

Friendly Families Nursery
Unaudited Financial Statements
28 February 2021

HAFFNER HOFF LTD

Accountants
2nd Floor - Parkgates
Bury New Road
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Friendly Families Nursery

Financial Statements

Year ended 28 February 2021

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Friendly Families Nursery

Trustees' Annual Report

Year ended 28 February 2021

The trustees present their report and the unaudited financial statements of the charity for the year ended 28 February 2021.

Reference and administrative details

Registered charity name	Friendly Families Nursery
Charity registration number	1184977
Principal office	The Friendly Families Community Nursery 43 Albyn Road London SE8 4EG

The trustees

Oumabarani Mauree-Gungah	(Appointed 1 May 2021) (Served from 1 April 2021 to 1 January 2022)
Ms Balogun Aysan Alba Kate Appleby Lucie Stephens Juliet Bond	(Appointed 1 March 2021) (Resigned 31 December 2021)

Independent examiner	Mr D Schwarz FCCA 2nd Floor - Parkgates Bury New Road Prestwich Manchester M25 0TL
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Friendly Families Nursery

Trustees' Annual Report *(continued)*

Year ended 28 February 2021

Structure, governance and management

The Friendly Families Nursery is constituted as a CIO. It is a registered charity and the charity number is 1184977 and it was registered on 20 August 2019.

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under the Charities Act, the committee, decision making processes, the business plan and the recent financial performance of the charity. Trustees are recruited from parents of children who attend the nursery and the wider local community. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisational management

The trustees of the charity are legally responsible for the overall management and control of the charity and meet regularly. The day-to-day affairs are managed by the Nursery Manager.

Risk review

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that systems are in place to manage our exposure to the major risks.

The key risks that face the nursery at this time include (1) Risk that income generated from parent fees and Lewisham Free Hours is insufficient to cover staffing costs and nursery overheads. (2) Equipment needs to be repaired/replaced. High cost to replace equipment. (3) Limited resources to fund raise.

Objectives and activities

The objects of the charity are to enhance the development and education of pre-school children in Deptford through the provision of high quality and affordable childcare. We work to create a family of families, supporting parents to get to know each other and build networks of support. We build opportunities for volunteering within the nursery, enabling us to benefit from the skills and experiences of our diverse local community. The nursery is supported by volunteers throughout.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education when reviewing the charity's aims and objectives and in planning future activities and setting grant making policy for the year.

Grant making policy

The charity is funded by fees, grants and donations. The charity provides education to children of nursery age in the Deptford area of London.

The charity does not normally pay out any grants. If the charity would pay out any grants it would be in line with the objects as stated above.

Principal Activity

The principal activity for the period under review was a community interest company set up to work with local parents to co-design and co-produce a local nursery.

Friendly Families Nursery

Trustees' Annual Report *(continued)*

Year ended 28 February 2021

Achievements and performance

The charity received £7,433 in donations during the year, as well as £21,491 of other income.

The opening of the Friendly Families Nursery was delayed from April 2020 due to COVID restrictions meaning that Ofsted were unable to visit. This meant for a number of months we had contracted staff but no means of generating income due to the nursery being unregistered. At a time when key workers were struggling to find the care that they needed it was frustrating that we were unable to open. The nursery provides childcare for children aged between 2 and 5 years for 50 weeks of the year. The nursery is open between 8am and 6pm Monday to Friday. Additional to the daily care we also engage with children's wider families and the wider community through weekend activities, volunteering and home learning, including fundraised activities such as the 'Play Bag' scheme. Autumn 2021 The Nursery finally opened its doors to children and families in September 2020. During the first term (September to December) we grew from four original families to twelve. Our staff team included two full-time members of staff, Loretta (Deputy Manager) and Ruth (Nursery practitioner) as well as two our part-time members of staff, Luciana (Manager) and Roberta (Deputy manager) who were both on short-term secondment from Grasshoppers in the Park, a parent-led nursery in Hackney. Four parents were regular volunteers at the nursery and three new parents were recruited to become additional parent Directors. The focus of the Autumn term was to ensure good routines and activities were established with the children, whilst the parent led ethos was established with the parents. Thankfully the term was delivered without any major disruptions due to COVID but we did have less direct contact with parents due to ongoing concerns about mixing and protecting staff and families from COVID. The number of families joining was slightly lower than expected, which was common to statistics across the early years sector, largely due to changing working patterns of parents, pressures on household incomes due to job losses or furlough and concerns about the safety of early years settings.

The trustees would like to record their appreciation for all financial support received from benefactors during the course of the year.

During the year the charity incurred other governance costs comprising professional fees.

There were no investments made during the year.

There were no material fundraising costs during the year.

Related party transactions are recorded as applicable in the notes to the accounts.

There was an overall net expenditure and net movement in funds for the year amounting to £47,938.

Friendly Families Nursery

Trustees' Annual Report *(continued)*

Year ended 28 February 2021

Financial review

The trustees feel that the activity reflects the profile and standing within the local community. The impact for future years' expenditure is self-evident and the trustees would like to record their appreciation for all the financial support received from benefactors during the course of the year. The main income for the year has been from donations from the New Economics Foundation. A small income has been generated from renting the building to local parents and activity providers.

Reserves policy

The trustees and management meet on a regular basis to review the reserves and future requirements of the charity. All future needs are considered together with any risks or contingencies that may exist. The trustees are confident that sufficient reserves will be generated to achieve the objectives of the charity.

The unrestricted fund represents the unrestricted funds arising from past operating results. It represents the reserves of the charity. The Trustees are satisfied that the balance of the Fund is satisfactory given the nature of revenue receipts against charitable activity and other costs.

The free reserves, represented by the net current assets of the charity stand at £33,106, all of which are unrestricted.

Coronavirus

The impact has been mentioned earlier in the report.

The trustees' annual report was approved on 15 June 2022 and signed on behalf of the board of trustees by:

Kate Appleby
Trustee

Lucie Stephens
Trustee

Friendly Families Nursery

Independent Examiner's Report to the Trustees of Friendly Families Nursery

Year ended 28 February 2021

I report to the trustees on my examination of the financial statements of Friendly Families Nursery ('the charity') for the year ended 28 February 2021.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's financial statements 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 charity as required by section 130 of the Act; or
2. the financial statements do not accord with those records; or
3. the financial statements 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.

Mr D Schwarz FCCA
Independent Examiner

2nd Floor - Parkgates
Bury New Road
Prestwich
Manchester
M25 0TL

15 Jun 22

Friendly Families Nursery

Statement of Financial Activities

Year ended 28 February 2021

		Year to 28 Feb 21			Period from 20 Aug 19 to 29 Feb 20
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	4	1,270	6,163	7,433	82,370
Charitable activities	5	21,491	–	21,491	–
Investment income	6	145	–	145	–
Total income		<u>22,906</u>	<u>6,163</u>	<u>29,069</u>	<u>82,370</u>
Expenditure					
Expenditure on charitable activities	7,8	77,007	–	77,007	1,326
Total expenditure		<u>77,007</u>	<u>–</u>	<u>77,007</u>	<u>1,326</u>
Net (expenditure)/income		<u>(54,101)</u>	<u>6,163</u>	<u>(47,938)</u>	<u>81,044</u>
Transfers between funds		87,192	(87,192)	–	–
Net movement in funds		<u>33,091</u>	<u>(81,029)</u>	<u>(47,938)</u>	<u>81,044</u>
Reconciliation of funds					
Total funds brought forward		15	81,029	81,044	–
Total funds carried forward		<u>33,106</u>	<u>–</u>	<u>33,106</u>	<u>81,044</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 8 to 16 form part of these financial statements.

Friendly Families Nursery

Statement of Financial Position

28 February 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	14	68,721	81,029
Current assets			
Debtors	15	(3,066)	–
Cash at bank and in hand		4,715	315
		<u>1,649</u>	<u>315</u>
Creditors: amounts falling due within one year	16	<u>37,264</u>	<u>300</u>
Net current liabilities		<u>(35,615)</u>	<u>15</u>
Total assets less current liabilities		<u>33,106</u>	<u>81,044</u>
Net assets		<u>33,106</u>	<u>81,044</u>
Funds of the charity			
Restricted funds		–	81,029
Unrestricted funds		<u>33,106</u>	<u>15</u>
Total charity funds	18	<u>33,106</u>	<u>81,044</u>

These financial statements were approved by the board of trustees and authorised for issue on 15 Jun 22, and are signed on behalf of the board by:

Kate Appleby
Trustee

Lucie Stephens
Trustee

The notes on pages 8 to 16 form part of these financial statements.

Friendly Families Nursery

Notes to the Financial Statements

Year ended 28 February 2021

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is The Friendly Families Community Nursery, 43 Albyn Road, London, SE8 4EG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements did not require management to make judgements, estimates or assumptions that affect the amounts reported.

Fund accounting

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

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment - 15% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

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.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

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.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations	–	3,953	3,953
Other Income	1,270	–	1,270
Grants			
Grants receivable type 1	–	2,210	2,210
	<u>1,270</u>	<u>6,163</u>	<u>7,433</u>

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

4. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations	—	82,055	82,055
Other Income	315	—	315
Grants			
Grants receivable type 1	—	—	—
	<u>315</u>	<u>82,055</u>	<u>82,370</u>

5. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Other income from charitable activities type 1	<u>21,491</u>	<u>21,491</u>	<u>—</u>	<u>—</u>

6. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Income from investment properties	<u>145</u>	<u>145</u>	<u>—</u>	<u>—</u>

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Direct nursery expenses	62,782	—	62,782
Support costs	14,225	—	14,225
	<u>77,007</u>	<u>—</u>	<u>77,007</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Direct nursery expenses	—	1,026	1,026
Support costs	300	—	300
	<u>300</u>	<u>1,026</u>	<u>1,326</u>

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
Direct nursery expenses	62,782	13,565	76,347	1,026
Governance costs	–	660	660	300
	<u>62,782</u>	<u>14,225</u>	<u>77,007</u>	<u>1,326</u>

9. Analysis of support costs

	Analysis of support costs activity 1 £	Total 2021 £	Total 2020 £
General office	4,086	4,086	–
Governance costs	660	660	300
	<u>4,746</u>	<u>4,746</u>	<u>300</u>

10. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	<u>12,308</u>	<u>1,026</u>

11. Independent examination fees

	Year to 28 Feb 21 £	Period from 20 Aug 19 to 29 Feb 20 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>660</u>	<u>300</u>

12. Staff costs

The average head count of employees during the year was 3 (2020: Nil).

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

13. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

14. Tangible fixed assets

	Equipment £
Cost	
At 1 March 2020 and 28 February 2021	<u>82,055</u>
Depreciation	
At 1 March 2020	1,026
Charge for the year	12,308
At 28 February 2021	<u>13,334</u>
Carrying amount	
At 28 February 2021	<u>68,721</u>
At 29 February 2020	<u>81,029</u>

15. Debtors

	2021 £	2020 £
Prepayments and accrued income	(4,250)	–
Other debtors	<u>1,184</u>	<u>–</u>
	<u>(3,066)</u>	<u>–</u>

16. Creditors: amounts falling due within one year

	2021 £	2020 £
Accruals and deferred income	960	300
Other creditors	<u>36,304</u>	<u>–</u>
	<u>37,264</u>	<u>300</u>

17. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £1,283 (2020: £Nil).

Friendly Families Nursery

Notes to the Financial Statements (continued)

Year ended 28 February 2021

18. Analysis of charitable funds

Unrestricted funds

	At 1 Mar 2020	Income	Expenditure	Transfers	At 28 Feb 2021
	£	£	£	£	£
General funds	15	22,906	(77,007)	87,192	33,106

	At 20 Aug 2019	Income	Expenditure	Transfers	At 29 Feb 2020
	£	£	£	£	£
General funds	–	315	(300)	–	15

Restricted funds

	At 1 Mar 2020	Income	Expenditure	Transfers	At 28 Feb 2021
	£	£	£	£	£
Restricted fund - grants receivable	81,029	6,163	–	(87,192)	–

	At 20 Aug 2019	Income	Expenditure	Transfers	At 29 Feb 2020
	£	£	£	£	£
Restricted fund - grants receivable	–	82,055	(1,026)	–	81,029

19. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2021
	£	£
Tangible fixed assets	68,721	68,721
Current assets	1,649	1,649
Creditors less than 1 year	(37,264)	(37,264)
Net assets	33,106	33,106

	Unrestricted Funds	Total Funds 2020
	£	£
Tangible fixed assets	81,029	81,029
Current assets	315	315
Creditors less than 1 year	(300)	(300)
Net assets	81,044	81,044

Friendly Families Nursery

Notes to the Financial Statements *(continued)*

Year ended 28 February 2021

20. Taxation

Friendly Families Nursery is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.