

# **First Steps Nursery**

**Reports and Accounts  
for Year End August 2022  
Charity number: 1181057**

# **First Steps Nursery**

**Charity Number: 1181057**

**Trustees Annual report for the year ended 31<sup>st</sup> August 2022**

## **Contents Page**

	<b>Page</b>
Report of the trustees	3-5
Report of the Independent Auditors	6-8
Statement of Financial Activities	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13-19

# **First Steps Nursery**

**Charity Number: 1181057**

## **Trustees Annual report for the year ended 31<sup>st</sup> August 2022**

The trustees present their annual report and financial statements of the charity for the year ended 31<sup>st</sup> August 2022. The financial statements have been prepared in accordance with the accounting policies set out in note I to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and the Charities Statement of Recommended Practice (second edition) and Financial Reporting Standard FRS 102.

### **Objectives, Activities & Achievements**

The Charity's object is to advance the development and education of mainly, but not exclusively, pre-school children, by offering appropriate play, education, and care facilities through the medium of Welsh and English and by encouraging parents to understand and provide for the needs of their children.

The Charity provides childcare through the medium of Welsh and English at several different locations throughout Rhondda Cynon Taf and offers a variety of different services from sessional care, wrap- around to full day care.

The charities settings are registered for the Childcare offer and several of them are also ESTYN and Flying Start registered so that children within the community are able to access funded places.

The Charity currently has 10 nurseries located across Rhondda Cynon Taf. It provides quality childcare to children in the local communities providing sessional care, full day care and wrap around service

### **Risk Policy**

The Trustees has considered all major risks and has taken the appropriate action to mitigate these risks. The charity keeps a risk assessment form on all activities.

### **Trustees**

The following served as trustees during the year:

- Sian Mererid Boswell
- Glesni Haf Ayres
- Mari Wyn Roberts

Office Address:

18 Main Road  
Tonteg  
CF38 1PN

# **First Steps Nursery**

**Charity Number: 1181057**

**Trustees Annual report for the year ended 31<sup>st</sup> August 2022**

## **Trustees pay**

The trustees consider the board of trustees and the chief executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis.

All trustees give of their time freely and no trustee remuneration was paid in the year. No expenses were paid to the trustees.

## **Legal Status**

The organisation is a Constituted Charitable Incorporated Organisation and is registered with the Charity Commission (Charity number: 1181057).

## **Organisational Structure**

The day to day running of the charity is the responsibility of its employees, with support from Camau Cyntaf i Ddysgu management, who are experienced in childcare. Major decisions are dealt with at the meetings of the management committee. The members of the management Committee, who constitute the charities trustees, are usually local residence, parents/guardians of past and present children who attend the nursery or someone who has an interest in improving the quality of pre-school education.

## **Review of the past year**

As a result of sustained effort on the part of the trustees, senior management team and charity's employees, the Charity's financial position showed a healthy situation at the balance sheet date.

## **Reserves Policy**

The Charity's policy on reserves is that ideally up to six months reserves are maintained at any one time in the current account. This is sufficient to meet all outstanding expenditure.

The charity, in future, will also create a reserve fund to support future protects such as opening new nurseries or improving the facilities of existing nurseries.

# **First Steps Nursery**

**Charity Number: 1181057**

## **Trustees Annual report for the year ended 31<sup>st</sup> August 2022**

### **Trustees' responsibilities in relation to the financial statements**

The charity trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

This report was approved by the Trustees on 30.6.23

Signed on behalf of the Trustees

---

Sian Mererid Boswell

# **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF FIRST STEPS NURSERY**

## **Opinion**

We have audited the financial statements of First Steps Nursery (the 'charity') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 and of its incoming resources and application of resources, 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 Charities Act 2011.

## **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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.

## **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 charity'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 Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF FIRST STEPS NURSERY**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

However, it is the primary responsibility of management with the oversight of those charged with governance, to ensure that the entities operations are conducted in accordance with the provisions of laws and regulations, for the prevention and detection of fraud.

Based on our understanding of the charity and industry, we identified that the principal risks of non-compliance with laws and regulations, related to breaches of UK regulatory principles such as those governed by the Care Inspectorate Wales, Local Authority and employment law, and we considered the extent to which noncompliance might have a material effect on the financial statements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF FIRST STEPS NURSERY**

We also considered those laws and regulations that have a direct impact on the financial statements, such as FRS 102 and the Charities Act and Government grant regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, (including the risk of over-riding of controls) and determined that the principal risks were related to understatement of income and over-ride of controls. Audit procedures performed included:

- discussions with Management, including their own identification and assessment of the risks of irregularities including any known or suspected incidences of non-compliance with laws and regulations and fraud;
- reviewing the latest Estyn reports for each of the nurseries to ensure that they are compliant;
- reviewing correspondence with relation to compliance with laws and regulations;
- reviewing meeting minutes of the Trustees;
- identifying the journal entries, to make sure that we understood the reasoning behind them and agreed that they were appropriate;
- identifying large or unusual transactions to ensure that we understood the reasoning behind them and agreed that they were appropriate
- selecting a sample of transactions and tracing the recording of income to ensure that the systems in place ensure that there is no understatement of income.
- ensuring that we understand the relationship between the charity and the Related Parties and the transactions between them;
- designing audit procedures to incorporate unpredictability around the nature of timing and extent of our testing.

There are inherent limitations in the audit procedure as described above. We are less likely to become aware of incidents of non-compliance with laws and regulations, that are not closely related to events and transactions reflected in the financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Bethan Wyn Vaughan  
Llyr James Chartered Certified Accountants  
and Registered Auditors  
25 Bridge Street  
Carmarthen  
SA31 3JS

Date 30<sup>th</sup> June 2023



# First Steps Nursery

Charity Number: 1181057

## Statement of Financial Activities for the year ended 31<sup>st</sup> August 2022

		Unrestricted Income	Designated Income	2022	2021
	Notes	£	£	£	£
<b>Income</b>					
Donations	2	5,049	-	5,049	50,738
Charitable Activities	3	1,101,463	-	1,101,463	865,910
Other Income	4	3,691	-	3,691	148,424
Investment Income	5	27	-	27	27
Total Income		1,110,230	-	1,110,230	1,065,099
<b>Expenditure</b>					
Cost of Sales	6	55,053	-	55,053	42,717
Employment Costs	6	796,704	-	796,704	685,936
Premises Costs	6	107,270	-	107,270	106,827
General Expenses	6	54,584	-	54,584	43,546
Total Expenditure		1,013,611	-	1,013,611	879,026
<b>Net Movement on Funds</b>		96,619	-	96,619	186,073
<b>Opening Balance</b>		302,466	174,257	476,723	290,650
<b>Closing Balance</b>		399,085	174,257	573,342	476,723

No separate income and expenditure statement has been prepared.

The notes on pages 13 to 19 form a full part of these accounts.

# First Steps Nursery

Charity Number: 1181057

Balance Sheet as at 31<sup>st</sup> August 2022

	Notes	2022	2021 £
<b>Fixed Assets</b>	9	21,005	31,508
<b>Current Assets</b>			
Debtors	10	285,049	184,918
Cash in hand and at bank		<u>301,135</u>	<u>288,124</u>
		586,184	473,042
Creditors: amounts falling due within one year	11	<u>(33,847)</u>	<u>(27,827)</u>
<b>Net Current Assets</b>		552,337	445,215
<b>Net Assets</b>		<u>573,342</u>	<u>476,723</u>
<b>Capital and reserves</b>			
Unrestricted Funds	12	399,085	302,466
Designated Funds	13	<u>174,257</u>	<u>174,257</u>
		<u>573,342</u>	<u>476,723</u>

Approved by the Charity on 30.6.23 and signed on their behalf by

---

Sian Mererid Boswell

# First Steps Nursery

Charity Number: 1181057

## Statement of Cashflow as at 31<sup>st</sup> August 2022

	Notes	2022 £	2021 £
<b>Cash Flow from Operating Activities</b>	1		
Cash generated from operations		12,984	184,170
Net cash provided by operating activities		12,984	184,170
<b>Cash flows from investing activities</b>			
Interest Received		27	27
Net cash provided by investing activities		27	27
<b>Cash in cash and cash equivalents in the reporting period</b>		13,011	184,197
<b>Cash and cash equivalent at the beginning of the reporting period</b>	2	288,124	103,927
<b>Cash and cash equivalents at the end of the reporting period</b>		301,135	288,124

# First Steps Nursery

Charity Number: 1181057

## Statement of Cashflow as at 31<sup>st</sup> August 2022

### 1. Reconciliation of Net Income to Net Cash Flow from Operating Activities

	2022 £	2021 £
<b>Net income for the reporting period (as per the Statement of Financial Activities)</b>	96,619	186,073
Adjustment for:		
Depreciation Charge	10,503	10,503
Interest Received	(27)	(27)
Increase in Debtors	(100,131)	(33,984)
Increase in Creditors	6,020	21,605
<b>Net Cash provided by operations</b>	<u>12,984</u>	<u>184,170</u>

### 2. Analysis of Changes in Net Funds

	At 1/9/21 £	Cash Flow	At 31/8/22 £
Net Cash			
Cash at bank and in hand	288,124	13,011	301,135
	<u>288,124</u>	<u>13,011</u>	<u>301,135</u>
 Total	 288,124	 13,011	 301,135

# **First Steps Nursery**

**Charity Number: 1181057**

## **Notes and Accounting Policies**

### **1. Accounting Policies**

#### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

#### **Income**

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

#### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

#### **Taxation**

The charity is exempt from tax on its charitable activities.

#### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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 and purpose of each fund is included in the notes to the financial statements.

#### **Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

# First Steps Nursery

Charity Number: 1181057

## Notes and Accounting Policies

### Accounting Policies (continued)

#### Going Concern

The accounts have been prepared on the assumption that the charity is able to carry on operating as a going concern, which the trustees consider appropriate.

#### Fixed assets

First Steps Nursery defines a fixed asset as a purchase or gift which provides ongoing benefit to the charity where the purchase price, including non-recoverable VAT, exceeds £1,000 and items below this value should be treated as an expense. All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated to write off the cost of an asset over the useful economic life of that asset:

- Improvements: Straight line depreciation over 5 years
- Furniture & Equipment: Straight line depreciation over 5 years

## 2. Donations

	Unrestricted Income £	Designated Income £	2022 £	2021 £
Donation on assets from previous run entities (transferred into the charity)	-	-	-	46,216
Fundraising Income	5,049	-	5,049	4,522
	<u>5,049</u>	<u>-</u>	<u>5,049</u>	<u>50,738</u>

## 3 Charitable Activities Income

	Unrestricted Income £	Designated Income £	2022 £	2021 £
Fees	261,725	-	261,725	166,961
Rhondda Cynon Taf County Borough	778,086	-	778,086	660,640
Grants	61,652	-	61,652	38,309
	<u>1,101,463</u>	<u>-</u>	<u>1,101,463</u>	<u>865,910</u>

# First Steps Nursery

Charity Number: 1181057

Notes and Accounting Policies (continued)

## 4. Other Income

	Unrestricted Income £	Designated Income £	2022 £	2021 £
Job Retention Scheme	1,667	-	1,667	146,965
Recharged Items	1,323	-	1,323	1,166
Other	701	-	701	293
	<u>3,691</u>	<u>-</u>	<u>3,691</u>	<u>148,424</u>

## 5. Investment Income

	Unrestricted Income £	Designated Income £	2022 £	2021 £
Bank Interest	27	-	27	27
	<u>27</u>	<u>-</u>	<u>27</u>	<u>27</u>

# First Steps Nursery

Charity Number: 1181057

## Notes and Accounting Policies (continued)

### 6. Charitable Expenditure

	2022	2021
	£	£
<b>Cost of Sales</b>		
General Purchases	<u>55,053</u>	<u>42,717</u>
<b>Employment Costs</b>		
Wages & Salaries	787,156	677,279
Staff Training	5,526	3,873
Staff Welfare	1,798	3,112
Staff Recruitment	<u>2,224</u>	<u>1,672</u>
	796,704	685,936
<b>Premises Costs</b>		
Rent	83,965	95,396
Rates	262	314
Power, Heat & Light	8,235	2,864
Cleaning	<u>14,808</u>	<u>8,253</u>
	107,270	106,827
<b>General Administrative Expenses</b>		
Phone & Internet	12,588	11,850
Memberships & Subscriptions	1,921	2,121
Insurance	806	1,309
Repair & Maintenance	5,838	3,944
Health & Safety	669	646
Depreciation	10,503	10,503
Advertising	-	1,263
Bank Charges	409	338
Bad debt Written Off	3,527	44
Uniform	8,474	-
Other Expenses	3,249	8,710
Motor Expenses	-	1,378
Accountancy Fees	-	1,440
Auditors' Remuneration	<u>6,600</u>	<u>-</u>
	54,584	43,546



# First Steps Nursery

Charity Number: 1181057

## Notes and Accounting Policies (continued)

### 7. Trustees' Remuneration and Benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2022 nor for the year ended 31 August 2021.

#### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2022 nor for the year ended 31 August 2021.

### 8. Employment Costs

	2022	2021
	£	£
Wages & Salaries	761,759	650,530
Social Security Costs	15,008	17,638
Other Pension Costs	10,389	9,111
	<hr/>	<hr/>
	787,156	677,279

	2022	2021
Average monthly number of employees during the year	63	63

No employees received emoluments in excess of £60,000

### 9. Tangible Fixed Assets

	Nursery Improvements	Fixtures & Fittings	Totals
	£	£	£
<b>COST</b>			
As at 1 September 2021 & 31 <sup>st</sup> August 2022	<hr/> 47,171	<hr/> 5,342	<hr/> 52,513
<b>DEPRECIATION</b>			
At 1 <sup>st</sup> September 2021	18,868	2,137	21,005
Charge for year	<hr/> 9,434	<hr/> 1,069	<hr/> 10,503
At 31 <sup>st</sup> August 2022	28,302	3,206	31,508
<b>NET BOOK VALUE</b>			
At 31 <sup>st</sup> August 2022	<hr/> 18,869	<hr/> 2,136	<hr/> 21,005
At 31 <sup>st</sup> August 2021	<hr/> 28,303	<hr/> 3,205	<hr/> 31,508

# First Steps Nursery

Charity Number: 1181057

## Notes and Accounting Policies (continued)

### 10. Debtors

	2022	2021
	£	£
Staff Loans	3,729	6,124
CCID	250,144	138,950
Sale Debtors	19,823	15,939
GoCardless	709	3,714
Other	10,644	20,191
	<u>285,049</u>	<u>184,918</u>

### 11. Creditors: Amounts falling due within 1 year

	2022	2021
	£	£
Taxation & social security costs	2,768	2,586
Cylch Meithrin Ynysybwl	20,574	21,548
Other	10,505	3,693
	<u>33,847</u>	<u>27,827</u>

### 12. Unrestricted Funds

	Balance September 2021	Incoming	Outgoing	Transfers	Balance August 2022
	£	£	£	£	£
General Funds	302,466	1,110,230	1,013,611	-	399,085
	<u>302,466</u>	<u>1,110,230</u>	<u>1,013,611</u>	<u>-</u>	<u>399,085</u>

### 13. Designated Funds

	Balance September 2021	Incoming	Outgoing	Transfers	Balance August 2022
	£	£	£	£	£
Transfer from previous entities	174,257	-	-	-	174,257
	<u>174,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,257</u>

The designated fund was created when the charity took over the operating of new nurseries, and the funds held by those nurseries were transferred to First Steps Nursery.

# **First Steps Nursery**

**Charity Number: 1181057**

**Notes and Accounting Policies (continued)**

## **14. Related Party Disclosures**

Camau Cyntaf i Ddysgu (CCID) CBC

The charity received the following income from CCID during the year:

Income £416,441.

Money owing from CCID at 31 August 2022 is included under debtors in the accounts and the balance at the year-end was £250,144.

A trustee of the charity is also a director of CCID. Directors of CCID are responsible for the day-to-day running and managing of the charity.