

CHARITY REGISTRATION NUMBER: 1158113

Rainbow Pre-School & Extended Services
Unaudited Financial Statements

For the year ended

31 August 2019

Rainbow Pre-School & Extended Services

Financial Statements

Year ended 31 August 2019

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Rainbow Pre-School & Extended Services

Trustees' Annual Report

Year ended 31 August 2019

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 August 2019.

Reference and administrative details

Registered charity name Rainbow Pre-School & Extended Services

Charity registration number 1158113

Principal office The Nursery Building
St Andrews Lower School
Brunts Lane
Biggleswade
Bedfordshire
SG18 0LY

The trustees Peter Teuma (Chair)
Debbie King (Treasurer)
Julia Khan (Director)
Helen Rae
Joanne Norman

Julia Khan is employed as the director of Rainbow Pre-School & Extended Services and is the person that any specific enquiries should be directed to, either at the above address or by direct email which is Juliakhan@rainbow-preschool.co.uk.

Independent examiner Shane Tharby FCA
For and on behalf of
Streets Chartered Accountants
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

Structure, governance and management

Structure

In October 2014 Rainbow Pre-School & Extended Services converted from an Unincorporated Charity to a Charitable Incorporated Organisation (CIO) and adopted the Charities Commission Model Constitution (Foundation).

Rainbow Pre-School & Extended Services

Trustees' Annual Report *(continued)*

Year ended 31 August 2019

Structure, governance and management *(continued)*

Governance and management

Two of our Trustees are parents of the children who attend our After School Club. The aims for the future regarding Trustees is to always have a proportion of parents of children who attend our setting, but in addition we will recruit externally for members who have specific skills that are required to broaden the overall knowledge and skill set required for a committee of Trustees.

Julia Khan is the Director of Rainbow Pre-School & Extended Services as a paid member of staff, with overall responsibility for the daily operations across both sites. Direct reportees are:

- The Head of Rainbow Pre-School & Extended Services
- The Administration team (1 member of staff)

Victoria Sharp, the Head of Rainbow Pre-School, is a qualified Early Years Teacher and is responsible for the learning and development of all of the children in our care. Victoria line manages the Pre-School Managers from both east and west sites. The Pre-School Managers have overall responsibility for both pre-school and extended services sessions. The staffing structure includes 2 deputy manager roles at both east and west, to cover breakfast and after school clubs. The Deputies report to the Managers. Each site has a Sendco, responsible for children with additional needs.

Recruitment and appointment of new trustees

Apart from the first charity trustees, (as listed above), every newly appointed trustee must be appointed for a term of two years by a resolution passed at a properly convened meeting of the charity trustees. New trustees may be recruited if an existing trustee stands down or if the committee feel that there is a need for a broader set of skills.

The recruitment exercise will consist of appropriate advertising including communication regarding any vacancies to all parents. Equal opportunity interviews will be carried out and the selection will take in to account relevant experience and skills.

Trustees are not remunerated nor receive any benefits for carrying out trustee duties.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

Regulators

Rainbow Pre-School & Extended Services are registered with Ofsted; registration numbers are EY482746 and EY493048.

Rainbow Pre-School & Extended Services

Trustees' Annual Report *(continued)*

Year ended 31 August 2019

Structure, governance and management *(continued)*

Policies

All policies in place are reviewed annually by the Pre-School Director and the Head of Rainbow Pre-School & Extended Services. In particular, the following policies:

- Risk Management
- Safeguarding Vulnerable Beneficiaries
- Conflicts of Interest
- Volunteer Management
- Complaints Handling

Objectives and activities

Rainbow Pre-School & Extended Services works for the public benefit having as its objectives the development and education of children and young people, in particular by operating as a Pre-School that nurtures amazing young minds through affordable and flexible early years education. Focusing specifically on:

- Promoting care and safety
- Promoting education and promoting parental involvement
- Promoting health and well being
- Helping the children to become school ready before they make their transition to reception, providing them with the best start to full time education
- Being flexible and offering child care that is affordable to families, as a not for profit organisation.

Rainbow Pre-School & Extended Services operates in the town of Biggleswade, Bedfordshire, across 2 sites. The Head office is based at the West Site, Brunts Lane, Biggleswade and the 2nd site is Bantock Way, Biggleswade, both sites are within the grounds of St Andrews Lower School East and West. Rainbow is a Pre-School during term time (for children aged between 2 and 5 yrs old) and in addition offers a Breakfast Club, After School Club and School Holiday Club provision (children aged 2 to 9 yrs old). Both settings are open from 7.30am to 6pm for 50 weeks of the year.

Rainbow is a pre-school that nurtures amazing young minds through affordable and flexible early years education.

Achievements and performance

Charitable activities

We are happy to report this year that our main objectives have all been met. Trustees have had regard to guidance on public benefit when planning the additional charity's activities.

Ofsted Inspection

Both the east and west sites remain Ofsted rated GOOD in all areas.

Rainbow Pre-School & Extended Services

Trustees' Annual Report *(continued)*

Year ended 31 August 2019

Financial review

Financial

Rainbow Pre-School & Extended Services receives funding for children who are eligible to receive Government funding which is up to 30 hours per week for 3 and 4 year olds. Eligible families may also claim for funding for 2 year olds. In addition, fees are charged for sessions not eligible to be funded.

Our annual accounts have been independently verified by Streets Chartered Accountants and have been submitted to the Charities Commission.

There have been no internal fund raising events held throughout this year, but a small amount of funding was raised by arranging letters from Santa.

Reserves Policy

We aim to hold in reserve cash reserves that equal payment in lieu of notice periods for all staff and any other liabilities, which we estimate to be approximately £100,000. At the end of this financial period, our accounts illustrated a shortfall in the reserves held, with the balance being £67,868. The main reason for this is due to increased expenditure on salaries and higher expenditure on IT. Our IT support was inadequate and therefore there was a need to find a new company to provide IT support, which resulted in an initial increased cost, which was totally necessary to operate efficiently and will provide a reduction in IT costs in the future. It is anticipated that it will be possible to achieve the reserves we are aiming for in the next financial year.

Events after the end of the reporting period

In March 2020 when it was announced that schools were to close as a result of the Covid19 pandemic, it was clear that there would be a financial impact on our organisation. Although we remained open throughout which allowed front line workers children to attend, the months between March and August is the time that we normally earn the majority of our income and we knew that there would be a significant reduction due to being closed to the majority of families in our community. It was agreed by the trustees that the Director would formulate a plan to try to ensure that Rainbow would be ready to open and be up and running quickly, in the future when schools were allowed to re-open. A core group of staff based on necessary skill set remained employed but the majority of staff were furloughed. Together with a reduced payroll and tight budget constraints, we managed to increase the total in our savings account to £100,000. We did not make anyone redundant and was able to employ all staff again from September 2020.

The trustees' annual report was approved on 27.10.20 and signed on behalf of the board of trustees by:



Julia Khan (Director)
Trustee

Rainbow Pre-School & Extended Services

Independent Examiner's Report to the Trustees of Rainbow Pre-School & Extended Services

Year ended 31 August 2019

I report to the trustees on my examination of the financial statements of Rainbow Pre-School & Extended Services ('the charity') for the year ended 31 August 2019.

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

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

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.



Shane Tharby FCA
Independent Examiner

For and on behalf of
Streets Chartered Accountants
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

8 October 2020

Rainbow Pre-School & Extended Services

Statement of Financial Activities

Year ended 31 August 2019

		Unrestricted funds	2019 Restricted funds	Total funds	2018 Total funds
	Note	£	£	£	£
Income and endowments					
Charitable activities	4	725,776	23,038	748,814	753,149
Other trading activities	5	612	—	612	134
Investment income	6	129	—	129	288
Total income		<u>726,517</u>	<u>23,038</u>	<u>749,555</u>	<u>753,571</u>
Expenditure					
Expenditure on charitable activities	7,8	746,481	23,038	769,519	697,432
Total expenditure		<u>746,481</u>	<u>23,038</u>	<u>769,519</u>	<u>697,432</u>
Net (expenditure)/income and net movement in funds		<u>(19,964)</u>	<u>—</u>	<u>(19,964)</u>	<u>56,139</u>
Reconciliation of funds					
Total funds brought forward		195,413	—	195,413	139,274
Total funds carried forward		<u>175,449</u>	<u>—</u>	<u>175,449</u>	<u>195,413</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 9 to 16 form part of these financial statements.

Rainbow Pre-School & Extended Services

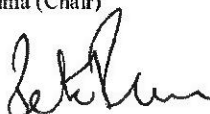
Statement of Financial Position

31 August 2019

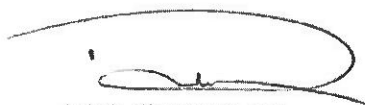
	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible fixed assets	14		32,974		49,406
Current assets					
Stocks	15	1,665		383	
Debtors	16	104,184		108,548	
Cash at bank and in hand		67,868		67,386	
		<u>173,717</u>		<u>176,317</u>	
Creditors: amounts falling due within one year	17	<u>31,242</u>		<u>30,310</u>	
Net current assets			<u>142,475</u>		<u>146,007</u>
Total assets less current liabilities			<u>175,449</u>		<u>195,413</u>
Net assets			<u>175,449</u>		<u>195,413</u>
Funds of the charity					
Unrestricted funds			<u>175,449</u>		<u>195,413</u>
Total charity funds	19		<u>175,449</u>		<u>195,413</u>

These financial statements were approved by the board of trustees and authorised for issue on7/10/20
and are signed on behalf of the board by:

Peter Teuma (Chair)
Trustee



Debbie King (Treasurer)
Trustee



The notes on pages 9 to 16 form part of these financial statements.

Rainbow Pre-School & Extended Services

Statement of Cash Flows

Year ended 31 August 2019

	2019 £	2018 £
Cash flows from operating activities		
Net (expenditure)/income	(19,964)	56,139
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	22,660	13,555
Other interest receivable and similar income	(129)	(288)
Interest payable and similar charges	369	—
<i>Changes in:</i>		
Stocks	(1,282)	363
Trade and other debtors	4,364	(33,806)
Trade and other creditors	932	21,845
Cash generated from operations	6,950	57,808
Interest paid	(369)	—
Interest received	129	288
Net cash from operating activities	6,710	58,096
Cash flows from investing activities		
Purchase of tangible assets	(6,228)	(45,634)
Net cash used in investing activities	(6,228)	(45,634)
Net increase in cash and cash equivalents	482	12,462
Cash and cash equivalents at beginning of year	67,386	54,924
Cash and cash equivalents at end of year	67,868	67,386

The notes on pages 9 to 16 form part of these financial statements.

Rainbow Pre-School & Extended Services

Notes to the Financial Statements

Year ended 31 August 2019

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 Nursery Building, St Andrews Lower School, Brunts Lane, Biggleswade, Bedfordshire, SG18 0LY.

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.

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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds 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 particular restricted purposes.

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

Incoming resources

All income is 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.
- 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.

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

3. Accounting policies (continued)

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.

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

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:

Fixtures and fittings - 33% straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Uniform sales	74	—	74
Government funding	390,083	23,038	413,121
Fees	333,649	—	333,649
School lunches	1,970	—	1,970
	<u>725,776</u>	<u>23,038</u>	<u>748,814</u>

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

4. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Uniform sales	457	—	457
Government funding	473,915	14,002	487,918
Fees	264,774	—	264,774
School lunches	—	—	—
	<u>739,146</u>	<u>14,002</u>	<u>753,149</u>

5. Other trading activities

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Fundraising events	<u>612</u>	<u>612</u>	<u>134</u>	<u>134</u>

6. Investment income

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Bank interest receivable	<u>129</u>	<u>129</u>	<u>288</u>	<u>288</u>

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Provision of pre-school and extended services	519,202	23,038	542,240
Support costs	227,279	—	227,279
	<u>746,481</u>	<u>23,038</u>	<u>769,519</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Provision of pre-school and extended services	529,967	14,002	543,969
Support costs	151,983	1,479	153,463
	<u>681,950</u>	<u>15,481</u>	<u>697,432</u>

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2019 £	Total fund 2018 £
Provision of pre-school and extended services	542,240	224,438	766,678	695,153
Governance costs	—	2,841	2,841	2,279
	<u>542,240</u>	<u>227,279</u>	<u>769,519</u>	<u>697,432</u>

Included within the activities undertaken directly for the provision of pre-school and extended services is a bad debt provision amounting to £18,123 (2018: £46,520).

9. Analysis of support costs

	Provision of pre-school and extended services £	Total 2019 £	Total 2018 £
Governance costs	2,472	2,472	2,280
Management costs	51,071	51,071	45,003
Information technology	33,024	33,024	23,118
Human resources	13,012	13,012	7,857
Depreciation	22,661	22,661	13,554
Rent	16,904	16,904	14,116
Support staff salaries	42,375	42,375	14,853
Other	45,760	45,760	30,683
	<u>227,279</u>	<u>227,279</u>	<u>151,464</u>

10. Net (expenditure)/income

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

	2019 £	2018 £
Depreciation of tangible fixed assets	22,660	13,555
Operating lease rentals	<u>6,464</u>	<u>3,611</u>

11. Independent examination fees

	2019 £	2018 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>2,472</u>	<u>2,280</u>

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019	2018
	£	£
Wages and salaries	527,773	471,235
Social security costs	39,792	31,758
Employer contributions to pension plans	17,149	3,542
	<u>584,714</u>	<u>506,535</u>

The average head count of employees during the year was 27 (2018: 29).

No employee received employee benefits of more than £60,000 during the year (2018: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £81,448 (2018:£72,086).

13. Trustee remuneration and expenses

Julia Khan is both a trustee and is also employed as the director of the charity. She received remuneration of £45,101 (2018: £40,125) for her role as a director and the charity paid £921 (2018: £483) in pension contributions. This is permitted under the charity's constitution. No amounts were paid in respect of her role as a trustee.

No expenses were paid to any trustee during the year (2018: £nil).

14. Tangible fixed assets

	Fixtures and fittings
	£
Cost	
At 1 September 2018	75,103
Additions	6,228
At 31 August 2019	<u>81,331</u>
Depreciation	
At 1 September 2018	25,697
Charge for the year	22,660
At 31 August 2019	<u>48,357</u>
Carrying amount	
At 31 August 2019	32,974
At 31 August 2018	<u>49,406</u>

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

15. Stocks

	2019	2018
	£	£
Uniforms for resale	<u>1,665</u>	<u>383</u>

16. Debtors

	2019	2018
	£	£
Trade debtors	102,697	108,548
Prepayments and accrued income	<u>1,487</u>	<u>—</u>
	<u>104,184</u>	<u>108,548</u>

17. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	7,967	5,525
Accruals and deferred income	6,400	4,280
Social security and other taxes	10,764	19,342
Other creditors	<u>6,111</u>	<u>1,163</u>
	<u>31,242</u>	<u>30,310</u>

18. 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 £17,149 (2018: £3,542).

19. Analysis of charitable funds

Unrestricted funds

	At 1 September 2018	Income	Expenditure	At 31 August 2019
	£	£	£	£
General funds	<u>195,413</u>	<u>726,517</u>	<u>(746,481)</u>	<u>175,449</u>

	At 1 September 2017	Income	Expenditure	At 31 August 2018
	£	£	£	£
General funds	<u>137,795</u>	<u>739,568</u>	<u>(681,950)</u>	<u>195,413</u>

Rainbow Pre-School & Extended Services

Notes to the Financial Statements (continued)

Year ended 31 August 2019

19. Analysis of charitable funds (continued)

Restricted funds

	At 1 September 2018 £	Income £	Expenditure £	At 31 August 2019 £
Special Education Needs Funding	—	23,038	(23,038)	—
	At 1 September 2017 £	Income £	Expenditure £	At 31 August 2018 £
Kings Reach Setup Fund	1,479	—	(1,479)	—
Special Education Needs Funding	—	14,002	(14,002)	—
	1,479	14,002	(15,481)	—

In 2015 a grant was received to assist in the setup of the Kings Reach site. This was spent in full in the year of receipt and the only fund movements in the current and previous year was to reflect the depreciation of the fixed assets purchased by the fund.

During the year £23,038 (2018: £14,002) was received for Special Educational Needs provision. The income has been spent in full during the year on childcare staff costs.

20. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2019 £
Tangible fixed assets	32,974	32,974
Current assets	173,717	173,717
Creditors less than 1 year	(31,242)	(31,242)
Net assets	175,449	175,449
	Unrestricted Funds £	Total Funds 2018 £
Tangible fixed assets	49,406	49,406
Current assets	176,317	176,317
Creditors less than 1 year	(30,310)	(30,310)
Net assets	195,413	195,413

21. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2019 £	2018 £
Tangible fixed assets	7,434	21,236

Rainbow Pre-School & Extended Services

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

22. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	3,483	5,528
Later than 1 year and not later than 5 years	5,055	5,241
	<u>8,538</u>	<u>10,769</u>

23. Related parties

There were no related party transactions during the year other than those disclosed in notes 12 and 13.