



Charity no: 1173160

Treasurer Report 15th November 2018

1. Annual accounts

Our income in 2017-18 totalled £79,380 and is paid by London Borough of Tower Hamlets Council (LBTH) for funded places for 2 and 3 year olds. Our expenditure totalled £80,833; the majority of which is staff wages and associated employment costs at £71,244.

There were unforeseen costs this year but the playgroup shows to breakeven.

We have commenced paying 2% pension contributions for all staff and our forecasts indicate that our current income and reserves should cover this additional annual cost going forward, however, this is based on the current take-up of places and staffing levels.

The committee and staff have worked hard this year to increase the take up of places but as the only income stream, we should look to review our capacity to take children who are eligible for 30 hours, given we offer morning and afternoon sessions. The playgroup is constituted to take children up to the age of 5 years old. Another avenue to explore is to take private children, however this needs to be balanced with prioritising families with most need. The playgroup has been a vital service in the local community supporting vulnerable families and children with additional needs.

This committee has faced other pressing priorities this year and unable to focus on fund raising. This could be an excellent source for play equipment and could be made up of cake sales, sponsored walks, applying for small lottery grants (Awards for All - 10k.) etc.

Recommendations

- I. review our capacity to take children who are eligible for 30 hours;
- II. To forecast income and expenditure for 2018/19 and ensure all financial commitments can be met;
- III. To develop a funding strategy;
- IV. To continue to allocate funds towards improving the equipment, training and resources available to staff and children;

2. Internal costs

Much of the committee's time has been taken up with addressing unforeseen costs including both a finance and HR audit. We were able to use savings to minimise cost to the playgroup.

3. Review of financial controls

The committee asked Williams Giles Ltd to undertake an independent review of financial controls. This was fed back to OFSTED, LBTH and Charities Commission, taking professional and legal advice.

As a committee we have a duty to manage the charity's resources responsibly and so the priority for the new committee will be to improve and strengthen the financial control systems and ensure segregation of duty for proper checking, authorisation and accountability. To begin this process, we have moved to on-line banking and payments and committee signatories on the account.

Recommendation

- i. As a key priority, a finance policy should be written and enacted, with all relevant staff and committee members being aware of it and it being readily available.

4. Pay scale

An independent HR audit was also carried out and showed pay discrepancies; unfortunately, there was no documentation to support the decision making. The committee have now introduced a transparent pay scale for all positions.

Recommendation

- I. Rates of pay should be reviewed once a year by committee to ensure consistency and transparency. Any requests to increase an employee's rate of pay should be submitted to the committee for consideration, the decision should be signed off and recorded in minutes of the meeting.

5. Staffing

We are grateful to Nazma Begum for undertaking the role of Acting Manager. We are currently employing bank staff to meet the ratio. Although this is at a cost, it will only be for a short period whilst we recruit for a new Manager.

The committee acknowledge that staff have worked under difficult circumstances in the last 12 months and as a token of our gratitude a £50 voucher has been awarded to each employee.

We also recognise that Momotaz Begum undertook senior duties by undertaking GDPR training and training colleagues in this area. The committee remunerated her with an additional week's pay.

The committee also wanted to acknowledge length of service of our staff. For staff who have worked at the playgroup for 5 years or more they will be awarded an extra day's paid annual leave.

Recommendations

- i. New committee to prioritise recruitment of Manager; liaise with Danny Hessel, Lead Cabinet Member for children and young people, who will provide an Adviser for the recruitment process to ensure transparency and equality of opportunity. There is of course the Pre School alliance who can provide step by step guidance.
- ii. To ensure that good practice is undertaken in the future recruitment of the Manager and other staff, it is recommended a member of the management committee to be part of the recruitment and induction process.
- iii. All committee members to familiarise themselves with playgroup's HR policies and liaise with Manager for clarity.

6. Payroll

Early Years Network ceased to operate the playgroup's payroll on 31st March 2018. This was a free service provided through LBTH. In April 2018 we contracted Devon Payroll who have experience of nurseries and playgroups.

This is an additional cost not previously factored into the playgroup's overheads and is an annual fee of £162.50 plus a monthly fee of £18.13 per employee.

7. Pension

All staff have opted into the NEST pension scheme. Our staff pension scheme continues to be funded by 2% employer contributions to all staff and will reflect the statutory increase in contributions from April 2019 (3%).

8. Building refurbishment & future rent

The committee are very keen to update the building and enhance the children's learning environment. The committee have set aside monies from the general funds for refurbishment and future rent. The building was deemed not fit for purpose in 2015 by LBTH. There have been ongoing discussions with the Council about how this will be paid for, given this is a Council building.

Similarly, the Council now wish to charge the playgroup commercial rent. The playgroup has never previously paid rent. The committee along with other community nurseries have been lobbying the council to be exempt from this given that we are a community-serving provision receiving 100% government funding for 2 and 3 year olds.

Recommendations

- i. To continue to allocate funds for refurbishment and rent.
- ii. The committee and Danny Hessel to reach agreement regarding refurbishment and associated costs.
- iii. The committee and Danny Hessel to identify business support from LBTH for organisational development including strategic planning, business planning, financial modelling, associated training for staff etc.
- iv. Alternatively, secure external funding for above via THCVS and Big Lottery Fund for organisational development.

Shanaz Khan

Treasurer

On behalf of Allen Gardens Playgroup



14/06/2019

Dear Charities Commissioner,

Re: Accounts for 2017-2018

The annual accounts for Allen Gardens Playgroup for the year ending 2017-2018 has been submitted to the Charities Commission with the charity number 284187.

The Trustees report and annual accounts represent the old charity 284187.

The charity number 1173160 has no income or expenditure for the above year.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Nazma Begum".

Nazma Begum

Manager

Allen Gardens Playgroup

	Mar-18	Mar-17	Mar-16
<u>Opening Balance 1st April</u>			
Cash at bank	258,378.00	250,564.00	219,186.00
Cash held by EYNTH	475.00	(88.00)	(522.00)
	258,290.00	250,476.00	218,664.00
<u>Add:Receipts</u>			
London Borough Tower Hamlets (Note 3)			
-Revenue	0.00	0.00	5,215.00
-2/3/4 years	79,380.00	75,257.00	86,003.00
-Pupil Premium	0.00	0.00	300.00
-Parachute	0.00	1,293.00	0.00
Fees	0.00	0.00	969.00
Bank interest	0.00	55.00	0.00
Total Reciepts	79,380.00	76,605.00	92,487.00
<u>Less: Payments</u>			
Salaries (note 3)	71,244.64	56,869.00	56,699.00
Play equipment and materials	0.00	1,417.00	466.00
Milk and food	0.00	176.00	428.00
Telephone	458.85	420.00	561.00
Insurance	353.08	262.00	255.00
Audit fees	720.00	625.00	400.00
Cleaning materials		54.00	208.00
Training	273.00	140.00	280.00
Ofsted	279.60	50.00	50.00
Stationery and postage	920.81	554.00	58.00
Depreciations?/Repairs	808.33	873.00	626.00
Parties/outings		74.00	482.00
Rates	(4,534.40)	6,802.00	0.00
Miscellaneous	400.00	0.00	74.00
Unknown	(0.00)	0.00	0.00
Bank Statment Rec	9,909.38		
Total Payments	80,833.29	68,316.00	60,587.00
<u>Closing balances 31st March</u>			
Cash at bank	249,906.01	258,378.00	250,652.00
Cash help by EYNTH	8,777.03	475.00	(88.00)
	258,683.04	258,853.00	250,564.00

Monetary Assets

Cash at bank	249,906.01	258,378.00	250,652.00
Cash held by EYNTH	8,777.03	475.00	(88.00)
	258,683.04	258,853.00	250,564.00

Other Assets

The charity owns numerous items of play equipment (estimate) (note 2)	991.67	1,800.00	1,875.00
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Total Assets	259,674.71	260,653.00	252,439.00
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Less: Liabilities

Audit fees	720.00	245.00	0.00
Other creditors (note 7)	3,002.00	3,002.00	1,011.00

Net Assets	255,952.71	257,406.00	251,428.00
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Represented by:

Equipment finds (note 5)	1,800.00	1,800.00	1,875.00
Designated funds (note 4)	190,000.00	190,000.00	190,000.00
Unrestricted funds (note 6)	64,152.71	65,606.00	59,553.00

255,952.71	257,406.00	251,428.00
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0.00	0.00	0.00
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Note 2 Fixed Assets

Equipment purchased have been charged to the Receipts and Payments account in the year of acquisition. A register of equipment is maintained and an estimated value shown in the statement of Assets and Liabilities based on last year plus addition: less 25% depreciation.

	2018	2017	2016
Cost -Opening Balance	3,233.33	2,500.00	2,500.00
Additions		733.33	0.00
Closing Balance	3,233.33	3,233.33	2,500.00
Depreciation-Opening Balance	1,433.33	625.00	0.00
Additions	808.33	808.33	625.00
Closing Balance	2,241.67	1,433.33	625.00
Net book Value	991.67	1,800.00	1,875.00

Note 3 Grant/Wages

A grant from London Borough of Tower Hamlets is paid directly to Early Years Network Tower Hamlets, who administer playgroup salaries. The statement showing the salaries has been independently audited and I have accepted assurances as to the accuracy of the salaries and grant statement provided to me.

Note 4 Designated Funds

	2017	2016
Redundancy Fund	76,200.00	70,000.00
Equipment fund (new)	26,725.00	15,000.00
Sickness fund/ cover fund	65,000.00	65,000.00
Refurbishment	22,075.00	40,000.00
	190,000.00	190,000.00

Note 5 Equipment Fund

To give a true reflection of cash funds available, the play equipment has been shown as an asset and as a separate fund.

Note 6 Reserve Policy

The Management Committee have set aside money in note 4 to cover redundancy in the event of closure and to cover staff sickness. After the designated allocations, the unrestricted fund is just over 12 months running costs.

Note 7 Creditors

	2017	2016
Audit	720.00	0.00
Miscellaneous	3,002.00	1,011.00
	3,722.00	1,011.00