

**LASC Childcare Services Ltd**

**Company number SC 197859**

**Charity registration number SC 024467**

**REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**Trustees:**

C Anderson  
R West  
K MacKay  
S Gibbs (Chair)  
T McCarter  
S Smith  
J Hoefflich  
A Black  
L Quickfall (resigned 1 June 2021)  
N Lovie-Lewis (appointed 29 September 2021)

**Treasurer:**

R West (from 1 October 2021)  
K MacKay (to 1 October 2021)

**Secretary:**

I Hogg

**Chief Executive Officer:**

I Hogg

**Registered Office:**

LASC Childcare Services Ltd  
Loanhead Centre  
George Avenue  
Loanhead  
Midlothian  
EH20 9LA

**Auditors:**

Christopher Spalding C.A  
James Anderson & Co  
Chartered Accountants  
Pentland Estate  
Straiton  
Edinburgh  
EH20 9QH

**Charity Registration No:**

SC 024467

**Company No:**

SC 197859

**Governing Document:**

Memorandum & Articles of Association

**Report of the Trustees  
For the Year ended 31 March 2022**

The trustees, who are also the directors, present their report and financial statements for the year ended 31 March 2022.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association 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 Ireland (FRS102).

**Objectives and Activities**

The objects of the charity, as outlined in the company Memo and Articles of Association are:

1. The advancement of education
2. The advancement of citizenship or community development
3. The provision of recreational facilities or organisation or recreational activities

The company aims to provide a high quality, affordable child care service in which:

- Children are welcomed, valued and respected, in which they feel happy and secure and in which they feel involved.
- The needs of working parents and those in education or training are met.

**Achievements and Performance  
Charitable activities****Chair's Report - S Gibbs**

Not quite calm after the storm, but things have certainly started to feel a little more 'normal' towards the end of the year with the last of the Covid restrictions ending. Adapting to the 'new normal' has probably been almost as challenging as working through Covid, however, our whole team – staff, leaders and Board members alike, as always have continued to adapt and got on with the job of providing a great service to our children, young people, families and our wider community.

In spite of all the challenges, our organisation has continued to move forward, constantly adapting and taking opportunities to enhance what we do as they arise. A great example was the opening of our charity shop in Portobello which has been such a success. A huge thank you to our landlord who worked with us, very generously volunteering their time to get the shop up and running, along with two very experienced staff members with original ideas to make our new venture that wee bit different. Consolidating services, with YAS and the nursery now fully established in Rosewell and re-establishing groups and expanding activities at the Link has also been made possible, again by great dedication of all members of our wonderful staff teams.

We, as a Board, recognise that our staff are our greatest asset – we could not achieve any of this without them so it is a priority to ensure that we look after them, just as they look after our service users and their families. Ongoing training and opportunities for continuous personal and professional development are always high on the agenda, as is listening to our staff and responding, as noted in our CEO and HR consultant reports.

I look forward to working with you all in the coming year, continuing to move our organisation forward and planning for the future. LASC never stands still!

As always, I am proud to be part of LASC, and so grateful to everyone who contributes their time and energy, working together to provide a great service to our local communities.

**Sue Gibbs**

**Report of the Trustees (continued)  
For the Year ended 31 March 2022**

**Achievements and Performance (continued)**

**Chief Executive Officer's Report – I Hogg**

As we remained in another year of lock down during 2021 LASC have continued to provide critical childcare for our front line workers and vulnerable families. I am very proud of our amazing staff team who have again gone beyond to deliver a high quality service through these challenging times. A big thank you to all our families for their continued support.

We have been able to deliver a number of successful training sessions for our staff from first aid, public protection, team-teach, and autism awareness to name few.

We are now gradually seeing our numbers increasing in all our settings. Our staff team has grown again with 70 employees enabling us to continue to provide the highest quality service that you are accustomed too. Like all similar organizations, recruitment has been a challenge during this time. But I am pleased to say that we have managed to employ a number of staff through the Governments Kick-Start program apprenticeship scheme. This has been very successful this has enabled 7 of the apprentices to complete their training and secure permanent employment with us. We are delighted that our organization has again been able to honor our agreement to be a Real Living Wage employer.

I would like to thank our Staff and Board of Directors for their continue dedication and support and look forward to a brighter and healthier year ahead

**Key achievements in 2021/22**

- Successfully opened our charity shop "Live Care Give" in October 21
- Fully registered and transitioned our Young Adult Service (YAS) to Rosewell
- Secured funding for our ASN Saturday club towards trips and resources
- Secured funding to support the reopening of the café and soft play at the Link
- Successfully facilitated our holiday club and ASN play scheme in partnership with Midlothian Council and ArtLink
- 2 senior staff successfully completed 5 day training course to become Team Teach Tutors
- Replaced our accessible vehicle
- Replacement of ventilation System at Rosewell
- Upgraded our nursery gardens at Loanhead and Rosewell by replenishing equipment and installation of large gazebo for our outdoor classrooms
- 9 YAS staff enrolled in the level 3 SVQ in Health and Social Care qualification in partnership with Midlothian Council
- 6 staff completed their level 3 childcare and education qualification this year

**Irene Hogg**

**Report of the Trustees (continued)  
For the Year ended 31 March 2022****Financial review  
Unrestricted funds**

Income for the year on the unrestricted general fund was £1,433,426 (2021: £1,223,371) and expenditure totalled £1,401,104 (2021: £1,138,302) resulting in a surplus for the year of £32,322 (2021: surplus £85,069). At the year end unrestricted funds were £30,650 (2021: £23,328) and there was a balance on the designated fund of £265,000 (2021: £240,000).

**Restricted funds**

Restricted income for the year was £146,706 (2021: £499,976) and expenditure totalled £197,947 (2021: £119,039). The balance on restricted funds at the year end is £1,178,855 (2021: £1,230,096). This is largely represented by the value of our fixed assets.

**Principal funding sources**

The charity's main source of income is of fees payable by parents and guardians of the children who attend the service. Further significant income is received from Midlothian Council in relation to contractual social work services provided, and additional support funding was provided to assist with the impact of Covid and the new OMICRON variant. Continuation funding was received from the National Lottery Community Fund for the community manager at the Link, and financial assistance for apprenticeship provision was provided by the Kickstart scheme, operated by the Department for Work and Pensions. Lanarkshire Enterprise Services Ltd provided grant funding towards IT equipment.

**Reserves policy**

The Board consider that the aim should be to have available funds to meet its obligations for three months running costs. This is equivalent to £350,276 and the unrestricted and designated funds total £295,650. The trustees are aware that this is insufficient and are committed to adding to this level.

**Future plans**

Looking ahead, the organisation will be working on strategies for sustainability. Soaring costs and the country heading into stagflation will affect us all. Being prepared is key for the organisation to survive the challenging and uncertain times ahead.

**Structure, governance and management****Governing document**

LASC Childcare Services Ltd is a company limited by guarantee governed by its Memorandum and Articles of Association as updated 13 December 2019. It is a registered charity with the Office of the Scottish Regulator.

**Recruitment and appointment of new trustees**

The trustees are recruited to maintain a balance of skills within the Board. As set out in the Articles of Association all members of the Board are volunteer parents of the children attending the club. Trustees are appointed at the company's Annual General Meeting. Trustees can be co-opted during the year and these new appointments stand for re-election at the following Annual General Meeting.

**Organisational structure**

The Board of Trustees, which can have up to 12 members, administers the charity. A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the company. To facilitate operations, the manager has delegated authority, with terms of delegation approved by the trustees, for operational matters including finance, continuing operations and ongoing future projects. The Board meet on average six times a year to review reports from the manager and to carry out management and financial reviews.

**Report of the Trustees (continued)**  
**For the Year ended 31 March 2022****Induction and training of new trustees**

New trustees are briefed on their legal obligations, the contents of the Memorandum and Articles of Association, the Board and decision making process, the business plan and the recent financial performance of the charity. During the induction they will meet the other trustees and key members of staff.

**Key management remuneration**

The trustees consider the Board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the company on a day to day basis. Details of the level of remuneration paid are disclosed within note 9 on page 16.

Senior management salaries are reviewed annually and increased in line with average staff increases. In view of the nature of the charity the senior staff salaries are benchmarked against similar organisations. Recruitment of senior staff has not been required recently due to low turnover of staff holding senior roles.

**Related parties**

Trustees do not receive remuneration or other benefit from their work with the company. Any connection between a trustee or a member of senior management of the company with an organisation or individual who provides significant grant income or supplies goods or services to the company must be disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party.

**Risk management**

The principal risks faced by the charity are those of the safety of children whilst in attendance and the financial sustainability of the charity as a whole.

In response to the outbreak of COVID-19 we have implemented policies and procedures to ensure the continuity of our service provision whilst not compromising the safety of our children and staff.

Independent reviews carried out by the Care Inspectorate ensure that the aims and policies of the company are being properly adhered to at each location. The company acts on any recommendations made by the Care Inspectorate to ensure the highest standard of care at all times.

Additional non financial risks are managed by ensuring accreditation is up to date in relation to health and safety for staff and children, food hygiene and fire.

The financial sustainability risk of the company is largely dependent upon the sufficient mitigation of risks in relation to the safe keeping of the children while in the care of the company.

Risks in relation to financial sustainability are low in respect of reliance upon any one benefactor. A significant portion of total income is received from Midlothian Council, though this is in relation to a number of children, the risk of losing all of this income in a short time frame is deemed unlikely. The company currently has waiting lists for childcare and can replace lost income relatively quickly where necessary.

An additional financial risk identified by the company is that of the bank deposits being held in a single bank. The trustees are currently looking at dividing deposits between two banks to mitigate this financial risk.

**Report of the Trustees (continued)**  
**For the Year ended 31 March 2022****Statement of Trustees' Responsibilities**

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Observe the methods and principles in the Charities Statement of Recommended Practice.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of Disclosure of Information to Auditors**

In the case of each of the persons who are trustees at the time when the Report of the Trustees is approved:

- so far as the trustee is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors James Anderson & Co CA, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

On Behalf of the Board

**S Gibbs**  
**Trustee**

7 June 2022

## Notes to the Financial Statements (Continued)

## 14. Analysis of Net Assets between Funds

<i>Current Year</i>	<b>Tangible fixed assets</b> £	<b>Net current assets</b> £	<b>Total</b> £
Unrestricted general fund	83,498	(52,848)	30,650
Unrestricted designated fund	-	265,000	265,000
Restricted funds	1,146,060	32,795	1,178,855
	<u>1,229,558</u>	<u>244,947</u>	<u>1,474,505</u>
31 March 2022			

<i>Prior Year</i>	<b>Tangible fixed assets</b> £	<b>Net current assets</b> £	<b>Total</b> £
Unrestricted general fund	64,785	(41,457)	23,328
Unrestricted designated fund	-	240,000	240,000
Restricted funds	1,181,507	48,589	1,230,096
	<u>1,246,292</u>	<u>247,132</u>	<u>1,493,424</u>
31 March 2021			

## 15. Financial commitments

At 31 March 2022 the charitable company had contractual commitments for the acquisition of tangible fixed assets but which have not been provided for in the financial statements of £nil (2021: £13,199).

## 16. Operating leases

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

	<b>2022</b> £	<b>2021</b> £
	<b>Property</b>	
Within one year	21,843	9,843



**Statement of Financial Activities**  
**(including Income & Expenditure Account)**  
**For the Year ended 31 March 2022**

	Note	Unrestricted Funds General Fund £	Designated Fund £	Restricted Funds £	Total Funds 2022 £	Total 2021 £
<b>Income from:</b>						
<b>Donations</b>	3	1,575	-	3,119	4,694	3,763
<b>Charitable activities</b>						
- Childcare services		1,292,691	-	-	1,292,691	988,254
- Grants receivable	4	55,317	-	143,587	198,904	603,304
- Coronavirus Job Retention Scheme		7,357	-	-	7,357	115,794
- Coronavirus Statutory Sick Pay Rebate Scheme		5,076	-	-	5,076	-
<b>Other trading activities</b>	5	71,392	-	-	71,392	12,217
<b>Investments</b>		18	-	-	18	15
<b>Total income</b>		<u>1,433,426</u>	<u>-</u>	<u>146,706</u>	<u>1,580,132</u>	<u>1,723,347</u>
<b>Expenditure on:</b>						
- Raising funds	6	58,266	-	-	58,266	11,946
- Charitable activities	7	1,342,838	-	197,947	1,540,785	1,245,395
<b>Total expenditure</b>		<u>1,401,104</u>	<u>-</u>	<u>197,947</u>	<u>1,599,051</u>	<u>1,257,341</u>
<b>Net income / (expenditure)</b>	8	32,322	-	(51,241)	(18,919)	466,006
<b>Transfers between funds</b>		(25,000)	25,000	-	-	-
<b>Net movement in funds</b>		<u>7,322</u>	<u>25,000</u>	<u>(51,241)</u>	<u>(18,919)</u>	<u>466,006</u>
<b>Balance brought forward 31 March 2021</b>	13	<u>23,328</u>	<u>240,000</u>	<u>1,230,096</u>	<u>1,493,424</u>	<u>1,027,418</u>
<b>Balance carried forward 31 March 2022</b>	13	<u>30,650</u>	<u>265,000</u>	<u>1,178,855</u>	<u>1,474,505</u>	<u>1,493,424</u>

The results set out above derive wholly from the continuing operations of the company.

**Balance Sheet**  
**As at 31 March 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	1,229,558	1,246,292
<b>Current assets</b>			
Debtors	11	129,527	73,393
Cash at bank and in hand		253,583	279,920
		383,110	353,313
<b>Creditors</b>			
Amounts falling due within one year	12	138,163	106,181
<b>Net current assets</b>		244,947	247,132
<b>Net assets</b>		1,474,505	1,493,424
<b>Funds of the charity</b>			
Unrestricted General Fund	13	30,650	23,328
Unrestricted Designated Fund	13	265,000	240,000
Total unrestricted funds		295,650	263,328
Restricted funds	13	1,178,855	1,230,096
<b>Total charity funds</b>		1,474,505	1,493,424

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with Charities SoRP FRS102.

The financial statements on pages 10 to 20 were approved by and signed on behalf of the Board of Trustees on 7 June 2022.

S Gibbs

Trustee

## Notes to the Financial Statements (Continued)

## 13. Statement of Funds

<i>Current Year</i>	Balance 31 March 2021 £	Incoming Resources £	Outgoing Resources £	Transfers Between Funds £	Balance 31 March 2022 £
<b>Unrestricted funds</b>					
General Fund	23,328	1,433,426	(1,401,104)	(25,000)	30,650
Designated Stability Fund	240,000	-	-	25,000	265,000
<i>Total unrestricted funds</i>	<u>263,328</u>	<u>1,433,426</u>	<u>(1,401,104)</u>	<u>-</u>	<u>295,9650</u>
<b>Restricted funds</b>					
Breakfast Club	-	10,692	(10,692)	-	-
Community Worker	23,908	29,657	(30,355)	-	23,210
New Nursery	3,027	-	(458)	-	2,569
The Link (Donated asset)	528,000	-	(24,000)	-	504,000
Property Fund	116,087	-	(4,792)	-	111,295
Rosewell Project	523,056	15,718	(27,477)	-	511,297
Better Breaks	14,800	-	(9,301)	-	5,499
Community Recovery Fund	15,849	-	(1,883)	-	13,966
Gardening Project	369	9,500	(2,850)	-	7,019
Apprenticeship Employer Fund	5,000	5,000	(10,000)	-	-
Digital Boost	-	5,481	(5,481)	-	-
Kickstart	-	68,158	(68,158)	-	-
Charity Shop	-	2,500	(2,500)	-	-
<i>Total restricted funds</i>	<u>1,230,096</u>	<u>146,706</u>	<u>(197,947)</u>	<u>-</u>	<u>1,178,855</u>
<b>Total charity funds</b>	<u>1,493,424</u>	<u>1,580,132</u>	<u>(1,599,051)</u>	<u>-</u>	<u>1,474,505</u>

  

<i>Prior Year</i>	Balance 31 March 2020 £	Incoming Resources £	Outgoing Resources £	Transfers Between Funds £	Balance 31 March 2021 £
<b>Unrestricted funds</b>					
General Fund	8,259	1,223,371	(1,138,302)	(70,000)	23,328
Designated Stability Fund	170,000	-	-	70,000	240,000
<i>Total unrestricted funds</i>	<u>178,259</u>	<u>1,223,371</u>	<u>(1,138,302)</u>	<u>-</u>	<u>263,328</u>
<b>Restricted funds</b>					
Breakfast Club	-	3,828	(3,828)	-	-
Community Jobs Scotland	-	18,504	(18,504)	-	-
Community Worker	23,908	33,292	(33,292)	-	23,908
New Nursery	3,561	-	(534)	-	3,027
Equipment	1,192	1,000	(2,192)	-	-
The Link (Donated asset)	552,000	-	(24,000)	-	528,000
Property Fund	120,879	-	(4,792)	-	116,087
Rosewell Project	147,619	388,952	(13,515)	-	523,056
Better Breaks	-	14,800	-	-	14,800
Community Recovery Fund	-	25,000	(9,151)	-	15,849
Gardening Project	-	9,500	(9,131)	-	369
Meals on Wheels	-	100	(100)	-	-
Apprenticeship Employer Fund	-	5,000	-	-	5,000
<i>Total restricted funds</i>	<u>849,159</u>	<u>499,976</u>	<u>(119,039)</u>	<u>-</u>	<u>1,230,096</u>
<b>Total charity funds</b>	<u>1,027,418</u>	<u>1,723,347</u>	<u>(1,257,341)</u>	<u>-</u>	<u>1,493,424</u>

**Notes to the Financial Statements (Continued)**

The **General Fund** is free to use in accordance with the objects of the Charity.

The **Designated Stability Fund** has been created as a stability fund by the trustees for the purpose of ensuring the company can meet the additional costs associated with the Real Living Wage uplifts, and the costs of transport provision.

The **restricted funds** are for use in terms of the grants awarded by the donors.

<b>Restricted fund:</b>	<b>Specific purpose:</b>
<b>Breakfast Club</b> Midlothian Council Children & Families West	To provide healthy breakfasts for children
<b>Community Worker</b> The National Lottery Community Fund	Salary support for the Link manager
<b>New Nursery</b> The National Lottery Community Fund	To furnish the new nursery extension
<b>The Link</b> The National Lottery Community Fund (Donated asset)	The value at transfer of the Link less depreciation charged
<b>Property fund</b> Loanhead Community Tesco Bags The National Lottery Community Fund Groundworks UK Garfield Weston	To fund the development of the Link'
<b>Rosewell Project</b> Bonnyrigg & Sherwood Community Development Trust Scottish Government - Town Centre Capital Fund Early Years Capital Fund Tyne Esk LEADER	To fund the extension of the Rosewell Pavilion
<b>Better Breaks</b> Shared Care Scotland	To fund the cost of club trips and outings
<b>Community Recovery Fund</b> Corra Foundation	To fund the upgrading of the heating system, outdoor shelters and running costs of the Link
<b>Gardening Project</b> The Robertson Trust	To fund the cost of a sessional gardener and associated landscaping costs etc.
<b>Apprenticeship Employer Fund</b> Carousel Training	Funding towards apprenticeship placements
<b>Digital Boost</b> Lanarkshire Enterprise Services Ltd	Funding towards cyber essentials pre-assessment cost and subsequent IT overhaul
<b>Kickstart</b> Department for Work and Pensions	Funding towards placements for 16 to 24 year olds
<b>Charity Shop</b> Midlothian Council   Saltersgate	Funding towards the set up costs of the new charity shop

**Transfers between funds**

A transfer of £25,000 (2021: £70,000) was made from the unrestricted General Fund to the Designated Stability Fund.

**Statement of Cash Flows**  
**For the Year ended 31 March 2022**

	<b>Note</b>	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	20,213	526,611
Net cash provided by operating activities		20,213	526,611
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(50,813)	(415,542)
Sale of tangible fixed assets		4,245	500
Interest received		18	15
Net cash used for investing activities		(46,550)	(415,027)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(26,337)</b>	<b>111,584</b>
Cash and cash equivalents at 31 March 2021		279,920	168,336
<b>Cash and cash equivalents at 31 March 2022</b>		<b>253,583</b>	<b>279,920</b>

**Note to Cash Flow Statement**

**1. Reconciliation of net income to net cash flow from operating activities**

Net (expenditure) / income	(18,919)	466,006
Depreciation charges	65,020	48,851
(Gain) / loss on disposal of vehicle	(1,718)	35
Interest received	(18)	(15)
	44,365	514,877
(Increase) in debtors	(56,134)	(33,876)
Increase in creditors	31,982	45,610
Net cash provided by operating activities	20,213	526,611

**Notes to the Financial Statements  
For the Year ended 31 March 2022**

**1. Statutory Information**

LASC Childcare Services Ltd is a private, company limited by guarantee, governed by its Memorandum and Articles of Association as updated 13 December 2019. It is a registered charity with the Office of the Scottish Charity Regulator.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. Accounting Policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**Basis of Accounting**

The financial statements have been prepared in accordance with 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) (effective 1 January 2019) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

LASC Childcare Services Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose.

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.

**Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably.

In the event that a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated goods, facilities and services are recognised as income when the charity has control over the item(s), any conditions attached have been met, the receipt of economic benefit from the use of the item(s) is probable and the economic benefit can be measured reliably. In accordance with the Charities SoRP (FRS102) general volunteer time is not recognised in the accounts. Information regarding the contribution of volunteers is provided in the Report of the Trustees.

On receipt, donated goods, services and facilities are recognised on the basis of the value of the gift to the charity which is the amount that the charity would have to pay to obtain the equivalent economic benefit on the open market. A corresponding amount is also recognised in expenditure in the period of receipt.

**Notes to the Financial Statements (Continued)****Income (continued)***Income from childcare services*

The majority of fee income is received from the parents and guardians of the children who receive childcare, and is recognised upon delivery of the agreed service. Income received in advance of the provision of childcare is deferred until the service is delivered. Contractual income in respect of social work services is recognised once the performance conditions have been met.

*Other trading activities*

Income from other trading activities comprises café and shop income and room hires and is recognised in the period in which it is generated.

*Income from investments*

Interest on funds held on deposit is included upon notification of the interest paid or payable by the bank.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Tangible fixed assets and depreciation**

Expenditure is capitalised as a fixed asset where it represents either a new fixed asset or enhancement to an existing asset. Land is not depreciated. Depreciation on other assets is provided at the following annual rates in order to write off each asset over its expected useful life less estimated residual value:

Land & buildings	25 years straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance
Computer equipment	25% straight line

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**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.

**Pensions**

The company operates a defined contribution scheme. Contributions are charged to the Income and Expenditure Account in the year they arise.

**Taxation**

No provision for corporation tax is necessary as the company has charitable status and does not trade. The company suffers input VAT on some of its expenditure which it does not recover.

**Operating leases**

Rentals payable under operating leases are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

## Notes to the Financial Statements (Continued)

## 3. Income from donations

	2022 £	2021 £
Unrestricted donations	1,575	3,763
Restricted donations	3,119	-
	<u>4,694</u>	<u>3,763</u>

## 4. Grants receivable

Scottish Government – Business Interruption	-	37,000
Midlothian Council – Childcare Sector Omicron Impact Fund	21,150	-
Scottish Government - Recovery	13,000	4,000
Scottish Council – COVID recovery	917	-
Corra Foundation – COVID recovery	-	2,000
Midlothian Council – Transitional Support	20,250	38,250
Midlothian Council – Business Interruption	-	19,490
Midlothian After Schools Club – COVID	-	2,588
	<u>55,317</u>	<u>103,328</u>
<i>Total unrestricted grants received</i>		

The National Lottery Community Fund (Community Worker)	29,657	33,292
Midlothian Council Children & Families West (Breakfast Club)	10,692	3,828
Community Jobs Scotland	-	18,504
Scottish Government - Town Centre Capital Fund (Rosewell Project)	-	20,000
Early Years Capital Fund (Rosewell Project)	12,599	290,864
Tyne Esk LEADER (Rosewell Project)	-	78,088
Bonnyrigg & Sherwood Community Development Trust (Equipment)	-	1,000
Loanhead District Community Council (Meals on Wheels)	-	100
Carousel Training (Apprenticeship Employer Fund)	5,000	5,000
The Robertson Trust (Gardening Project)	9,500	9,500
Corra Foundation Community Recovery Fund	-	25,000
Shared Care Scotland (Better Breaks)	-	14,800
Midlothian Council   Saltersgate (Charity Shop)	2,500	-
Lanarkshire Enterprise Services Ltd (Digital Boost)	5,481	-
Department for Work and Pensions (Kickstart)	68,158	-
	<u>143,587</u>	<u>499,976</u>
<i>Total restricted grants received</i>		

## 5. Other trading activities

Café income	22,640	7,134
Soft play, parties, rooms hires	22,985	5,083
Charity shop	25,767	-
	<u>71,392</u>	<u>12,217</u>
<i>Total other trading activities - unrestricted</i>		

## 6. Expenditure on raising funds

Costs incurred for fundraising events	56	-
Marketing costs	3,130	3,260
Café food costs	7,175	1,554
Charity shop costs	3,265	-
Salary costs	44,640	7,132
	<u>58,266</u>	<u>11,946</u>
<i>Total expenditure on raising funds - unrestricted</i>		



## Notes to the Financial Statements (Continued)

7. Cost of charitable activities	2022 £	2021 £
Wages	1,175,737	955,152
Social security	64,709	51,634
Pensions	30,469	25,529
Rent	28,032	20,785
Rent arrears	-	25,699
Insurance	3,005	2,502
Telephone	7,225	6,906
Heat & light	10,466	9,855
Postage & stationery	3,184	1,751
Sundries	551	708
Staff uniforms	4,584	2,593
Upkeep equipment	26,818	23,115
IT consultancy, software & support	8,279	3,487
Upkeep property	37,366	21,177
Food	15,035	6,251
Vehicle expenses	11,563	7,293
HR software & support services	11,456	8,895
Professional fees	3,816	456
Subscriptions	9,451	7,947
Outings	6,238	465
Play Therapy	8,533	3,916
Gifts to staff/team building	1,167	528
Training	1,460	2,391
Depreciation	63,302	48,886
Auditor's remuneration	5,220	4,920
Payroll processing fees	3,119	2,554
	<u>1,540,785</u>	<u>1,245,395</u>
<i>Charged to - Unrestricted fund</i>	1,342,838	1,126,356
<i>- Restricted funds</i>	<u>197,947</u>	<u>119,039</u>
<b>8. Net income</b>		
This is stated after charging:		
Depreciation – Unrestricted fund	6,405	5,896
Depreciation – Restricted funds	58,616	42,955
(Gain) / loss on disposal of vehicle – Unrestricted fund	(1,718)	35
Audit fee	<u>5,220</u>	<u>4,920</u>
<b>9. Staff costs</b>		
Wages	1,220,377	962,284
Social security costs	64,709	51,634
Pension costs	30,469	25,529
	<u>1,315,555</u>	<u>1,039,447</u>

No staff member is remunerated at a level in excess of £60,000 per annum. All trustees give of their time freely and no trustee remuneration was paid in the current or previous year. The charity paid £nil (2021: £nil) on behalf of the members of the board for provision of a Christmas meal. This was available to all members of the board.

The average monthly number of employees during the year was: 70 61

The key management personnel of the charity comprise the Chief Executive Officer, Office Manager, two Lead Practitioners and the LINK manager. Their total benefits were £192,706 (2021: £166,358).

There were no related party transactions other than the above key management personnel benefits.

## Notes to the Financial Statements (Continued)

## 10. Tangible Fixed Assets

	Land & buildings £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
31 March 2021	1,256,078	77,049	34,644	1,050	1,368,821
Disposals	-	-	(10,650)	-	(10,650)
Additions	13,199	16,205	15,995	5,414	50,813
	<u>1,269,277</u>	<u>93,254</u>	<u>39,989</u>	<u>6,464</u>	<u>1,408,984</u>
<b>Depreciation</b>					
31 March 2021	87,757	12,900	20,822	1,050	122,529
Eliminated on disposals	-	-	(8,123)	-	(8,123)
Charge for the year	50,690	10,840	3,490	-	65,020
	<u>138,447</u>	<u>23,740</u>	<u>16,189</u>	<u>1,050</u>	<u>179,426</u>
<b>Net Book Value</b>					
31 March 2022	1,130,830	69,514	23,800	5,414	1,229,558
31 March 2021	<u>1,168,321</u>	<u>64,149</u>	<u>13,822</u>	<u>-</u>	<u>1,246,292</u>

The net book value of land & buildings subject to a standard security is £632,708 (2021 - £662,257).

## 11. Debtors

	2022 £	2021 £
Trade debtors	125,111	68,856
Prepayments	4,416	4,537
	<u>129,527</u>	<u>73,393</u>

## 12. Creditors due within one year

	2022 £	2021 £
Trade creditors & accruals	68,523	51,960
Other taxation & social security	20,384	18,306
Deferred income	49,256	35,915
	<u>138,163</u>	<u>106,181</u>

Deferred income represents fees received in advance of the provision of childcare services.