

CHARITY REGISTRATION NUMBER: 1153686

Little Stars Early Years
Financial Statements
For the Year Ending
31 August 2018

JANE ASCROFT ACCOUNTANCY LIMITED

Chartered Accountants
Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

Little Stars Early Years

Financial Statements

Year Ended 31 August 2018

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Little Stars Early Years

Trustees' Annual Report

Year Ended 31 August 2018

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 August 2018.

Objectives and Activities

Our charity's purpose as set out in our Constitution are:

- For the benefit of the public, the enhancement of the development and education of children of pre school age, by providing community groups and facilities for recreation and learning designed to meet the needs of such children and their parents in the North East of England and elsewhere as the trustees from time to time think fit.

Activities

Little Stars Early Years offers a range of services to local families. These can be categorised into the following groups:

Pre School: which includes the provision of OFSTED registered, good quality care and education for children from the age of 2 to 4 years.

Stay and play groups: sessions where parents and children can access good quality resources and activities in a safe, and welcoming environment. The sessions are open to all families from pregnancy through to school age. We offer the opportunity for friendship and support.

Sensory sessions: which includes the delivery of structured and semi structured sessions in the local leisure centres purpose built sensory room. These sessions are open to families with children from birth to school age.

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2018

Achievements and Performance

Pre school

We have had an extremely successfully year where our numbers have flourished. At the end of the academic year we had 40 children on roll. Of these 39 were local authority funded places. Approximately half of the spaces were for 2 year olds from low income families and half were 3 and 4 year nursery education places. Many of our nursery aged children have been with us since beginning on a 2 year funded place. Due to the demographics of our intake locality we only had 3 children who were eligible for the 30 hours of funding

We have seen a significant increase in children attending who have additional needs including 2 children who are profoundly deaf, 2 with significant global delay and several others who are being assessed for social and communication delays. As a result we are working closely with a range of outside agencies to ensure the needs of these children are met. These include speech therapy, educational psychologist team, portage services, the cochlear implant team and the sensory team

We found a temporary solution to allow us to meet the demand for increased places but we were keen to find a more permanent solution. We applied for capital funding from Durham County Council and were awarded enough funding, through the 2 year funding capital programme, to allow us to renovate our existing kitchen space. We opened the kitchen space up into the main room allowing us to take additional 4 children each half day. It also enabled us to create our own separate entrance for nursery to avoid disruption to the Children's Centre with parents coming and going. In addition we created a new office space for the manager to enable her to work in setting more effectively.

The setting continues to move forward and the manager is working

We will lose a significant number of children to school in July but our waiting list has a growing number of families on it. The autumn term will see a reduction in numbers but it is expected this term and we hope by the Spring term numbers will be back up to almost full capacity.

Due to staffing changes in One Point Janet Jackson has left the trustees as she has moved to a different geographical location. The remaining trustees are considering potential option for future members.

We have undertaken a small amount of fundraising this year to support the purchase of everyday resources. Our focus has been on the capital funding received to extend the setting floor space and subsequently increase capacity.

Financial Review

The main sources of funding during the year were:

- Childcare fees and funding £117,825 - income from the state or parents to cover childcare provisions;
- Durham County Council capital grant £15,702 - grant towards building work to allow for increased capacity;

The accounts show a net surplus after all costs of £44,215 (2017 - £30,125), this brings the total unrestricted reserves carried forward to £81,882. The charity aims to maintain reserves at one academic terms running costs to ensure the continual smooth ongoing running of the services. This equates to approximately £25,000 at 31st August 2018.

The additional reserves are being held to support the development work this year and increasing staff costs over the next few years.

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2018

Plans for Future Periods

We continue to strive to develop our provision with new forms of planning and development of the learning environments. Since the extension we are developing our new areas both indoors and outdoors to suit the needs of our children. This will continue into the new academic year.

The manager will continue to work alongside other managers to investigate ways to reduce our rent obligations working in collaboration with One Point. Partnership working and collaboration will continue to feed into the settings development and professional development for all staff.

It is hoped that the setting will be full by January with a waiting list for future places.

Although we are not expecting an OFSTED inspection we are continually striving to improve our provision to ensure we maintain our grading of Good or potentially to increase it to Outstanding. The manager has attended a preparation for OFSTED training course and consequently has reflected on practice and worked with the staff to improve practice across the whole setting. Close liaison with Educational Development Advisors from Durham County Council seek to support this work.

Structure, Governance and Management

Governing Document

Little Stars Early Years is a registered charity (No 1153686) and is governed by a document of constitution.

Recruitment and Appointment of New Trustees

The organisation seeks to maintain a board of trustees who can add value and contribute to the delivery of the service. Trustees are invited to attend a meeting of the Board of Trustees before being formally appointed. New trustees are offered individual inductions and guidance on their role by the Chair, Treasurer or Chief executive, at the point when they agree to join the board.

Trustees are appointed by election at the Annual General Meeting or at the termly trustee meetings.

Organisational Structure

Day to day management of the charity was delegated to Mrs K Luther, CEO. The board of trustees meet every academic term and maintain regular contact with Mrs Luther throughout the year.

Reference and Administrative Details

Registered charity name Little Stars Early Years

Charity registration number 1153686

Principal office 14 Cragside Close
Spennymoor
County Durham
DL16 7SD

The Trustees

Julie Relf
Kate Luther
Emma Moody
Laura McMain

Little Stars Early Years

Trustees' Annual Report *(continued)*

Year Ended 31 August 2018

Independent Examiner

Jane Ascroft FCA MA (Cantab)
Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

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

Charity Secretary

Little Stars Early Years

Independent Examiner's Report to the Trustees of Little Stars Early Years

Year Ended 31 August 2018

I report to the trustees on my examination of the financial statements of Little Stars Early Years ('the charity') for the year ended 31 August 2018.

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').

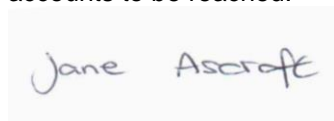
I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent Examiner's Statement

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.



Jane Ascroft FCA MA (Cantab)
Independent Examiner

Enterprise House
Harmire Enterprise Park
Barnard Castle
County Durham
DL12 8XT

Little Stars Early Years

Statement of Financial Activities

Year Ended 31 August 2018

		Unrestricted funds £	2018 Restricted funds £	Total funds £	2017 Total funds £
	Note				
Income and endowments					
Donations and legacies	4	–	15,702	15,702	–
Charitable activities	5	118,066	–	118,066	99,615
Other trading activities	6	170	–	170	413
Total income		<u>118,236</u>	<u>15,702</u>	<u>133,938</u>	<u>100,028</u>
Expenditure					
Expenditure on charitable activities	7,8	77,906	11,817	89,723	69,903
Total expenditure		<u>77,906</u>	<u>11,817</u>	<u>89,723</u>	<u>69,903</u>
Net income and net movement in funds		<u>40,330</u>	<u>3,885</u>	<u>44,215</u>	<u>30,125</u>
Reconciliation of funds					
Total funds brought forward		41,552	1,317	42,869	12,744
Total funds carried forward		<u>81,882</u>	<u>5,202</u>	<u>87,084</u>	<u>42,869</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 8 to 15 form part of these financial statements.

Little Stars Early Years

Statement of Financial Position

31 August 2018

	Note	2018 £	£	2017 £
Fixed Assets				
Tangible fixed assets	13		1,362	1,816
Current Assets				
Debtors	14	423		423
Cash at bank and in hand		94,285		68,131
		<u>94,708</u>		<u>68,554</u>
Creditors: amounts falling due within one year	15	<u>8,986</u>		<u>27,501</u>
Net Current Assets			<u>85,722</u>	<u>41,053</u>
Total Assets Less Current Liabilities			<u>87,084</u>	<u>42,869</u>
Net Assets			<u><u>87,084</u></u>	<u><u>42,869</u></u>
Funds of the Charity				
Restricted funds			5,202	1,317
Unrestricted funds			81,882	41,552
Total charity funds	18		<u><u>87,084</u></u>	<u><u>42,869</u></u>

These financial statements were approved by the board of trustees and authorised for issue on, and are signed on behalf of the board by:

Julie Relf
Trustee

Kate Luther
Trustee

The notes on pages 8 to 15 form part of these financial statements.

Little Stars Early Years

Notes to the Financial Statements

Year Ended 31 August 2018

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 14 Cragside Close, Spennymoor, County Durham, DL16 7SD.

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, as modified by the revaluation of certain financial assets and liabilities and investments measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The entity is a Public Benefit Entity.

Going Concern

There are no material uncertainties about the charity's ability to continue.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustees consider that there are no significant estimates or judgements affecting these financial statements.

Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the purposes of the charity.

Designated funds are unrestricted funds earmarked by the trustees for specific purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2018

3. Accounting Policies *(continued)*

Income

All income is included in the statement of financial activities when the charity is entitled to the income, any performance related conditions attached have been met or are fully within the control of the charity, the income is considered probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Donations and legacy income is received by way of donations, legacies, grants and gifts and is included in full in the Statement of Financial Activities when receivable. Where legacies have been notified to the charity but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity, being the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market.

Investment income is included when receivable.

Income from charitable trading activity is accounted for when earned.

Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of raising funds comprise the costs associated with attracting donations, grants and legacies and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, as set out in the notes to the accounts.

Tangible Assets

All fixed assets are initially recorded at cost.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2018

3. Accounting Policies *(continued)*

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:

Equipment - 25% reducing balance

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2018

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

4. Donations and Legacies

	Restricted Funds £	Total Funds 2018 £	Restricted Funds £	Total Funds 2017 £
Grants				
Durham County Council Capital grant	15,702	15,702	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Childcare fees and funding	117,825	–	117,825
Other income from charitable activities	241	–	241
	<u>118,066</u>	<u> </u>	<u>118,066</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2018

5. Charitable Activities (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Childcare fees and funding	94,968	–	94,968
Durham County Council Sustainability grant	–	2,246	2,246
County Durham Community Foundation	–	2,018	2,018
Other income from charitable activities	383	–	383
	<u>95,351</u>	<u>4,264</u>	<u>99,615</u>

6. Other Trading Activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Fundraising income	<u>170</u>	<u>170</u>	<u>413</u>	<u>413</u>

7. Expenditure on Charitable Activities by Fund Type

	Unrestricted Funds £	Total Funds 2018 £	Restricted Funds £	Total Funds 2018 £
See analysis on page 17	<u>77,906</u>		<u>11,817</u>	<u>89,723</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
See analysis on page 17	<u>67,519</u>	<u>2,384</u>	<u>69,903</u>

8. Expenditure on Charitable Activities by Activity Type

	Activities undertaken directly £	Total funds 2018 £	Total fund 2017 £
See analysis on page 17	<u>89,723</u>	<u>89,723</u>	<u>69,903</u>

9. Net Income

Net income is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	<u>454</u>	<u>606</u>

10. Independent Examination Fees

	2018 £	2017 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>252</u>	<u>252</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2018

11. Staff Costs

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

	2018	2017
	£	£
Wages and salaries	70,271	62,457
Social security costs	310	—
Employer contributions to pension plans	351	39
	<u>70,932</u>	<u>62,496</u>

The average head count of employees during the year was 6 (2017: 6). The average number of full-time equivalent employees during the year is analysed as follows:

	2018	2017
	No.	No.
Number of staff	<u>6</u>	<u>6</u>

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

12. Trustee Remuneration and Expenses

Trustees received no expenses during the period. One trustee, Kate Luther, was employed by the charity and received a gross wage of £26,500 (2017 - £25,625) during the year.

During the year the charity paid £408 (2017 - £310) to Applause Accountancy Services Limited for payroll services. One of the trustees, Julie Relf, is a director of Applause Accountancy Services Limited.

13. Tangible Fixed Assets

	Equipment	Total
	£	£
Cost		
At 1 September 2017 and 31 August 2018	<u>2,422</u>	<u>2,422</u>
Depreciation		
At 1 September 2017	606	606
Charge for the year	<u>454</u>	<u>454</u>
At 31 August 2018	<u>1,060</u>	<u>1,060</u>
Carrying amount		
At 31 August 2018	<u>1,362</u>	<u>1,362</u>
At 31 August 2017	<u>1,816</u>	<u>1,816</u>

14. Debtors

	2018	2017
	£	£
Prepayments and accrued income	<u>423</u>	<u>423</u>

Little Stars Early Years

Notes to the Financial Statements (continued)

Year Ended 31 August 2018

15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Accruals and deferred income	8,472	27,470
Social security and other taxes	439	–
Other creditors	75	31
	<u>8,986</u>	<u>27,501</u>

16. Deferred Income

	2018	2017
	£	£
At 1 September 2017	27,218	15,774
Amount released to income	(27,218)	(15,774)
Amount deferred in year	8,220	27,218
At 31 August 2018	<u>8,220</u>	<u>27,218</u>

Deferred income represents funding for the autumn term received in advance.

17. 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 £351 (2017: £39).

18. Analysis of Charitable Funds

Unrestricted funds

	At 1 September 2017	Income	Expenditure	At 31 August 20 18
	£	£	£	£
General funds	39,736	118,236	(77,452)	80,520
Capital fund	1,816	–	(454)	1,362
	<u>41,552</u>	<u>118,236</u>	<u>(77,906)</u>	<u>81,882</u>

Restricted funds

	At 1 September 2017	Income	Expenditure	At 31 August 20 18
	£	£	£	£
DCC Sustainability grant	1,317	–	(88)	1,229
DCC Capital grant	–	15,702	(11,729)	3,973
	<u>1,317</u>	<u>15,702</u>	<u>(11,817)</u>	<u>5,202</u>

The restricted funds are for the following purposes:

The DCC Sustainability grant is towards rent, resources and furniture
The DCC Capital grant is towards building work to allow for expansion.

Little Stars Early Years

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2018

19. Analysis of Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	1,362	—	1,362	1,816
Current assets	89,506	5,202	94,708	68,554
Creditors less than 1 year	<u>(8,986)</u>	<u>—</u>	<u>(8,986)</u>	<u>(27,501)</u>
Net assets	<u>81,882</u>	<u>5,202</u>	<u>87,084</u>	<u>42,869</u>

Little Stars Early Years

Management Information

Year Ended 31 August 2018

The Following Page Does Not Form Part of the Financial Statements.

Little Stars Early Years

Detailed Statement of Financial Activities

Year Ended 31 August 2018

	2018 £	2017 £
Income and endowments		
Donations and legacies		
Durham County Council Capital grant	<u>15,702</u>	<u>—</u>
Charitable activities		
Childcare fees and funding	117,825	94,968
Durham County Council Sustainability grant	—	2,246
County Durham Community Foundation	—	2,018
Other income from charitable activities	<u>241</u>	<u>383</u>
	<u>118,066</u>	<u>99,615</u>
Other trading activities		
Fundraising income	<u>170</u>	<u>413</u>
Total income	<u>133,938</u>	<u>100,028</u>
Expenditure		
Wages	70,271	62,457
Employer's NIC	310	—
Pension costs	351	39
Rent	1,877	1,859
Insurance	528	591
Publicity and marketing	64	525
Accountancy and payroll fees	7,145	2,209
Uniforms	480	536
Depreciation	454	606
Staff training	325	312
Materials, resources and activities	1,230	242
Equipment	6,148	64
ICT and admin costs	262	157
Fundraising costs	174	306
Sundry costs	<u>104</u>	<u>—</u>
	<u>89,723</u>	<u>69,903</u>
Net income	<u>44,215</u>	<u>30,125</u>