheme, with income from this source totalling £2,843 (2020: £5,687).

Total expenditure increased in line with childcare activity to £122,597 (2020: 101,006). Total staffing costs in the period including temporary staff were £96,410 (2020:£76,526), the growth being reflective of increased session numbers and unusually high rates of sick leave due to COVID 19 isolation periods amongst the staff team. Rent of £14,750 (2020: £11,500) and operational supplies at £4,802 (2020: £5,167) were the most significant other costs incurred.

Financial Position

Thanks to the surplus generated in the period, the financial position of the Charity once again improved slightly during the year. At the period end the Charity had almost completed building the desired firm financial foundations, with net assets of £68,394 (2020: £57,747) and continued improvements to cash flow and liquidity. Cash at the bank at 31 July was £69,347 (2020: £58,407).

The 5 Year Interest free Loan of £20,000 received in 2017 from Bramshott and Liphook PCC to provide initial working capital for the Pre-School continued to be repaid in accordance with the terms of the loan. At the year end the total balance outstanding on this loan was £6,686 (2020: £10,682).

Reserves

The trustees are focussed on ensuring that sufficient free reserves are maintained to ensure the smooth continued operation of the preschool. To determine the necessary level of free reserves for the preschool the trustees have assessed the potential financial impact, adjusted for risk and likelihood, of a range of scenarios in which the reserves of the charity would be utilised. Following this review they have agreed that the Ark's free reserves should be sufficient to cover:

- An income reserve in the event that income fails to achieve budget;
- Short term continuity of service in the event of unforeseen circumstances; and
- Costs of opportunities that may arise which would enable the Ark to further its charitable objectives.

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Trustees' Annual Report (Continued)
Year Ended 31 July 2021

The trustees have calculated free reserves at 31 July 2021 as follows:

Total Funds at 31 July 2021	£68,394
Less total restricted funds	£ (6,008)
Less unrestricted Fixed Assets	£0
Less other commitments	£0
Free Reserves at 31 July 2021	<u>£62,396</u>

Free reserves at 31 July 2021 were in line with the minimum requirement identified by the Trustees. As a result, the Trustees will continue to seek to manage the finances of the Preschool in such a way that will increase free reserves over the coming years until they have reached middle of the desired range.

No grants will be awarded by the charity until these desired reserves thresholds are met.

Investment Policy

Taking into account the reserves policy outlined above, the Trustees have decided that to the extent current working capital levels permit, free reserves should be quickly realisable without any risk to their value. All cash funds are therefore to be held in current accounts or interest bearing deposit accounts.

Structure, governance and management

The Ark Preschool is a charitable incorporated organisation located in England and registered with the charity commission. Its governing document is its CIO Foundation Constitution.

Day to day running of the preschool is delegated to the Heads of Preschool and their team of staff. The staff team's work is overseen by a board of between 4 and 7 Trustees. The Trustees set overall policy and strategic guidelines for the charity. They agree annual operating plans and financial budgets and monitor outcomes against those plans.

The work of the trustees is carried out via bi-monthly formal board meetings.

Trustees are generally appointed for terms of 3 years and cannot serve more than 3 consecutive terms without a break from office. Recruitment is usually by nomination from Bramshott and Liphook PCC. Up to 5 trustees may be nominated by the PCC. There is also one Ex-Oficio Trustee, being the serving rector of the Parish.

The PCC seeks to recruit trustees who have experience of education or who bring needed professional skills in broader areas.

All members of the Board of Trustees give their time voluntarily and receive no benefits from the charity.

Any expenses reclaimed from the charity are set out in the notes to these accounts under the heading "Trustee Remuneration and expenses". Related party transactions are similarly set out in the notes.

Risk Management

The trustees and staff team conduct a formal annual review of the major risks to which the charity is exposed. Key risk areas are reviewed regularly at board meetings.

The Ark's procedure for risk assessment is to assess the risk, identify the level of seriousness, the consequence and the mitigating action that can be taken. Detailed procedures are in place to mitigate major risks and they are assessed under the headings of strategic and operational risk.

The Trustees consider that the information they receive, the internal control systems that are established and the regular involvement of the trustees all combine to enable the board to be confident that the major risks to which the charity is exposed are identified and that systems are in place to mitigate those risks to an acceptable level. Risks arising from Covid-19 were identified and addressed via this process. Appropriate insurance is in place to cover all common risks to both people and assets.

Trustee Responsibilities

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

Charity law in England and Wales requires the Trustees to prepare financial statements for each financial year. Under the law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and group and of the surplus or deficit for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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Trustees' Annual Report (Continued)
Year Ended 31 July 2021

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and group and enable them to ensure that the financial statements 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.

Approved by the Trustees and signed on their behalf by:

Edward Cumming Bruce

Edward Cumming-Bruce

Trustee

29/05/2022

Independent examiner's report to the trustees of The Ark Pre-School Nursery, Liphook

I report to the trustees on my examination of the accounts of The Ark Pre-School Nursery, Liphook (the CIO) for the year ended 31 July 2021.

Responsibilities and basis of report

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

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the CIO 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.

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.

Signed:



Name: Kealan Williams

Address: 20 Paddock Way, Liphook, Hampshire, GU30 7PY

Date: 29 May 2022

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Trustees' Annual Report and Accounts
Period Ended 31 July 2021

**Statement of Financial Activities
for the Year Ended 31 July 2021**

	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £	2020 Total Funds £
Income from:				
Donations, Grants and Events	22	-	22	2,203
Job Retention Scheme Income	2,843	-	2,843	5,687
Charitable Activities	132,865	-	132,865	120,772
Total Income	135,730	-	135,730	128,662
Expenditure on:				
Raising Funds	-	-	-	-
Charitable Activities	122,597	2,486	125,083	101,006
Total Expenditure	122,597	2,486	125,083	101,006
Net Income and Expenditure	13,133	(2,486)	10,647	27,656
Reconciliation of Funds:				
Total Funds Brought Forward	49,253	8,494	57,747	30,091
Total Funds Carried Forward	62,386	6,008	68,394	57,747

All the activities in the above financial years were derived from continuing operations. The Notes on Pages 11 - 17 form part of these accounts

The Ark Preschool Nursery, Liphook
Trustees' Annual Report and Accounts
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Balance Sheet as at 31 July 2020

	2021	2020
	£	£
Fixed Assets		
Tangible Fixed Assets (note 8)	6,008	8,494
Current Assets		
Debtors (note 9)	381	1,540
Cash at Bank	69,347	58,401
Liabilities (note 10)		
Due within 1 Year	4,652	4,002
Due after more than 1 year	2,690	6,686
	<hr/>	<hr/>
Net Assets	68,394	57,747
	<hr/>	<hr/>
Funds of the Charity		
Unrestricted Funds	62,386	49,253
Restricted Funds	6,008	8,494
	<hr/>	<hr/>
Total Funds	68,394	57,747
	<hr/>	<hr/>

The financial statements and notes on pages 11 - 17 were approved and authorised for issue by the Board of Trustees on 29 May 2022 and signed on its behalf by

Edward Cumming Bruce

Edward Cumming-Bruce
Trustee

Notes to the Financial Statements (Continued)

Notes to the Financial Accounts

1) Basis of preparation and Policies

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Ark Preschool Nursery 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 note(s).

There are no material uncertainties over the charity's going concern status and the accounts have been prepared on that basis.

Income Recognition

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

Grant Recognition

Grants are recognised in full in the statement of financial activities in the year in which the Charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt

Expenditure

Expenditure is accounted for on an accruals basis and includes attributable VAT, which cannot be recovered. Expenditure is allocated to the particular activity where the cost relates directly to that activity. Since operations commenced costs have only been incurred directly for charitable activities, no costs are associated with raising funds.

Governance costs include the cost of governance arrangements which relate to the general running of the Charity, including strategic planning for its future developments, external audit, any legal advice for the Trustees, and all costs of complying with constitutional and statutory requirements, such as the costs of the Trustee meetings and of preparing the statutory accounts and satisfying public accountability. No governance costs have been incurred since operations commenced. In future expenditure not directly attributable to one activity will be apportioned on a suitable basis.

Financial Instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements (Continued)

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 the amount receivable or payable including any related transaction costs.

Debt instruments are subsequently measured at amortised cost using the effective interest method, subject to materiality.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Tangible Fixed Assets

Asset purchases over £500 are considered for capitalisation.

Assets are depreciated on a straight-line basis over 5 years.

Statement of Cash Flows

As a small charity, no statement of cash flow is required.

Fund structure

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Further explanation of the nature of each fund is included in the notes to the financial statements.

Pensions and other post retirement obligations

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contributions due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements (Continued)

2) Income

Income from Donations Grants and Legacies

	2021	2020
	£	£
Donations	22	2,143
Fundraising Events	-	60
Grants	-	-
	<u>22</u>	<u>2,203</u>

Income from Charitable Activities

	2021	2020
	£	£
Provision of childcare sessions	132,865	120,772

3) Expenditure on Charitable Activities

	2021	2020
	£	£
Provision of childcare sessions	125,083	101,006

Breakdown as follows:

	2021	2020
	£	£
Childcare Staffing costs	96,410	76,527
Rent	14,750	11,500
Other Costs	13,923	13,979
	<u>125,083</u>	<u>101,006</u>

Notes to the Financial Statements (Continued)

4) Employees and Remuneration

Aggregate payroll costs were as follows:

	2021 £	2020 £
Wages and Salaries	95,005	75,479
Social security Costs	-	-
Pension Contributions	1,405	883

No funds were spent on agency staff during the period (2020: £165).

Social security costs disclosed above are stated net of employment allowance claimed in the periods.

The monthly average number of persons (including the Heads of Pre-School) employed by the Charity during the year expressed as full time equivalents was 4.5 (2020: 4.25)

Heads of pre-school are regarded as the key management personnel. Payments totalling £27,056 were made to individuals with this job title during the year (2021: £29,699). No Trustee received any remuneration during the period for acting in the capacity of a trustee (2020: nil).

No employee received remuneration of over £60,000 in the year (2020: No employee).

5) Trustee Expenses

Trustee expenses in the period totalled £nil (2020: £750). No costs relating to meeting attendance were claimed.

In addition, the charity paid £75 (2020: £50) for Trustee indemnity insurance.

6) Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,405 (2020: £883).

Notes to the Financial Statements (Continued)

7) Related Party Transactions

Trustees made no donations to the preschool during the year (2020: £Nil).

Cleone Inglis Jones, the spouse of a Trustee, Valentine Inglis Jones, was employed by the Ark during the year as a Pre-School Assistant. Total payments made to Cleone in the period were £6,808 (2020: £6,415). All terms of employment were identical to non-related parties employed in the same role.

Alison Jackson was employed as joint head of Preschool, receiving gross pay of £6,380 until 18 December 2020 at which point her paid employment ceased. In May 2021 she was invited to join the Board of Trustees on a voluntary basis.

The charity received a £20,000 interest free loan from Bramshott and Liphook PCC during in 2017. This unsecured loan is repayable over 5 years. At 31 July 2021 the total balance outstanding on the loan was £6,686 (2020: £10,682).

The charity paid rental of £14,750 (2020: £11,500) to Bramshott and Liphook PCC during the period for the space from which the playschool operates. The charity also paid Bramshott and Liphook PCC £140 (2020: £691) for ad-hoc hire of additional facilities.

8) Fixed Assets

	<u>External Equipment</u> £	<u>Other Equipment</u> £	<u>Total</u> £
<u>Cost:</u>			
At 01 August 2020	12,430	-	12,430
Additions in period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 July 2021	12,430	-	12,430
<u>Depreciation:</u>			
At 01 August 2020	3,936	-	3,936
Charge for year	2,486	-	2,486
	<hr/>	<hr/>	<hr/>
At 31 July 2021	6,422	-	6,422
<u>Net Book Value:</u>			
At 31 July 2021	6,007	-	6,007
	<hr/>	<hr/>	<hr/>
At 01 August 2020	8,494	-	8,494
	<hr/>	<hr/>	<hr/>

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Notes to the Financial Statements (Continued)

9) Debtors

Amounts falling due within one year:

	2021	2020
	£	£
Trade debtors	381	275
Other Debtors	-	1,265
	<hr/>	<hr/>
	381	1,540
	<hr/> <hr/>	<hr/> <hr/>

10) Creditors

Amounts falling due within 1 Year

	2021	2020
	£	£
Trade Creditors	62	-
Loan from Related Party	3,996	3,996
Pension Creditor	594	6
Other Creditors	-	-
	<hr/>	<hr/>
	4,652	4,002
	<hr/> <hr/>	<hr/> <hr/>

Amounts falling due in more than 1 year

	2021	2020
	£	£
Loan from related Party	2,690	6,686

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Notes to the Financial Statements (Continued)

11) Movement in Funds

	At 01 Aug 2020 £	Movement In year £	At 31 Jul 2021 £
Unrestricted Funds	49,253	13,133	62,386
Restricted Funds	8,494	(2,486)	6,008
	<hr/>	<hr/>	<hr/>
Total Funds	57,747	10,647	68,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Restricted funds analysis

	2021 £	2020 £
External Play Equipment Fund	6,008	8,494
	<hr/> <hr/>	<hr/> <hr/>

12) Analysis of Net Assets between Funds

2021

	Restricted Funds £	Unrestricted Fund £	Total Funds £
Fixed Assets	6,008	-	6,008
Current Assets/Liabilities	-	65,076	65,076
Long term Liabilities	-	(2,690)	(2,690)
	<hr/>	<hr/>	<hr/>
Net Assets	6,008	62,386	68,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2020

	Restricted Funds £	Unrestricted Fund £	Total Funds £
Fixed Assets	8,494	-	8,494
Current Assets/Liabilities	-	55,939	55,939
Long term Liabilities	-	(6,686)	(6,686)
	<hr/>	<hr/>	<hr/>
Net Assets	8,494	49,253	57,747
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>