

The Ark Preschool Nursery, Liphook
Trustees Report & Statutory Accounts
Year Ended 31 July 2023

Registered Charity Number: 1168943

The Ark Preschool Nursery, Liphook
Trustees' Annual Report
Year Ended 31 July 2023

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 (resigned 12 September 2023)

Valentine Inglis-Jones

Henrietta Paterson

Helen Coleman

Hilton Carr

Alison Jackson (resigned 12 September 2023)

Nicola Parrott (appointed 12 September 2023)

Jacqueline Taylor (appointed 12 September 2023)

Chair's Statement

The 2022/23 academic year was possibly the most challenging in the Ark's relatively short history.

Economic conditions, combined with demographic challenges and acute staff recruitment and availability difficulties left the preschool somewhat battered and this can be seen clearly in the figures for the year presented in this document.

However, the Ark, its amazing staff team and the wonderful families it supports have all weathered the storms faced with remarkable grace and fortitude and I'm pleased to report that, under the leadership of our new Head of Preschool, Cleone Inglis-Jones, the Ark has now emerged into calmer waters, with renewed purpose and vigour.

It remains an unbridled joy to see the difference the playschool continues to make to the lives of local children and families and also the links it has established with the local schools and church..

The Board are incredibly grateful to all who have played a role in ensuring that this remarkable preschool will continue to make a tangible difference in the community for many years to come. Particular thanks must be extended to Bramshott and Liphook PCC for their ongoing steadfast support.

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 2022/23 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.

The nursery will seek to match or exceed these performance marks during the 2023/24 academic year.

Fundraising

In line with prior years, the Ark undertook fundraising activity with individuals by way of written correspondence. We have not engaged any third parties to fundraise on our behalf during this period. The Ark is not registered with the Fundraising Regulator but is committed to abide by their Fundraising Code of Practice.

Staff and Trustees are aware of, and sensitive to, data protection issues and safeguarding and applies these principles to protect vulnerable donors. Options remain in place to suppress communications to supporters that are flagged as vulnerable.

During 2022/23, The Ark received no fundraising complaints and no suppression requests from the Fundraising Preference service (FPS).

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Trustees' Annual Report (Continued)
Year Ended 31 July 2023

Financial review

The 2022/23 academic year was a hugely challenging one for the Ark on many levels, including financially with a significant deficit of £15,503 being reported for the period(2022: Surplus of £1,446).

Demand for places was sluggish owing to demographic factors, strong local competition and an uncertain staffing and leadership picture. Session income therefore fell to £131,280 (2022: £146,417) driven by an underlying decline in session numbers of over 15%.

Voluntary income remained relatively static, totalling £1,902 (2022: £2,074) in the period, of which £nil (2022: £nil) was grant income

High inflation levels for non staff costs, combined with high sickness levels within the staff team and a need to make heavy usage of expensive agency staff support, all saw the overall cost base remain relatively static despite the significant fall in underlying activity, with total costs for the period of £148,686 (2022: £148,952) being reported. Total staffing costs in the period including temporary staff were £120,288 (2022:£121,373), with agency staffing costs of £9,096 (2022 £nil) .

Rent of £15,000 (2022: £15,000) and operational supplies at £3,370 (2022: £5,111) were the most significant other costs incurred.

Fortunately, the reserves position maintained by the Trustees served its purpose and allowed the charity to absorb the financial challenges presented by the year without placing current or future operations under significant threat.

Financial Position

Thanks to the deficit generated in the period, the financial position of the Charity has weakened slightly but remains robust. At the period end the Charity net assets of £53,572 (2022: £69,075). Cash at the bank at 31 July was £51,881 (2022: £69,212).

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 was repaid in full in accordance with the terms of the loan. At the year end the total balance outstanding on this loan was £nil (2022: £2,869).

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.

The Ark Preschool Nursery, Liphook
Trustees' Annual Report (Continued)
Year Ended 31 July 2023

The trustees have calculated free reserves at 31 July 2023 as follows:

Total Funds at 31 July 2023	£53,572
Less total restricted funds	£ (1,036)
Less unrestricted Fixed Assets	£0
Less other commitments	£0
Free Reserves at 31 July 2023	<u>£52,536</u>

Free reserves at 31 July 2023 were in line with the minimum requirement identified by the Trustees. In the 2023/24 academic year it is anticipated that these free reserves will recover slightly but remain at the lower end of the required range. 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 the 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 Head of Preschool and her 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.

The Ark Preschool Nursery, Liphook
Trustees' Annual Report (Continued)
Year Ended 31 July 2023

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

31/05/2024

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 2023.

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: *Thomas Miller*

Name: Thomas Miller

Address: 126 Longmoor Road, Liphook, Hampshire

Date: 31 May 2024

The Ark Preschool Nursery, Liphook
Trustees' Annual Report and Accounts
Period Ended 31 July 2023

**Statement of Financial Activities
for the Year Ended 31 July 2023**

	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £	2022 Total Funds £
Income from:				
Donations, Grants and Events	1,902	-	1,902	3,215
Charitable Activities	131,280	-	131,280	146,418
Total Income	133,183	-	133,183	149,633
Expenditure on:				
Raising Funds	-	-	-	-
Charitable Activities	146,200	2,486	148,686	148,952
Total Expenditure	146,200	2,486	148,686	148,952
Net Income and Expenditure	(13,017)	(2,486)	(15,503)	681
Reconciliation of Funds:				
Total Funds Brought Forward	65,553	3,522	69,075	68,394
Total Funds Carried Forward	52,536	1,036	53,572	69,075

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
Period Ended 31 July 2023

Balance Sheet as at 31 July 2023

	2023	2022
	£	£
Fixed Assets		
Tangible Fixed Assets (note 8)	1,036	3,522
Current Assets		
Debtors (note 9)	1,075	80
Cash at Bank	51,881	69,212
Liabilities (note 10)		
Due within 1 Year	(420)	(3,739)
Due after more than 1 year	-	-
	<hr/>	<hr/>
Net Assets	53,572	69,075
	<hr/> <hr/>	<hr/> <hr/>
Funds of the Charity		
Unrestricted Funds	52,536	65,553
Restricted Funds	1,036	3,522
	<hr/>	<hr/>
Total Funds	53,572	69,075
	<hr/> <hr/>	<hr/> <hr/>

The financial statements and notes on pages 11 - 17 were approved and authorised for issue by the Board of Trustees on 31 May 2024 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).

The trustees have reviewed the charity's financial position, reserves and future plans and consider despite the tough operational circumstances currently being faced there are no foreseeable material uncertainties about the Charity's ability to continue as a going concern and the accounts 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.

Notes to the Financial Statements (Continued)

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.

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

	2023	2022
	£	£
Donations	1,902	2,074
Fundraising Events	-	1,141
Grants	-	-
	<hr/> 1,902	<hr/> 3,215
	<hr/> <hr/>	<hr/> <hr/>

Income from Charitable Activities

	2023	2022
	£	£
Provision of childcare sessions	131,280	146,418

3) Expenditure on Charitable Activities

	2023	2022
	£	£
Provision of childcare sessions	148,686	148,952

Breakdown as follows:

	2023	2022
	£	£
Childcare Staffing costs	120,288	121,373
Rent	15,000	15,000
Other Costs	13,398	12,579
	<hr/> 148,686	<hr/> 148,952
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (Continued)

4) Employees and Remuneration

Aggregate payroll costs were as follows:

	2023	2022
	£	£
Wages and Salaries	108,915	116,446
Social security Costs	505	3,065
Pension Contributions	1,772	1,862

£9,096 was spent on agency staff during the period (2022: £nil).

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 5 (2022: 5.5)

Head of pre-school is regarded as the key management personnel. Payments totalling £31,542 plus £759 of employers pension contributions were made to individuals with this job title during the year (2022: £27,900 plus £650). No Trustee received any remuneration during the period for acting in the capacity of a trustee (2022: nil).

No employee received remuneration of over £60,000 in the year (2022: No employee).

5) Trustee Expenses

Trustee expenses in the period totalled £nil (2022: £21.92). No costs relating to meeting attendance were claimed.

In addition, the charity paid £80 (2022: £75) 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 £1,772 (2022: £1,862).

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Notes to the Financial Statements (Continued)

7) Related Party Transactions

Trustees made no donations to the preschool during the year (2022: £Nil).

Cleone Inglis Jones, the spouse of a Trustee, Valentine Inglis Jones, was employed by the Ark during the year, initially as a Pre-School Assistant before becoming acting Deputy Head and eventually Head of Preschool post year end. Total payments made to Cleone in the period were £15,941 plus £291 of employers pension contributions (2022: £9,304 plus £21). All terms of employment have been approved by the Charity Commission.

The charity received a £20,000 interest free loan from Bramshott and Liphook PCC during in 2017. This unsecured loan was repayable over 5 years. At 31 July 2023 the total balance outstanding on the loan was £nil (2022: £2,690). At the year end the Charity was owed £311 (2022: £nil) by Bramshott and Liphook PCC due to late cancellation of the loan repayment standing order.

The charity paid rental of £15,000 (2022: £15,000) to Bramshott and Liphook PCC during the period for the space from which the playschool operates. The charity made no payments in the period to Bramshott and Liphook PCC (2022: £nil) for ad-hoc hire of additional facilities.

Helen Coleman invoiced the charity £1,393 for SENCO Consultancy Services in the period (2022: nil).

8) Fixed Assets

	<u>External Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
	£	£	£
<u>Cost:</u>			
At 01 August 2022	12,430	-	12,430
Additions in period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 July 2023	12,430	-	12,430
<u>Depreciation:</u>			
At 01 August 2022	8,908	-	8,908
Charge for year	2,486	-	2,486
	<hr/>	<hr/>	<hr/>
At 31 July 2023	11,394	-	11,394
<u>Net Book Value:</u>			
At 31 July 2023	1,036	-	1,036
	<hr/>	<hr/>	<hr/>
At 01 August 2022	3,522	-	3,522
	<hr/>	<hr/>	<hr/>

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Notes to the Financial Statements (Continued)

9) Debtors

Amounts falling due within one year:

	2023	2022
	£	£
Trade debtors	764	80
Other Debtors	311	-
	<hr/>	<hr/>
	1,075	80
	<hr/> <hr/>	<hr/> <hr/>

10) Creditors

Amounts falling due within 1 Year

	2023	2022
	£	£
Trade Creditors	420	452
Loan from Related Party	-	2,690
Pension Creditor	-	589
Other Creditors	-	8
	<hr/>	<hr/>
	420	3,739
	<hr/> <hr/>	<hr/> <hr/>

Amounts falling due in more than 1 year

	2023	2022
	£	£
Loan from related Party	-	-

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Notes to the Financial Statements (Continued)

11) Movement in Funds

	At 01 Aug 2022 £	Movement In year £	At 31 Jul 2023 £
Unrestricted Funds	65,553	(13,017)	52,536
Restricted Funds	3,522	(2,486)	1,036
	<hr/>	<hr/>	<hr/>
Total Funds	69,075	(15,503)	53,572
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Restricted funds analysis

	2023 £	2022 £
External Play Equipment Fund	1,036	3,522
	<hr/> <hr/>	<hr/> <hr/>

12) Analysis of Net Assets between Funds

2023

	Restricted Funds £	Unrestricted Fund £	Total Funds £
Fixed Assets	1,036	-	1,036
Current Assets/Liabilities	-	52,536	52,536
Long term Liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Net Assets	1,036	52,536	53,572
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2022

	Restricted Funds £	Unrestricted Fund £	Total Funds £
Fixed Assets	3,522	-	3,522
Current Assets/Liabilities	-	65,533	65,533
Long term Liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Net Assets	3,522	65,533	69,075
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>