

Charity Registration No. 1149609

Company Registration No. 08194371 (England and Wales)

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees as at date of approval Marcus Bell
Dr Dermot Coleman
Janice Darkes-Sutcliffe
Simon Fuller
Elizabeth Hartley
Joanna Healey
Professor Edward Melhuish OBE

Charity number 1149609

Company number 08194371

Registered office Seacombe Children's Centre
St Pauls Road
Wallasey
Wirral
CH44 7AN

Auditor DSG
Castle Chambers
43 Castle Street
Liverpool
L2 9TL

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
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**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees present their report and financial statements for the year ended 31 December 2020.

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 charitable company'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) (effective 1 January 2019)".

Objectives and activities

The Foundation Years Trust (the Trust) was established to implement the findings of the report of the Independent Review of Poverty and Life Chances, "The Foundation Years: how to prevent poor children becoming poor adults", Field, 2010, HM Government. The aim of the Trust is to develop and promote the Review's strategy to address the inter-generational transfer of poverty. The Trust's objectives are to test a series of initiatives developed from this strategy, including pilots of transferable models of local service delivery which support the Trust's wider aim. In the longer term, the Trust's objective is to work to achieve the adoption of initiatives that support the strategy across the UK.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

Activities in the year

In response to the global pandemic and the lockdown that began in March 2020, the Trust adapted a programme to be able to continue reaching families with support on the home learning environment. Prior to lockdown, the charity held an event for Wirral's Hungry Little Minds campaign, which the Trust are managing, in January 2020 and were able to use the campaign banner to ramp up social media and to distribute resources to families over the months of lockdown. While activity picked up again in September when Wirral was moved into 'Level 2' restrictions, including a brief return to the office, the charity again had to readapt when a full national lockdown started in January 2021. Although usual programming was paused for nine months of the year and staff were 'furloughed' in shifts over the main lockdown period, the Trust achieved a great deal during the year.

With physical groups put on hold the Trust delivered the following activities:

- Virtual groups.
- Recruited new volunteers.
- Distribution of 'Home Learning Activity Packs' and resources via community workers and nursery partners.
- Ramped up the reach on social media with online videos and tips and ideas.
- Trialled online newsletters.
- Continued to develop strategic partnerships.

Achievements and performance

Progress to date

- In January, the Trust held an event for Wirral's Hungry Little Minds campaign, with the specially decorated Arriva Northwest buses at the Tranmere Rovers Football ground, attended by the Minister for Children and Families, partners and the Council's Chief Executive.
- Thirteen nurseries delivered Little Explorers groups prior to the closure of schools in March and four Early Explorer groups were delivered, including two new groups in school settings.
- Between April and July, the online following increased exponentially as the charity introduced new ways of using social media during lock down.
- Virtual groups were held for four nursery partners and a virtual baby group.
- 6,450 home learning activity packs and resources delivered to 2,740 families between April and December 2020.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

- The new community engagement coordinator (promoted from the existing team) started her role in September and made good progress despite restrictions on movement. A core group of five volunteers were supporting the work in their role as Digital Ambassadors by the year end and new relationships with grass roots community organisations were created.
- Partnerships at borough level were strengthened between local charities and the Council's early years services, with joint resource distribution to families, shared social media and by the end of the year, joint funding applications were being prepared and joint project planning, including a new free book scheme with Dolly Parton's Imagination Library.
- The Director was invited to join a Liverpool City Region working group on Child Poverty and Life Chances, which aims to address early years as one of its key priorities.

Plans for the future

- Restarting groups in community settings using new networks among the communities the charity is targeting and volunteers.
- Restarting nursery groups with existing and new partners as soon as schools and nurseries are able to open up to parents again.
- Working to create Wirral's First 1,001 Days programme as a collaboration between early years partners.
- Building on the campaign work with public events focusing on early language development and literacy.
- Developing the strategic partnerships across Wirral, the Liverpool City Region and nationally.

Financial review

Income for the year was £204,691 (2019: £206,505) and expenditure was £250,455 (2019: £250,182). This resulted in a deficit for the year of £45,764 (2019: a deficit of £43,677) which was met using brought forward reserves.

As at 31 December 2020 unrestricted reserves stood at £63,438 (2019: £75,389) and restricted reserves were £40,814 (2019: £74,627) making total reserves of £104,252 (2019: £150,016).

During 2020, five staff were each furloughed for a month, both to facilitate childcare and because activities had reduced due to lockdown. The total grant received from the Coronavirus Job Retention Scheme was £7054 (see note 2 Donations and legacies).

Reserves policy

It is the policy of the Trust to maintain both restricted and unrestricted funds at a level which equates to at least three months of expenditure to ensure that the Trust can continue to operate should difficulties in receiving income occur in the short term. It also ensures that the Trust is able to closedown at the end of its funding cycle, meeting all statutory staffing and operational costs. As expenditure in 2021 is projected to be £267,851, this would amount to £66,963. An element of this expenditure is committed (restricted funds) and an element is discretionary (unrestricted funds).

The Trust's restricted and unrestricted reserves held at the year end amount to £104,252 which covers the charity's reserve policy. Unrestricted reserves are minimal and strategically managed to protect the charity's financial sustainability. The majority of the Trust's activities in the year to 31 December 2020 were funded by restricted grants and given that it is likely that the charity's costs will continue to be funded by restricted income in the immediate term, the Trustees consider that sufficient funds will be available to cover management and administration support costs for the foreseeable future.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal risks and uncertainties

The Trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. Additionally the Trust maintains a risk register which supports the monitoring and discussion of these risks, which was updated in April 2020 to include the potential risk from Covid-19 on both the method of programme delivery and any threat to the funding sources and strategy.

All Trustees are also allocated specific areas of responsibility for governance through the Trust's policies, which also inform the working practices and ensure the company complies with relevant legislation.

Structure, governance and management

The charitable company is a company limited by guarantee without share capital governed by its memorandum and articles of association.

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

Marcus Bell

Dr Dermot Coleman

Janice Darkes-Sutcliffe

Simon Fuller

Elizabeth Hartley

Joanna Healey

Professor Edward Melhuish OBE

Lucy Powell MP

(Resigned 6 March 2020)

Susan Robb OBE

(Resigned 18 May 2020)

Michael Towner

(Resigned 2 February 2021)

None of the Trustees have 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.

Membership of the Charity is open to any individual over the age of 18 years whom the Board decide to admit to membership. The Trust's Articles of Association state that all Trustees automatically become members. The business of the Trust is managed by the Board, which may consist of no fewer than three and no more than twelve elected members. An additional three members can be co-opted to the Board.

The Board delegates certain operational decisions to the Executive, consisting of at least four Trustees and the Trust Director. This sub-committee meets at least six times a year (virtually and face-to-face) and reports decisions to the following Board.

The Trust employs a Trust Director as well as a Local Director of the Birkenhead Project.

Auditor

In accordance with the company's articles, a resolution proposing that DSG be reappointed as auditor of the company will be put at a General Meeting.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
*FOR THE YEAR ENDED 31 DECEMBER 2020***

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' Report was approved by the Board of Trustees.

Professor Edward Melhuish OBE

Trustee

Dated: 20 July 2021

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
*FOR THE YEAR ENDED 31 DECEMBER 2020***

The Trustees, who are also the directors of the Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST**

Opinion

We have audited the financial statements of The Foundation Years Trust (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF THE FOUNDATION YEARS TRUST**

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with charitable objectives, public benefit, fundraising regulations, safeguarding and health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jean Ellis BA FCA CTA (Senior Statutory Auditor)
for and on behalf of DSG

20 July 2021

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
Income from:							
Donations and legacies	2	11,854	-	11,854	6,255	-	6,255
Charitable activities - income	3	-	192,718	192,718	-	200,000	200,000
Investments	4	119	-	119	250	-	250
Total income		<u>11,973</u>	<u>192,718</u>	<u>204,691</u>	<u>6,505</u>	<u>200,000</u>	<u>206,505</u>
Expenditure on:							
Charitable activities - expenditure	5	<u>23,924</u>	<u>226,531</u>	<u>250,455</u>	<u>45,587</u>	<u>204,595</u>	<u>250,182</u>
Net expenditure for the year/ Net movement in funds		(11,951)	(33,813)	(45,764)	(39,082)	(4,595)	(43,677)
Fund balances at 1 January 2020		<u>75,389</u>	<u>74,627</u>	<u>150,016</u>	<u>114,471</u>	<u>79,222</u>	<u>193,693</u>
Fund balances at 31 December 2020		<u><u>63,438</u></u>	<u><u>40,814</u></u>	<u><u>104,252</u></u>	<u><u>75,389</u></u>	<u><u>74,627</u></u>	<u><u>150,016</u></u>

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET**

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Cash at bank and in hand		111,653		157,284	
Creditors: amounts falling due within one year					
	10	(7,401)		(7,268)	
Net current assets			104,252		150,016
Income funds					
Restricted funds	11		40,814		74,627
Unrestricted funds			63,438		75,389
			104,252		150,016

The financial statements were approved by the Trustees on 20 July 2021

Professor Edward Melhuish OBE
Trustee

Company Registration No. 08194371

**THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 Accounting policies

Charity information

The Foundation Years Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Seacombe Children's Centre, St Pauls Road, Wallasey, Wirral, CH44 7AN. The principal activities of the charity are disclosed in the Trustees' Report.

1.1 Accounting convention

The accounts have been prepared in accordance with the charitable company's governing document, 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 charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company 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 charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

The trustees consider that it is appropriate to prepare the accounts on a going concern basis as the charity will be able to meet its liabilities as they fall due. In making this assessment the trustees have considered the impact of the Coronavirus which is prevalent at the time of approval of these accounts and are confident that they have adequate resources to continue to operate having taken account of current and future income streams and expenditure commitments.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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 these notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charitable company 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.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company 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 charitable company 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.

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies **(Continued)**

1.5 Resources expended

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services.

Governance costs include costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee costs linked to the strategic management of the charity.

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:

Fixtures, fittings & equipment	33% straight line
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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.

Gifted assets are capitalised if valued over £250 at the point of receipt.

1.7 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.

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.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 charitable company's contractual obligations expire or are discharged or cancelled.

1.8 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 charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

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

2 Donations and legacies

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Donations and gifts	4,800	6,255
Coronavirus Job Retention Scheme	7,054	-
	<u>11,854</u>	<u>6,255</u>

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Charitable activities - income

	Restricted funds	Restricted funds
	2020	2019
	£	£
Performance related grants	192,718	200,000
	=====	=====
Performance related grants		
Tudor Trust	30,000	35,000
SHINE	13,640	25,000
The Johnson Foundation	-	5,000
John Armitage Charitable Trust	35,000	35,000
Garfield Weston Foundation	-	75,000
Leathersellers	10,000	10,000
PH Holt	-	10,000
Eleanor Rathbone Charitable Trust	-	5,000
Paul Hamlyn	20,000	-
Department for Education via National Literacy Trust	47,831	-
National Lottery Community Fund	7,863	-
Onward Foundation	4,774	-
Elizabeth Rathbone	1,435	-
Liverpool Cares	1,875	-
Steve Morgan Foundation	7,490	-
Children's Centre Advisory Board	4,410	-
Kelly Family Trust	4,000	-
Comic Relief	2,000	-
Wirral Council FSM Fund	2,400	-
	=====	=====
	192,718	200,000

4 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Interest receivable	119	250
	=====	=====

THE FOUNDATION YEARS TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

5 Charitable activities - expenditure

	2020 £	2019 £
Staff costs	202,187	214,364
Depreciation and impairment	-	263
Rent	5,640	5,475
Sundry expenses	1,688	3,206
Employee expenses	1,125	4,229
IT, website and phones	5,987	5,530
Training	229	1,816
Publications and subscriptions	169	28
Programme delivery	30,413	11,870
Legal and professional fees	1,133	1,008
	<u>248,571</u>	<u>247,789</u>
Share of governance costs (see note 6)	1,884	2,393
	<u>250,455</u>	<u>250,182</u>
Analysis by fund		
Unrestricted funds	23,924	45,587
Restricted funds	226,531	204,595
	<u>250,455</u>	<u>250,182</u>

6 Support costs

	Support costs £	Governance costs £	2020 Support costs £	Governance costs £	2019 Support costs £	Governance costs £
Audit fees	-	1,810	1,810	-	1,800	1,800
Other	-	69	69	-	81	81
Trustees' expenses	-	5	5	-	512	512
	<u>-</u>	<u>1,884</u>	<u>1,884</u>	<u>-</u>	<u>2,393</u>	<u>2,393</u>
Analysed between						
Charitable activities	-	1,884	1,884	-	2,393	2,393

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

Expenses totalling £5 (2019: £512) were incurred in respect of duties undertaken by the Trustees on the charity's behalf. These costs were principally travel expenses and were paid to 1 (2019: 3) Trustee.

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FOR THE YEAR ENDED 31 DECEMBER 2020

8 Employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Management and directors	2	2
Administration	2	1
Other	4	5
	<hr/>	<hr/>
Total	8	8
	<hr/> <hr/>	<hr/> <hr/>

Employment costs	2020	2019
	£	£
Wages and salaries	177,652	187,917
Social security costs	15,806	17,711
Other pension costs	8,729	8,736
	<hr/>	<hr/>
	202,187	214,364
	<hr/> <hr/>	<hr/> <hr/>

The number of employees whose annual remuneration was £60,000 or more were:

	2020	2019
	Number	Number
£60,000 - £70,000	1	1
	<hr/> <hr/>	<hr/> <hr/>

9 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2020	3,543
	<hr/>
At 31 December 2020	3,543
	<hr/>
Depreciation and impairment	
At 1 January 2020	3,543
	<hr/>
At 31 December 2020	3,543
	<hr/>
Carrying amount	
At 31 December 2020	-
	<hr/> <hr/>
At 31 December 2019	-
	<hr/> <hr/>

THE FOUNDATION YEARS TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

10 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	4,256	4,257
Accruals and deferred income	3,145	3,011
	<u>7,401</u>	<u>7,268</u>
	<u><u>7,401</u></u>	<u><u>7,268</u></u>

**THE FOUNDATION YEARS TRUST
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FOR THE YEAR ENDED 31 DECEMBER 2020**

11 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 January 2019	Movement in funds		Balance at 1 January 2020	Movement in funds		Balance at 31 December 2020
	£	Incoming resources	Resources expended	£	Incoming resources	Resources expended	£
Wirral Council	23,683	-	(23,683)	-	-	-	-
John Armitage Charitable Trust	-	35,000	(34,990)	10	35,000	(35,010)	-
Garfield Weston Foundation	-	75,000	(25,161)	49,839	-	(36,530)	13,309
Tudor Trust	-	35,000	(34,968)	32	30,000	(30,032)	-
Merseyside Community Trust	3,136	-	(3,136)	-	-	-	-
Paul Hamlyn	12,518	-	(12,518)	-	20,000	(3,687)	16,313
Dulverton	23,089	-	(23,089)	-	-	-	-
Medicash	2,890	-	(2,890)	-	-	-	-
SHINE	9,406	25,000	(33,344)	1,062	13,640	(14,702)	-
The Johnson Foundation	3,000	5,000	-	8,000	-	(8,000)	-
The Woodward Foundation	1,500	-	-	1,500	-	(1,500)	-
Leathersellers	-	10,000	(10,000)	-	10,000	(10,000)	-
PH Hall	-	10,000	-	10,000	-	(10,000)	-
Department for Education via National Literacy Trust	-	-	(816)	(816)	47,831	(48,345)	(1,330)
Eleanor Rathbone Charitable Trust	-	5,000	-	5,000	-	(5,000)	-
National Lottery Community Fund	-	-	-	-	7,863	-	7,863
Onward Foundation	-	-	-	-	4,774	(4,774)	-
Elizabeth Rathbone	-	-	-	-	1,435	(776)	659
Liverpool Cares	-	-	-	-	1,875	(1,875)	-

**THE FOUNDATION YEARS TRUST
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FOR THE YEAR ENDED 31 DECEMBER 2020**

11 Restricted funds	(Continued)					
Steve Morgan Foundation	-	-	-	-	7,490	-
Children's Centre Advisory Board	-	-	-	-	4,410	-
Kelly Family Trust	-	-	-	-	4,000	4,000
Comic Relief	-	-	-	-	2,000	-
Mirral Council FSM Fund	-	-	-	-	2,400	-
	<u>79,222</u>	<u>200,000</u>	<u>(204,595)</u>	<u>74,627</u>	<u>192,718</u>	<u>(226,531)</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
John Armitage Charitable Trust						40,814
The second tranche of 2019/21 continuation grant to fund the Trust Director and associated costs.						
Garfield Weston Foundation						
Continuation grant for 2019/21 to support core costs associated with the Birkenhead project and its management.						
Tudor Trust						
Second tranche of 2019/21 continuation grant to cover core costs associated with the Birkenhead project.						
Paul Hamlyn						
New Covid-19 emergency grant towards Volunteer Coordinator role.						
SHINE						
Final tranche of grant which was used to continue to fund the training of early years professionals to deliver the Peep Learning Together programme and associated costs.						
The Johnson Foundation						
To support Little Explorers groups and associated costs.						
Leathersellers						
The second tranche of 2019-22 grant to fund the parent campaign; supporting parents to engage and promote their children's development in the early years.						
P H Holt						
To fund parent partnership work through the pandemic.						

**THE FOUNDATION YEARS TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

11 Restricted funds

(Continued)

Eleanor Rathbone Charitable Trust
Funding for the Early Explorers groups and associated costs in 2020.

Department for Education via National Literacy Trust
For the co-ordination and delivery of the DfE's Hungry Little Minds campaign in Wirral.

National Lottery Community Fund
To fund Adventures at home to support parents of children in the early years.

Onward Foundation
Grant to support the home learning environment with parents of early years children.

Elizabeth Rathbone
Grant to support the training of professionals in the home learning environment.

Liverpool Cares
Emergency funding to support parents on the home learning environment during the pandemic.

Steve Morgan Foundation
Emergency funding to produce home learning environment activity packs.

Children's Centre Advisory Board
Funding for home learning environment activity packs.

Kelly Family Trust
Funding for Community Engagement Coordinator.

Comic Relief
Grant for resources and associated costs to support the home learning environment through the pandemic.

Wirral Council FSM Fund
Funding to provide early years resources to distribute with free school meals during half term holidays.

THE FOUNDATION YEARS TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Fund balances at 31 December 2020 are represented by:						
Current assets/(liabilities)	63,438	40,814	104,252	75,389	74,627	150,016
	<u>63,438</u>	<u>40,814</u>	<u>104,252</u>	<u>75,389</u>	<u>74,627</u>	<u>150,016</u>

13 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	526	526
Between two and five years	395	921
	<u>921</u>	<u>1,447</u>

14 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2020 £	2019 £
Aggregate compensation	<u>105,627</u>	<u>106,612</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.