TOM THUMB NURSERY AND PLAYGROUP LTD

(A company limited by guarantee)

Annual Report & Financial Statements

For the year ended

31 July 2012



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COMPANIES HOUSE

Scottish Charity No SC007562

Company No SC269999

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

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TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2012

The trustees (who are also the directors of the company for the purposes of company law) present their report together with the financial statements and the independent examiner's report for the year ended 31 July 2012.

REFERENCE & ADMINISTRATIVE INFORMATION

Charity and Company Name	Tom Thumb Nursery and Playgroup Ltd
Charity Number	SC007562
Company Number	SC269999
Principal Address & Registered Office	The Vennell Hall, Smithsland, South Queensferry, EH30 9HU
Website Address	www.tomthumb-nursery.co.uk

Trustees	Elinor Dobie	
	Jill McKenzie	
	Lyn McLaren	Appointed 27/10/2011
	Fiona Stewart	Appointed 27/10/2011
	Zohreh Thompson	
	George Topping	Appointed 07/06/2012

Other Trustees who served during the year

Emma McShane	Retired 03/10/2011
Tracey Ann Ritchie	Retired 09/01/2012

Nursery Manager	Deborah Urquhart
Accountant & Company Secretary	Susan MacNeill
Independent Examiner	Michael Brougham, 3 Lyne Grove, Crossford, Dunfermline, KY12 8YB
Bankers	Co-operative Bank plc, PO Box 260, Skelmersdale, WN8 6WT

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document
Tom Thumb Nursery and Playgroup Ltd ("Tom Thumb") is:

- a charitable company limited by guarantee, incorporated and granted charitable status on 29 June 2004;
- governed by its Memorandum and Articles of Association that were last amended on 23 February 2009; and
- registered with the Office of the Scottish Charity Regulator and Companies House.

Any parent or guardian of a child in Tom Thumb can become a member of the company. Members are required to contribute an amount not exceeding £1 if it should be wound up while he/she is a member, or within one year after he/she ceases to be a member.

Appointment of Trustees
Trustees are elected by the members of the company each year at the Annual General Meeting. Trustees may co-opt additional trustees between Annual General Meetings, if required.

Organisational Structure
The trustees, who meet quarterly, are responsible for overseeing the running of the nursery and for employing the nursery staff. In order to facilitate effective and efficient operations, day-to-day management of the nursery is delegated to the nursery manager, Deborah Urquhart; finance to the Accountant, Susan MacNeill, and fundraising to the fund raising committee.

Related Parties
Tom Thumb has a close relationship with the City of Edinburgh Council, which provides grant funding under an annual contract for the nursery age children attending the facility. Tom Thumb is required to submit a development plan under this contract, and achieve certain standards for delivery of the 3-5 Curriculum under this agreement. Tom Thumb also works closely with the Scottish Preschool Play Association, and is one of a few groups that currently hold an accreditation with them under their Quality Approval Scheme.

Risk Management
A number of policies are in place within Tom Thumb to minimise risk, particularly in respect to protection of the children within its care. These policies are part of the day-to-day workings of the group and are subject to an ongoing regular review process.

OBJECTIVES & ACTIVITIES

To advance the education of pre-school children with the emphasis on play experience, so that they may take a constructive place in the community and also to advance the education of their parents and other appropriate persons.

The group aims to do this through its provision of playgroup facilities for the under threes, and nursery for the three to five year olds.

ACHIEVEMENTS & PERFORMANCE

The playgroup facility aims to provide a high standard of care and the group has been accredited under the Scottish Preschool Play Association as a quality service provider. The nursery facility works closely with City of Edinburgh Council under their partner provider contract for supply of nursery services. Tom Thumb has been one of the biggest groups under this scheme since its introduction and is often used as a "best practice" model by their quality officers.

Attendances at Tom Thumb continue to be good with around 25-30 children present in each session during school term time. There is a significant waiting list of children for places despite competition from other providers. The group has a good local reputation, with strong support from parents. It has links with all the schools to which the children progress onto after nursery, and has a comprehensive programme to ensure a smooth transition into primary school. The group has established good links with the community through various activities with other local groups.

FINANCIAL REVIEW

Summary
Income for the year was £88,877 (2011: £79,085) compared with expenditure of £80,273 (2011: £82,522) thus generating a surplus of £8,604 (2011: deficit of £3,437), which helped to offset the deficits incurred in the two previous years. Over £4,000 in matched fundraising was received from the Robertson Trust, which has been used to purchase a Smartboard.

The main source of income for the group continues to be through the provision of its nursery care under contract with the City of Edinburgh Council. This year, additional income from the Council for special needs support was used to employ a support worker.

Fees charging fees to parents for playgroup and additional nursery sessions along with and snack charges provide further income.

Reserves Policy
The trustees consider that around 2-3 months of annual expenditure is an appropriate level of reserves to hold in order to meet timing differences between receipts & payments and to allow for any exceptional or unforeseen expenditure. Reserves at 31 July 2012 were £18,081 (2011: £11,199), which are now within the target range.

FUTURE PLANS

Tom Thumb plans to continue with its current provision for the foreseeable future. Opportunities for expansion are limited by the premises size, however the group aims to continue to fill all available places to maximise revenue while still delivering quality care.

The major spending review undertaken last year, including a reduction to staff hours and other cost saving measures, coupled with an exceptional year in fundraising and grant funding has strengthened the group's financial reserves for future years. The forecast for 2012/13 is a small deficit.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue its activities.

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 accounts comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report, which has been prepared in accordance with the provisions of the Companies Act 2006 relating to small companies, was approved by the trustees on 24 January 2013 and signed on their behalf by:-

Elinor Dobie
Trustee

INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JULY 2012

Independent Examiner's Report to the trustees of Tom Thumb Nursery and Playgroup Ltd
I report on the accounts of the charity for the year ended 31 July 2012, which are set out on pages 7 to 12.

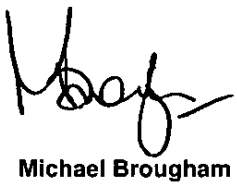
Respective responsibilities of trustees and examiner
The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 ("the 2005 Act") and the Charities Accounts (Scotland) Regulations 2006 (as amended) ("the 2006 Regulations"). The trustees consider that the audit requirement of Regulation (10)(1)(a)-(c) of the 2006 Regulations does not apply. It is my responsibility to examine the accounts under section (44)(1)(c) of the 2005 Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement
My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement
In connection with my examination, no matter has come to my attention:-

1. which gives me reasonable cause to believe that in any material respect, the requirements:
   - to keep accounting records in accordance with section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Regulations; and
   - to prepare accounts which accord with the accounting records and comply with the Regulation 8 of the 2006 Regulations

   have not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Michael Brougham MCIBS FCIE
3 Lyne Grove
Crossford
Dunfermline
KY12 8YB
25 January 2013

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2012

	Note	Unrestricted Fund	Fixed Assets Designated Fund	**Total 2012**	Total 2011
Incoming Resources					
From Generated Funds					
Voluntary Income	4	685	-	**685**	1,058
Activities for Generating Funds	5	8,195	-	**8,195**	6,750
Investment Income (Bank Interest)		25	-	**25**	22
From Charitable Activities	6	79,972	-	**79,972**	71,255
Total Incoming Resources		88,877	-	**88,877**	79,085
Resources Expended					
Cost of Generating Funds	7	1,031	-	**1,031**	1,619
Cost of Charitable Activities	8	77,236	1,986	**79,222**	80,889
Governance Costs	9	20	-	**20**	14
Total Resources Expended		78,287	1,986	**80,273**	82,522
Reconciliation of Funds					
Net Income/(Expenditure) for the year		10,590	(1,986)	**8,604**	(3,437)
Transfers between funds	11	(3,708)	3,708	**-**	-
		6,882	1,722	8,604	(3,437)
Total funds as at 31/07/2011		11,199	1,576	**12,775**	16,212
Total funds as at 31/07/2012		18,081	3,298	**21,379**	12,775

All funds are unrestricted.

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 10 to 12 form an integral part of these accounts.

BALANCE SHEET
AS AT 31 JULY 2012

	Note	Unrestricted Fund	Fixed Assets Designated Fund	**Total 2012**	Total 2011
Fixed Assets					
Tangible Assets	12	-	3,298	**3,298**	1,576
Current Assets					
Debtors	13	246	-	**246**	858
Cash at Bank and in Hand		18,594	-	**18,594**	10,993
		18,840	-	**18,840**	11,851
Current Liabilities					
Creditors (Payable within 12 months)	14	759	-	**759**	652
Net Current Assets		18,081	-	**18,081**	11,199
Net Assets		18,081	3,298	**21,379**	12,775
Funds of the Charity					
Unrestricted Funds (General)		18,081	-	**18,081**	11,199
Unrestricted Funds (Designated)		-	3,298	**3,298**	1,576
		18,081	3,298	**21,379**	12,775

The trustees (who are also the directors of the company for the purposes of company law) confirm that for the year ended 31 July 2012:-

- the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ("the Act"), and
- members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act. However, in accordance with section (44)(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the accounts have been examined by an independent examiner whose report is on page 6.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 10 to 12 form an integral part of these accounts.

These accounts, which have been prepared in accordance with the provisions of the Act relating to small companies, were approved by the trustees on 24 January 2013 and signed on their behalf by:-

Elinor Dobie
Trustee

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012

Reconciliation of Net Incoming Resources to Net Cash Inflow from Operating Activities	**2012**	2011
Net Incoming Resources	**8,604**	(3,437)
Depreciation	**1,986**	1,066
Investment Income	**(25)**	(22)
Movements in Current Assets & Liabilities:-		
(Increase)/Reduction in Debtors	**612**	(497)
Increase/(Reduction) in Creditors	**107**	(194)
Net Cash Inflow/(Outflow) from Operating Activities	**11,284**	(3,084)
Capital Expenditure & Return on Investments		
Investment Income	25	22
Purchase of Fixed Assets	**(3,708)**	-
Net Cash Inflow/(Outflow) from Capital Expenditure & Investments	**(3,683)**	22
Net Increase/(Decrease) in Cash	**7,601**	(3,062)
Bank & Cash Balances as at 31/07/2011	**10,993**	14,055
Bank & Cash Balances as at 31/07/2012	**18,594**	10,993

The notes on pages 10 to 12 form an integral part of these accounts.

1 Basis of Preparation

1.1 Basis of accounting

These accounts have been prepared on the basis of historic cost in accordance with:-
(a) The Charities & Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended);
(b) Accounting & Reporting by Charities - Statement of Recommended Practice (SORP 2005 - Second Edition) (Effective May 2008) and the Financial Reporting Standard for Smaller Entities (FRSSE) (Effective April 2008); and
(c) The Companies Act 2006

1.2 Changes in the basis of accounting

None

1.3 Changes to previous accounts

None

2 Accounting Policies

2.1 Form of Financial Statements

(a) Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the charity.
(b) Designated funds are unrestricted funds which the charity has set aside for specific purposes. For administrative convenience only, the charity has decided to hold its fixed assets in a designated fund.
(c) Restricted funds may only be used by specific purposes. Restrictions arise when specified by the donor or when funds are raised for specific purposes. The charity does not currently have any restricted funds.

2.2 Incoming Resources

(a) Incoming Resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
(b) Bank interest is recognised when it is credited to the account.
(c) Core funding grants from the City of Edinburgh Council received in advance and which specifically relate to a future accounting period are treated as deferred income.
(d) Where incoming resources have related expenditure (as with fundraising), the incoming resources and related expenditure are reported gross in the SoFA.

2.3 Expenditure & Liabilities

(a) Expenditure is accounted for on an accruals basis.
(b) Liabilities are recognised as soon as there is a legal or constructive obligation to pay out resources.
(c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

2.4 Assets

Tangible fixed assets are capitalised if they can be used for more than one year and cost more than £500. They are valued at cost or, if gifted, at their value on receipt. Assets previously acquired for less than £500, which were fully depreciated, were treated as disposals during the year.

2.5 Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their useful economic lives. The rates used are as follows:-

Fixtures, Fittings & Equipment - 25% per annum straight line

2.6 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable VAT is included in the asset cost or expense to which it relates.

3 Trustee Remuneration & Expenses

No remuneration was paid to the trustees or any connected persons during the year (2011: £Nil)
No expenses were paid to the trustees or any connected persons during the year (2011: £Nil)

		2012	2011
4	**Voluntary Income**		
	Donations	**685**	1,058
5	**Activities for Generating Funds**		
	Fairs	**1,175**	4,124
	Photographs & Sweatshirts	**1,480**	1,297
	Sponsored Events	**5,540**	1,329
		8,195	6,750
6	**Income from Charitable Activities**		
	Nursery Grant Income	**65,158**	55,012
	Nursery Snack Fees	**3,224**	2,901
	Playgroup & Extra Session Fees	**9,798**	11,653
	Other Income	**1,792**	1,689
		79,972	71,255
7	**Cost of Generating Funds**		
	Fairs	**-**	324
	Photographs & Sweatshirts	**1,031**	1,295
		1,031	1,619

		Unrestricted Fund	Designated Fund	**Total 2012**	Total 2011
8	**Cost of Charitable Activities**				
	Staff Costs (Note 10)	60,619	-	**60,619**	65,361
	Rent & Repair of Premises	5,806	-	**5,806**	5,580
	Play Equipment & Materials	3,872	-	**3,872**	2,849
	Food & Drink	1,659	-	**1,659**	1,593
	Outings & Events	3,029	-	**3,029**	2,879
	Insurance & Subscriptions	1,599	-	**1,599**	859
	Postage, Stationery & Telephone	652	-	**652**	682
	Depreciation	-	1,986	**1,986**	1,066
	Sundry Expenses	-	-	**-**	20
		77,236	1,986	**79,222**	80,889

9	**Governance Costs**		
	AGM Costs	**6**	-
	Filing Fees	**14**	14
		20	14

10	Staff - Salary Costs	2012	2011
	Salaries	63,633	62,337
	Statutory Maternity Pay Recovered	(5,577)	-
	Employer's NI	2,563	3,024
		60,619	65,361

No employee received remuneration above £60,000 (2011: Nil)

	Average number of full-time equivalent employees in the year		
	Nursery Manager	0.8	0.8
	Nursery Staff	3.1	3.3
	Administration	0.1	0.1
		4.0	4.2

11 Transfers between funds

£3,708 was transferred from the unrestricted fund to the designated fixed assets fund being the cost of fixed assets purchased during the year.

12 Tangible Fixed Assets (Fixtures, Fittings & Equipment)

12.1	Cost or valuation		
	Balance as at 31/07/2011	21,861	21,861
	Additions during the year	3,708	-
	Disposals during the year	(20,784)	-
	Balance as at 31/07/2012	4,785	21,861

12.2	Accumulated depreciation		
	Balance as at 31/07/2011	20,285	19,219
	Charge for the year	1,986	1,066
	Disposals during the year	(20,784)	-
	Balance as at 31/07/2012	1,487	20,285

12.3	Net book value		
	As at 31/07/2012	3,298	1,576
	As at 31/07/2011	1,576	2,642

13	Debtors		
	Trade Debtors	-	238
	Prepayments & Accrued Income	246	620
		246	858

14	Creditors		
	Accrued Charges (PAYE/NI)	759	652