

## **Audit Report for Rainbow Stop Playgroup**

### **To the Management of Rainbow Stop Playgroup:**

We have audited the Income and Expenditure account of Rainbow Stop Playgroup for the year ended 31 July 2024. The financial statements provided include details of income, cost of sales, administrative expenses, and the resulting net loss for the years 2024 and 2023.

### **Scope of Audit**

Our audit was conducted in accordance with standard auditing practices. The objective was to assess the accuracy and completeness of the financial statements and ensure they reflect the financial position of Rainbow Stop Playgroup for the specified period.

### **Key Findings**

#### **1. Income:**

- Total income for 2024 was £73,223, a decrease from £92,484 in 2023.
- Significant reductions were noted in Education Authority income (£61,242 in 2024 vs. £80,661 in 2023) and DOH SPPG - Supported Playground income (nil in 2024 vs. £1,800 in 2023).
- Donations and fundraising income increased to £2,422 in 2024 from £1,675 in 2023, indicating improved community support.

#### **2. Cost of Sales:**

- Cost of sales decreased to £12,105 in 2024 from £15,524 in 2023. Key reductions were observed in resources (£6,238 in 2024 vs. £7,934 in 2023) and milk & snacks (£3,040 in 2024 vs. £4,181 in 2023).

#### **3. Administrative Expenses:**

- Administrative expenses increased significantly, with wages and salaries rising to £80,068 in 2024 from £61,981 in 2023. Other notable increases include insurance (£2,636 in 2024 vs. £1,854 in 2023) and repairs and maintenance (£2,746 in 2024 vs. £4,244 in 2023).
- Total administrative expenses contributed to the net loss for the year.

#### **4. Net Loss:**

- The net loss for 2024 was £95,396, compared to £78,086 in 2023. This reflects a worsening financial position, primarily driven by increased administrative expenses and reduced income.

### **Conclusion**

Based on our audit, the financial statements of Rainbow Stop Playgroup provide a fair representation of its financial performance for the year ended 31 July 2024. However, the organization faces significant financial challenges, including declining income and increasing administrative costs. We recommend the management take steps to:

- Explore additional funding sources to offset income reductions.

- Review administrative expenses to identify areas for cost savings.
- Develop a strategic plan to improve financial sustainability.

This report is issued in good faith and reflects the findings of our audit.

**Margaret McCune Accountants**

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