

Clifton-upon-Teme Nursery Ltd

CLIFTON-UPON-TEME NURSERY LIMITED

(A company limited by guarantee)

Report and Financial Statements

Year ended 30 June 2003

Company Number 4013169

Charity Number 1085397



Clifton-upon-Teme Nursery Ltd

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Clifton-upon-Teme Nursery Ltd

Status of the Company

Clifton-upon-Teme Nursery Ltd is a charitable company limited by guarantee incorporated on 12th June 2000 and registered as a charity on 6th March 2001

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Under those Articles the members of the Management Committee are re-elected at the first AGM to serve a period of 3 years subject to one third of the Management Committee subsequently retiring by rotation at each AGM.

Members of the Management Committee

Members of the Management Committee who are directors for the purpose of company law and trustees for the purpose of charity law who served during the year and up to the date of this report are set out below

Mrs Hilary Higton,	Chair	(Retired and re-elected March 2003)
Mrs Debbie Mitchell	Vice Chair	
Mr Christopher Cale	Treasurer	(Retired and re-elected March 2003)
Ms Rosemary Collie		(Appointed 12 th March 2002)
Mrs Brenda Crump		(Resigned 31 st January 2003)
Mrs Jane Dayson		
Mrs Desi Green		(Appointed 25 th November 2002)
Mr Christopher Hurley	Company Secretary	(Retired and re-elected March 2003)
Mrs Debbie Tunnicliffe		(Appointed 4 th March 2003)

Nursery Manager

Mrs Sandra E Sharratt BA Ed (Hons)

Registered Office

Palace Cottage, Clifton-upon-Teme, Worcestershire, WR6 6DY

Operational Address

Clifton-upon-Teme Early Years Centre
The Village
Clifton-upon-Teme
Worcestershire
WR6 6DH

Accountants

Kendall Wadley, Granta Lodge, 71 Graham Road
Malvern, Worcestershire, WR14 2JS

Bankers

Lloyds TSB Bank plc, High Street, Evesham

Solicitors

March Edwards, Sansome Street, Worcester

Clifton-upon-Teme Nursery Ltd

Report of the Management Committee for the year ended 30th June 2003

The Management Committee, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the financial statements for the year ended 30th June 2003. The Management Committee have adopted the provisions of the Statements of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

Activities

The company is a charity and exists to deliver the following objectives in the village of Clifton-upon-Teme and surrounding community via the Clifton-upon-Teme Early Years Centre

.....to support the development of children under school age within the village of Clifton-upon-Teme and its immediate environs ("the Community") by:

- (i) providing quality day care and education for babies and children between 3 months and statutory school age.
- (ii) supporting parents in rural areas requiring day care for their children in order that they can attend to other responsibilities where it would be inappropriate to have the children with them (for example - but not excluding other responsibilities - returning to work, furthering their education or serving in the community).
- (iii) creating an environment where information and support can be given to those desiring to enhance family skills and values and promote lifelong learning.
- (iv) subject to the above any other charitable purpose for the benefit of children in the Community as the trustees from time to time determine.

Results

The net incoming resources for the year amounted to £95,479 all of which related to the trading performance of the company. Total resources expended amounted to £97,109, as a result total reserves as at the end of the financial year amounted to £98,931.

Organisation

The Management Committee is currently composed of 8 members who are elected by the membership for a 3 year period. The committee currently meets bi-monthly. The day to day operation is managed by a fully qualified nursery manager with a team of appropriately qualified staff.

Review of activities

Sufficient funds were raised by the end of 2001 to commit to the launch of the new Early Years Centre early 2002. Ofsted provided registration in January 2002 and as a result we opened our doors to our first children on 31st January 2002.

Since opening, we have steadily increased our registration numbers and it is pleasing to confirm that as at the financial year end the number of children using the setting on a regular basis exceeded 60. Additional staff were recruited to support the increasing numbers of children to ensure that we maintained the appropriate ratios to satisfy the Ofsted regulations.

In our first 12 months of trading we received start up funding from Worcestershire Early Years Service but we are now reliant upon our own trading performance and ongoing fundraising activities.

Clifton-upon-Teme Nursery Ltd

The last 12 months trading saw a small overall deficit but this was influenced by the depreciation of the building (over 20 years) which was funded by The Community Fund and Vital Villages as Restricted Funds. (Please see Note 1 to our Accounting Policies as to allocation of depreciation between Restricted and Unrestricted Funds)

We are pleased to say that our Unrestricted Funds increased despite additional expenditure on toys and equipment as part of our settling down process. We remain committed to providing a quality service for the years to come with regular review of our budgets. Our trading budgets for the coming year suggests a better than break even performance.

State of affairs

As at the financial year end we raised a total sum of £3,074 from local fund raising efforts, various agencies and donations from personal, voluntary and business supporters.

We received a further £665 from Vital Villages to support ongoing staff training – we are most grateful to Vital Villages for their continued support – since the commencement of this project their support – financial and non financial has been invaluable and we hope that they will continue to be available for community projects such as ours in years to come.

In addition we received the final tranches of support from Worcestershire Early Years Service and New Opportunities Fund of £1,500 plus an additional £800 in respect of training plus development of our new garden for the children - for which we extend our thanks. A further sum of £14,594 from Worcestershire County represented funding for nursery education of our 3 and 4 year olds plus £581 from National Government in respect of milk grant.

The state of the balance sheet therefore reflects full trading conditions being in operation.

Future Strategy

The charity plans to continue the activities as outlined above and in accordance with the objectives of the charity. Now that start-up funding has been completed, future trading strategy will be dependent upon satisfactory occupancy of the available childcare places. This coupled with an equitable fee structure as a result of being a community setting must be balanced with the need to ensure that staff quality/costs reflect true value for the delivery of our services. Ongoing fundraising in respect of capital needs will continue for the foreseeable future.

Reserves Policy

With 15 months trading experience, we believe that we should consider a free reserves target of the equivalent of 4 months trading. Initially we considered that 6 months trading would be wise but with increased knowledge of our trading and the industry sector we consider that the above policy is a sensible objective.

This suggests a free reserves objective of approximately £30,000 building up from the trading performance of the Early Years Centre. At present this is not achieved but we will endeavour to meet this objective within our first three years of trading (ie by 30th June 2005) as well as keep this target under constant review mindful of the need for an asset renewal/replacement policy to ensure we maintain the Early Years Centre to a high standard.

Risk Management Policy

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Clifton-upon-Teme Nursery Ltd

Responsibilities of the Management Committee

Company Law applicable to incorporated charities requires the Members of the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the net income and expenditure, for the financial year.

In preparing those financial statements, the Members of the Management Committee are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and prepare the financial statements on an going concern basis unless it is inappropriate to assume that the company will continue in business.

The Members of the Management Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Charitable Company

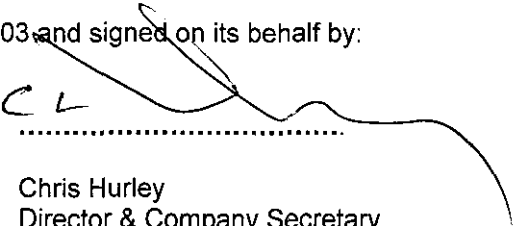
Members of the charitable company guarantee to contribute an amount not exceeding £5 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 30th June 2003 was 21 (2002 - 15).

Reporting Accountant

Kendall Wadley was appointed in July 2003 to replace Dyke Ruscoe & Hayes as the charitable company's Reporting Accountant for the coming year.

This report has been prepared in accordance with the Recommended Practice – Accounting Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Management Committee on 12th November 2003 and signed on its behalf by:


.....
Chris Hurley
Director & Company Secretary

REPORTING ACCOUNTANT'S UNQUALIFIED REPORT

Accountants' report to the shareholders on the unaudited accounts of Clifton-upon-Teme Nursery Limited

We report on the accounts for the year ended 30 June 2003 set out on pages 7 to 12.

Respective responsibilities of directors and reporting accountants

As described on page 5 the trustees, who are also the directors of Clifton-upon-Teme Nursery Limited for the purposes of company law, are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b having regard only to, and on the basis of, the information contained in those accounting records:
 - i the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act as modified by section 249A(5) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Kendall Wadley

**Kendall Wadley
Chartered Accountants and
Registered Auditors**

Date 20.11.03

**Granta Lodge
71 Graham Road
Malvern
Worcestershire
WR14 2JS**

Clifton-upon-Teme Nursery Ltd

Statement of Financial Activities for the year ended 30 June 2003

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Total Funds 2002 £
Income and Expenditure					
Incoming Resources					
Activities for generating funds :		72,132		72,132	20,138
- Early Years Centre					
Activities in furtherance of charity's objects:					
- Donations and Grants	2	22,214		22,214	24,836
Interest on bank deposits		95		95	30
Miscellaneous income		1,038		1,038	209
Donations and Grants for fixed asset additions	3	0		0	100,337
Net Incoming Resources available for charitable application		95,479	0	95,479	145,550
Resources Expended					
<i>Costs of generating funds</i>					
Operating costs - Early Years Centre		91,901	4,100	96,001	47,639
Fundraising & Publicity		347	0	347	586
Management & Administration of the company		761	0	761	1,840
Total Resources Expended	4	93,009	4,100	97,109	50,065
Net Incoming resources for the year		2,470	-4,100	-1,630	95,485
Net movement in funds		2,470	-4,100	-1,630	95,485
Total funds brought forward at 1st July 2002		22,661	77,900	100,561	5,076
Total funds carried forward at 30th June 2003	12	25,131	73,800	98,931	100,561

There were no other recognised gains or losses for the year ended 30 June 2003 or the preceeding year.

Clifton-upon-Teme Nursery Ltd

BALANCE SHEET as at 30th June 2003

	Notes	2003 £	2002 £
Fixed Assets	8		
Tangible assets		84,658	90,365
		<u>84,658</u>	<u>90,365</u>
Current Assets			
Debtors	9	1,059	637
Stock	4a	392	46
Cash at bank and in hand		15,163	12,761
		<u>16,614</u>	<u>13,444</u>
Creditors	10	2,341	3,248
Amounts becoming due and payable within one year		<u></u>	
Net Current Assets		14,273	10,196
Net Assets	11	<u>98,931</u>	<u>100,561</u>
Restricted Funds		73,800	77,900
Unrestricted Funds			
General Funds		25,131	22,661
Total Funds	12	<u>98,931</u>	<u>100,561</u>

In preparing these financial statements:

- a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by section 249a(2) of the Companies Act 1985
- b) No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 249b (2) of the Companies Act 1985 and
- c) The directors acknowledge their responsibilities for:
 - i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985
 - ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its Statement of Financial Activities for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

Approved by the Management Committee on 12th November 2003 and signed on its behalf by:


 Hilary Highton, Chair

Clifton-upon-Teme Nursery Ltd

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention and are presented in accordance with the Financial Reporting Standard for Smaller Entities the Companies Act 1985 and follow the recommendations in "Accounting and Reporting by Charities: Statement of Recommended Practice" issued in October 2000.

Accordingly, the presentation of income and expenditure in these accounts has been adapted from the format prescribed by the Companies Act 1985 to better reflect the special nature of the Company's activities.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Income Recognition

All incoming resources becoming available to the Company are recognised in the Statement of Financial Activities as soon as it is prudent and practicable to do so. Resources relating to a specific time period are recognised over that period. Grants and donations intended for specific purposes are credited to a restricted fund.

Expenditure

"Direct Charitable Expenditure" comprises all expenditure directly relating to the objects of the Company and includes the cost of supporting charitable activities and projects. Expenditure from restricted funds is disclosed in the Statement of Financial Activities and charged against the relevant fund. Administration and fund raising expenses relates to the administration, co-ordination and promotion of the Company. Overhead costs are apportioned on the basis of staff costs

Tangible Fixed Assets

Items of equipment are capitalised where the purchase price exceeds £500 or where the aggregate value of expenditure relating to a particular asset exceeds £500.

Depreciation – on a straight line basis – is provided on all tangible fixed assets, so as to write off the cost of the assets over their estimated useful lives as follows:

Property	20 years
Equipment	5 years
Fixtures & Fittings	5 years
IT Equipment	3 years

Property is partly funded by Restricted Funds and as a result, depreciation has been allocated pro-rata between Restricted and Unrestricted Funds to properly apply this cost to the relevant Reserve.

Stock, which consists of staff and childrens uniforms, has been valued at the lower of cost and net realisable value.

Fund Accounting

Funds held by the charity are:

Unrestricted General Funds – these are the funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted Funds – these are the funds that 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 a particular restricted purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

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Incoming resources from activities to further the charity's objects

	Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £
2 Donations and grants for care and education						
Nursery Education Grant	14,594		14,594	5,714		5,714
New Opportunities Fund	2,000		2,000	12,354		12,354
Worcestershire Early Years	1,300		1,300	6,268		6,268
Business Link	0		0	500		500
Vital Villages (in respect of training)	665		665	0		0
Community Champions	1,470		1,470	0		0
Tree Council	310		310	0		0
WRFU Milk Grant	581		581	0		0
General Donations	1,294		1,294	0		0
	<u>22,214</u>	<u>0</u>	<u>22,214</u>	<u>24,836</u>	<u>0</u>	<u>24,836</u>

3 Donations and grants for fixed asset additions

The Community Fund	0	0		75,000	75,000
Vital Villages	0	0		7,000	7,000
General Donations	0	0	18,337		18,337
	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,337</u>	<u>82,000</u>
					<u>100,337</u>

Donations of gifts in kind

In addition to the above, gifts in kind were received to the value of £200 (2002 £1,250) from local contributors to whom we extend our grateful thanks

4 Total resources expended

	Operating Costs	Fundraising & Publicity	Management & Admin costs	Total Funds 2003 £	Total Funds 2002 £
Staff costs	71,217			71,217	25,804
Recruitment	291			291	1,083
Training & Quality Assurance	1,272			1,272	535
Consumables	4,517			4,517	1,315
Premises	4,031			4,031	2,672
Communications	621			621	568
Legal & Professional				0	1,055
Accountants fees			518	518	293
Insurance	513			513	615
Stationery & Postage	1,072		119	1,191	1,307
Sundry Office Costs	1,011	100	124	1,235	533
Marketing/Advertising		247		247	586
Depreciation (see Note 1 re Funds allocation)	5,707			5,707	5,707
Small item capital costs	3,601			3,601	6,439
Toys	1,052			1,052	1,301
Miscellaneous Expenditure	550			550	240
Cost of Sales re clothing/uniforms	546			546	12
	<u>96,001</u>	<u>347</u>	<u>761</u>	<u>97,109</u>	<u>50,065</u>

Cost of Sales

Purchase of clothing	892	58
opening stock	46	0
closing stock	-392	-46
	<u>546</u>	<u>12</u>

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5 Net Income resources for the year

This is stated after charging:

	2003 £	2002 £
Depreciation (see Note 1 re Funds allocation)	5,707	5,707
Management Committee's remuneration	0	0
Independent accountants remuneration	518	293

6 Staff costs and numbers

Staff Costs were as follows:

	2003 £	2002 £
Salaries & Wages	67,676	24,504
Social Security Costs	3,541	1,300
	<u>71,217</u>	<u>25,804</u>

No employee received emoluments of more than £50,000

During the year the trustees of the charitable company were not paid or reimbursed for expenses.

The average weekly number of employees during the year, calculated on a full time equivalent basis was as follows:

	2003	2002
Management	1	1
Nursery staff (variable based on time of year)	6	5
	<u>7</u>	<u>6</u>

7 Taxation

The charitable company is exempt from corporation tax on its charitable activities

8 Tangible fixed assets

	Property	Fixtures & Fittings	Equipment	IT Equipment	Total
Cost					
At 1st July 2002	90,769	3,194	1,300	809	96,072
At 30th June 2003	<u>90,769</u>	<u>3,194</u>	<u>1,300</u>	<u>809</u>	<u>96,072</u>
Depreciation					
At 1st July 2002	4,538	639	260	270	5,707
Charge for the year	4,538	639	260	270	5,707
At 30th June 2003	<u>9,076</u>	<u>1,278</u>	<u>520</u>	<u>540</u>	<u>11,414</u>
Net Book Value					
at 30th June 2003	<u>81,693</u>	<u>1,916</u>	<u>780</u>	<u>269</u>	<u>84,658</u>
At 30th June 2002	<u>86,231</u>	<u>2,555</u>	<u>1,040</u>	<u>539</u>	<u>90,365</u>

Clifton-upon-Teme Nursery Ltd

9 Debtors	2003 £	2002 £
Other debtors and prepayments	1,059	637

10 Creditors (amounts falling due within one year)

Taxation and Social Security	1,272	822
Other creditors and accruals	1,069	2,426
	2,341	3,248

11 Analysis of net assets between funds

	General Funds £	Restricted Funds £	Total Funds 2003 £
Tangible Fixed Assets	10,858	73,800	84,658
Current Assets	16,614	0	16,614
Current Liabilities	-2,341	0	-2,341
	25,131	73,800	98,931

12 Movement in Funds

	At 1st July 2002 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 30th June 2003 £
Nursery Building	77900	0	-4,100	0	73,800
Restricted Funds:	77900	0	-4,100	0	73,800
Unrestricted Funds:					
Equipment	0	0	0	0	0
General Funds	22,661	95,479	-93,009	0	25,131
Total Unrestricted Funds	22,661	95,479	-93,009	0	25,131
Total Funds	100,561	95,479	-97,109	0	98,931

Purposes of restricted funds

Nursery Building

Based on the relevant terms and conditions attached to the grants, the Management Committee considers it appropriate to identify separately the funds provided in 2001/2002 in respect of the building and related fixtures from The Community Fund and Vital Villages

13 Trustees Insurance

During the year the charitable company purchased professional indemnity insurance limited to £500,000. The total cost of the policy was £499 of which £47.25 related to cover for professional indemnity and covers the charity for breach of professional duty, dishonesty of staff, libel and slander, loss or damage of documents and compensation for court attendance.