



Chartered Accountants
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The Village Community Nursery
Annual Report and Unaudited Financial Statements
For the Period Ended 31 August 2018

Charity Registration Number: 1093347

Company Registration Number: 04071171

THE VILLAGE COMMUNITY NURSERY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C Coppage S Batool H Porter W Sharples Dr I Wali
Secretary	C Coppage
Charity number	1093347
Company number	04071171
Registered office	St Peters Urban Village Trust College Road Alum Rock Birmingham B8 3TE
Independent examiner	Haines Watts Birmingham LLP 2 Water Court Water Street Birmingham B3 1HP

THE VILLAGE COMMUNITY NURSERY

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THE VILLAGE COMMUNITY NURSERY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE PERIOD ENDED 31 AUGUST 2018

The trustees present their report and financial statements for the period ended 31 August 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: 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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's objects are the provision of affordable pre-school and out of school activities for children from Birmingham and the surrounding area. The policies adopted in furtherance of these objects are the operation of the The Village Nursery and there has been no change in these activities during the period.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The Village Community Nursery, based on the grounds of St Peter's Urban Village Trust, has continued its activities over the last year.

Achievements and performance

The Village Community Nursery has continued to work in conjunction with colleges of further and higher education including Matthew Boulton, City College, Solihull, South Birmingham and Bournville as well as the four local Surestarts. We have started to extend future links with parents and local projects including working with local job centres.

Financial review

The trustees are disappointed to report an operating deficit of £14,033 for the seventeen months ended 31 August 2018. Income has increased by 2% pro rata compared with the previous year but expenditure has increased with staff costs increasing by 5% and higher costs being incurred on the property in the form of increased service charge costs and also an increase in bad debts. The state of affairs of the charity at the balance sheet date is however considered to be satisfactory.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to three month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the period with free reserves at 31 August 2018 being £63,438 (2017 £77,372).

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charity is a company limited by guarantee and is governed by the memorandum and articles of association.

The trustees, who are also the directors for the purpose of company law, and who served during the period and up to the date of signature of the financial statements were:

C Coppage
S Batool
H Porter
W Sharples
Dr I Wali

THE VILLAGE COMMUNITY NURSERY

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE PERIOD ENDED 31 AUGUST 2018

Potential new trustees are lobbied by the existing trustees and any applicants are approved by the main board.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The charity is governed by the trustees who hold regular meetings to review the operation of the activities. The day to day management was performed by Michelle Witherington, the Nursery Manager, during this period.

The charity occupies property owned by St Peter's Urban Village Trust, a charity in which C Coppage is administrator.

This report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.

A handwritten signature in black ink, appearing to read 'W Sharples', is written over the text 'The trustees' report was approved by the Board of Trustees.'

W Sharples

Trustee

Dated: 8 April 2019

THE VILLAGE COMMUNITY NURSERY

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THE VILLAGE COMMUNITY NURSERY

I report to the trustees on my examination of the financial statements of The Village Community Nursery (the charity) for the period ended 31 August 2018.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 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 Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no 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 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act 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; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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 financial statements to be reached.



Haines Watts Birmingham LLP

2 Water Court
Water Street
Birmingham
B3 1HP

Dated: 8 April 2019

THE VILLAGE COMMUNITY NURSERY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Incoming resources from charitable activities	3	302,030	-	302,030	207,509
<u>Expenditure on:</u>					
Charitable activities	4	316,063	21,257	337,320	218,126
Net expenditure for the year/ Net movement in funds		(14,033)	(21,257)	(35,290)	(10,617)
Fund balances at 1 April 2017		77,675	112,919	190,594	201,211
Fund balances at 31 August 2018		63,642	91,662	155,304	190,594

The statement of financial activities includes all gains and losses recognised in the period.

All income and expenditure 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 VILLAGE COMMUNITY NURSERY

BALANCE SHEET

AS AT 31 AUGUST 2018

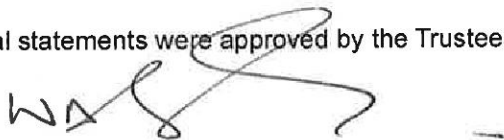
	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		91,866		113,222
Current assets					
Debtors	12	28,956		12,066	
Cash at bank and in hand		55,373		67,592	
		<u>84,329</u>		<u>79,658</u>	
Creditors: amounts falling due within one year	13	<u>(20,891)</u>		<u>(2,286)</u>	
Net current assets			63,438		77,372
Total assets less current liabilities			<u>155,304</u>		<u>190,594</u>
Income funds					
Restricted funds	14		91,662		112,919
Unrestricted funds			63,642		77,675
			<u>155,304</u>		<u>190,594</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the period ended 31 August 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for 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 incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 8 April 2019



W Sharples
Trustee

Company Registration No. 04071171

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

Charity information

The Village Community Nursery is a private company limited by guarantee incorporated in England and Wales. The registered office is St Peters Urban Village Trust, College Road, Alum Rock, Birmingham, B8 3TE.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The accounting period has been extended to end on 31 August 2018 so as to coincide with the end of the summer break when the nursery is closed. These accounts are therefore in respect of the seventeen month period ended 31 August 2018 whereas the comparatives are in respect of the year ended 31 March 2017.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make a payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which the expenditure arose.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Expenditure on leasehold property	5% straight line
Fixtures, fittings & equipment	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Incoming resources from charitable activities

	2018 £	2017 £
Nursery fees receivable	302,030	207,509

4 Charitable activities

	Nursery running costs £	Capital grants amortised £	Total 2018 £	Total 2017 £
Staff costs	203,603	-	203,603	135,996
Welfare	15,617	-	15,617	8,362
Premises costs	70,536	21,257	91,793	60,829
Administration costs	23,187	-	23,187	10,849
	312,943	21,257	334,200	216,036
Share of governance costs (see note 6)	3,120	-	3,120	2,090
	316,063	21,257	337,320	218,126

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2018

5 Description of charitable activities

Staff costs

Wages, national insurance and pension costs.

Welfare

Nursery materials and play equipment, food and refreshments.

Premises costs

Rent, rates and insurance, repairs and maintenance, laundry, cleaning and waste disposal, depreciation and amortisation.

Administration costs

Printing, postage and stationery, telephone and fax, professional charges, travel expenses, bank charges, bad debts and incidental expenses.

6 Support costs

	Support costs £	Governance costs £	2018 £	2017 £
Accountancy	-	3,120	3,120	2,090
	-	3,120	3,120	2,090
Analysed between Charitable activities	-	3,120	3,120	2,090

The amount payable to the Independent Examiner in respect of work performed in respect of the independent examination amounts to £1,200 (2017 £960).

7 Net movement in funds

	2018 £	2017 £
Net movement in funds is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	21,357	16,470
Operating lease charges	49,694	30,693

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or expenses during the period.

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

9 Employees

Number of employees

The average monthly number of employees during the period was:

	2018 Number	2017 Number
Nursery staff	16	16

Employment costs

	2018 £	2017 £
Wages and salaries	200,080	133,890
Social security costs	2,541	2,106
Other pension costs	982	-
	203,603	135,996

There were no employees whose annual remuneration was £60,000 or more.

10 Tangible fixed assets

	Expenditure on leasehold property £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2017	237,990	113,883	351,873
At 31 August 2018	237,990	113,883	351,873
Depreciation and impairment			
At 1 April 2017	138,478	100,172	238,650
Depreciation charged in the period	16,858	4,499	21,357
At 31 August 2018	155,336	104,671	260,007
Carrying amount			
At 31 August 2018	82,654	9,212	91,866
At 31 March 2017	99,511	13,711	113,222

11 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	24,497	12,066
Carrying amount of financial liabilities		
Measured at amortised cost	20,891	2,286

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

12 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	22,484	1,242
Other debtors	2,013	10,824
Prepayments and accrued income	4,459	-
	<u>28,956</u>	<u>12,066</u>

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,659	786
Accruals and deferred income	19,232	1,500
	<u>20,891</u>	<u>2,286</u>

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2017 £	Resources expended £	Balance at 31 August 2018 £
Refurbishment grants	<u>112,919</u>	<u>(21,257)</u>	<u>91,662</u>

Restricted Funds represent grant funding received to extend and refurbish the charity's premises. The expenditure has been capitalised under fixed assets and is being depreciated in accordance with the accounting policies at note 1. The depreciation is being charged against Restricted Funds.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2018 are represented by:			
Tangible assets	204	91,662	91,866
Net current assets	<u>63,438</u>	<u>-</u>	<u>63,438</u>
	<u>63,642</u>	<u>91,662</u>	<u>155,304</u>

THE VILLAGE COMMUNITY NURSERY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

16 Related party transactions

Transactions with related parties

During the period the charity entered into the following transactions with related parties:

	Rent and service charge	
	2018 £	2017 £
Other related parties	49,694	30,693
	<u>49,694</u>	<u>30,693</u>

Rent and Service charge is paid to St Peter's Urban Village Trust, a charity in which Christine Coppage is an employee and Company secretary.