

The management and trustees of Cuan Kids Community Preschool are to be highly commended for their quality of accounts and transparent record keeping with regards to financial records for the period of reporting 1st September 2023 – 31st August 2024 inclusive.

Actions from previous financial year

Responses to Previous Recommendations from the 2022-2023 financial year reporting are recorded below. It is recognised that due to the timing of the previous report and recommendations, some actions on these recommendations will not be fully implemented until the financial reporting year 1st September 2024-31st August 2025. However, I am pleased to see pro-active responses to many recommendations:

1. Encourage as many payments as possible, particularly fee payments, to be made by bank transfer, rather than a mix of cash and bank transfer payments.

Response: The proportion of electronic transactions has improved, we will continue to strongly encourage electronic payments for fees.

2. Consider the timing of invoicing for fee payments to align within the month for fees due, as currently some payments are received in the last banking days of the previous month. This means that some of the financial reporting year transactions for August/September relate to the previous or next financial reporting year.

Response: A small number of fee payments in September 2023/August 2024 still related to the previous/next financial reporting year, however the majority were aligned with the correct month.

3. The cash lodgements should ideally be made on a more regular basis to avoid a large amount of cash building up prior to lodgement. It is recommended that cash lodgements be made at least monthly, and after receipt of any large amounts of cash, for example through a fundraising event.

Response: Cash lodgements were made approximately quarterly/per semester during 2023-2024 (December, March, June) due to the timings of fundraising events and to allow sufficient cash to build up to warrant deposit.

4. Cash lodgements using the log book should ideally be made separately according to the source of income, for example separate lodgements for fundraising, fees etc.

Response: Cash lodgements were made separately for Fees, Breakfast club, Fundraising, Registration fees and Uniform sales, and Photos, allowing for greater transparency of reporting of our direct income.

5. The trustees have noted that this is their first year as a registered charity and therefore have not yet engaged with the Fundraising regulator – this is strongly encouraged for future. In particular, there is currently a missed opportunity for additional income through Gift Aid from donations to the charity that has not be realised for this reporting period.

Response: We are now registered with the Fundraising regulator as of June 2025. Eligibility and mechanisms by which any income will be suitable for Gift aid payments will be explored for the 2025/2026 financial year.

6. Issues with small irregularities in salary payments to staff are noted as having been resolved from May 2023 onwards.

Response: No response required.

Comments/recommendations for financial year 2023-2024

I have no major concerns to report with regards to the financial records during this reporting period of 1st September 2023 – 31st August 2024 inclusive. I do note that the Committee have taken some additional actions during this timeframe including:

1. Opening an additional reserves bank account on 27th August 2024, from which £5000 was internally transferred from the main bank account. This will facilitate a new source of income based on interest accrued. The Chairperson will monitor funds on an ongoing basis to ensure the main account remains with sufficient funds.
2. An hourly salary increase to the two members of employed staff from March 2024, in line with adherence to the National Living Wage increases for the Deputy Leader and then sufficient uplift for the Manager, to maintain a differential between the two posts.
3. A one-off cost of living payment of £500 each was paid to the two members of employed staff in March 2024 following agreement at a committee meeting, accounting for the higher salary costs that month.
4. Investment in essential building maintenance in August 2024, for which further costs offset by grant income will be recorded in the next financial reporting year of September 2024-August 2025.

I also note that the charity operated at a deficit of £7,522.81 during the 2023/2024 financial year. This is approximately equally attributable to a drop in income (due to less fees with a smaller pre-preschool class this year and fewer grants – i.e. 2022/2023 being an exceptional year for income) and higher costs (salary increase, building investments etc). In discussions with the Treasurer, I understand that additional grant and fundraising income will be forthcoming in next year's report, and a small increase in fees will be implemented in 2025/2026 academic year to offset some of this deficit.

I will monitor the above in next year's financial report.