



FLEXIBLE CHILDCARE SERVICES SCOTLAND

**Flexible Childcare Services Scotland
(a Scottish Charitable Incorporated Organisation)**

Scottish Charity number: SC049318

**Financial Statements
for the year ended 31 March 2021**



FLEXIBLE CHILDCARE SERVICES SCOTLAND
(a Scottish Charitable Incorporated Organisation)
Year ended 31 March 2021

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**FLEXIBLE CHILDCARE
SERVICES SCOTLAND**

FLEXIBLE CHILDCARE SERVICES SCOTLAND

(a Scottish Charitable Incorporated Organisation)

Year ended 31 March 2021

Trustees' Annual Report

Reference and administrative information

Registered charity number: SC049318

Registered office

2 York Place
Edinburgh
EH1 3EP

Chief executive Officer

Susan McGhee

Trustees

Mark Ferguson - Interim chair	(Resigned 03/12/2020)
Kevin Cadman – Interim chair	
Kenneth Mill – Treasurer	(Resigned 13/07/2021)
Christopher Jamieson	
Sally Cavers	
Jane Malcolm	
Patrick Woods	(Appointed 25/05/2020)

Auditor

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
ED12 5HD

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2AD



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Year ended 31 March 2021

Trustees' Annual Report (continued)

Flexible Childcare Services Scotland SCIO (henceforth 'FCSS') has been created to challenge the inflexibility of current childcare provision across the country and to ensure equity of access to early years' and school age childcare experience services for all children and families regardless of background, specific individual needs and/or location.

Established and registered with the Office of the Scottish Charity Regulator in May 2019, FCSS has a delivery model based on an identified need for increased flexibility in childcare. One Parent Families Scotland (OPFS) first identified this need when parents wishing to return to employment, education or training were unable to do so, due to a lack of high quality, flexible, accessible and affordable childcare services.

In January 2020, FCSS took over the childcare services previously operated by One Parent Families Scotland and at the same time took over the services previously operated by Inverness based, Direct Childcare. This year has been the first full year of trading for FCSS and despite the challenges created by Covid-19 restrictions the organisation has continue to grow with the addition of new services in Moray and Aberdeenshire Council areas. Growth aspirations remain high and the organisation has further potential services in its business development pipeline.

FCSS has grown rapidly through takeover, start-ups and a successful tendering programme and FCSS currently has 22 Care Inspectorate registered childcare services including:

- Flexible Nursery Services
- Flexible Funded Early Learning and Childcare
- Flexible Out of School Care
- Home-based Childcare and Respite Services
- Additional Support Needs Activity and Support Groups
- Mobile Creche Services

Vision

The organisation's vision is the creation of flexibility in early learning and school age childcare for all children, families, and communities across Scotland.

- The organisation will protect the rights of children and families to define, tailor and access flexible childcare services in ways that best fit their situation.
- The service shall be inclusive, innovative, and reflective of the very best practice.

Context

Traditional childcare delivery models mean families across Scotland face multiple barriers to accessing childcare services.

Traditionally childcare has been offered by local authorities based around school hours and school terms or by private voluntary and independent ('PVI') sector operators based on a full day model with standard hours of 8a.m. to 6p.m. Whilst these hours can generally be split to half day blocks the majority of providers will not allow booking of shorter sessions and many require the booking of a minimum number of sessions per week.

Most PVI providers will also charge fees upfront, often require a deposit and sometimes also a registration/admin fee.

Locally authority funded early learning and childcare has been based around set sessions each week with places allocated by an admissions panel against set criteria.

These models leave many families unable to access the childcare that they need, the requirement to book set sessions with a weekly minimum and the associated upfront costs create a significant affordability barrier.



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Trustees' Annual Report (continued)

School hours do not work for working families, leaving them with before and after school gaps in care and great difficulty in covering the school holiday periods.

Parents working non-standard business hours are often left with no childcare availability as very few providers will operate beyond standard hours or at weekends. Shift workers face a situation where they require to book and pay for childcare that covers all their potential shift patterns as providers are unwilling or unable to vary booking patterns on a weekly basis.

Local capacity issues can impact on parental choice meaning some families cannot access a childcare place in their choice of service, whether that be near home or near their place of work.

Issues with cross border funding of Early Learning & Childcare (ELC) places can also be challenging and place restrictions on where and when families can access childcare.

Places for children with additional support needs can be limited with many mainstream providers not having enough space, staff numbers or experience to provide an integrated model that meets specific individual needs.

Families in rural areas miss out on choice in the childcare they can access as sustainability issues limit the number of providers who are willing to operate in these areas.

Lack of access to affordable, high quality, sustainable childcare services keep families trapped in a situation where they are unable to work or can only work restricted hours often in insecure and low paid work.

Where families can access childcare; they often spend too high a proportion of their income to pay for childcare leaving them struggling with other costs of living.

The Scottish Government commitment to provide 1140 funded hours of early learning and childcare for all three to five years and for eligible two-year-olds, a commitment supported by the underpinning principles of quality, is admirable but to achieve true equity it must incorporate a level of flexibility that delivers parity of access for all of Scotland's children, families, and communities.

The need for increased flexibility, accessibility and affordability is recognised in the Tackling Child Poverty plan; Every Child, Every Chance, created to help meet the targets of the Child Poverty (Scotland) Act 2017 which makes a commitment to help meet the challenges of securing accessible, affordable and flexible childcare, maximising benefit for low-income families.

Structure, Governance and Management

Constitution

The Charity is a Scottish Charitable Incorporated Organisation (SCIO). It was registered in its current legal form on 22nd May 2019. The charity grew out of the services created by One Parent Families Scotland. The services previously operated by One Parent Families Scotland were transferred to the SCIO on 1st January 2020.

It has a single tier structure and as such the Charity Trustees are also the organisation's only members and comprise the organisation's Board.

Appointment of Trustees

There must be a minimum of three and a maximum of ten trustees.

Trustees will have a commitment to the core values and purpose of the charity and will be recruited on skills, background and/or connectedness with relevant communities and networks.



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Trustees' Annual Report (continued)

Any person or nominated individual who wishes to become a Charity Trustee must sign a written application for Charity Trusteeship, the application will then be considered by the Board at its next Board meeting. Trustees will be formerly voted onto to the Board at the annual general meeting (AGM).

All new board members are invited to an initial board meeting and although no formal training session is currently offered this something the Trustees will look to implement.

Objectives and Activities

Charitable purposes

The organisation is established for charitable purposes only, and the objects are:

- The advancement of care and education for children and young people through delivery of tailored childcare solutions.
- To advance education for the benefit of children, families, and communities by the provision of accredited training programmes for the childcare sector.
- To provide financial support to individuals for training in the childcare sector.
- The advancement of citizenship or community development.
- The relief of the needs of children and young people by reason of ill-health, disability, financial hardship or other disadvantage.

Activities

Flexible Childcare Services Scotland operates two distinct yet interlinked delivery strands, these being the direct delivery of early learning and childcare services and a range of support solutions for the childcare sector.

FCSS direct delivery is the provision of tailored childcare services, designed to:

- Meet the individual needs of children, families, and communities.
- Identify gaps in provision and design services to fill the gap.
- Remove barriers of affordability, accessibility and sustainability faced by families seeking childcare.
- Create centres of excellence to share the flexible delivery model.

FCSS Sector Support Services include:

- Development and sharing of responsive software solutions.
- Training and professional development activity.
- Operation and management of a sessional practitioner bank across Scotland.

Achievement & performance

This has been a challenging year for FCSS, as a relatively new organisation with only 3 month's trading prior to the onset of Covid-19 restrictions, the organisation has had to respond with agility and adapt its services and operations to meet the changing needs of children, families and communities during lockdown. Decisions were taken to keep its workforce safe and to protect jobs, to ensure the organisation came through the pandemic in a sustainable position.

- FCSS direct delivery services were adapted during lockdown to provide care for children of critical keyworkers enabling them to continue working to provide vital services during the pandemic.



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Trustees' Annual Report (continued)

- All families registered with FCSS childcare services were supported throughout lockdown with regular communications, doorstep visits and delivery of over 500 connection boxes funded by the Scottish Government's Wellbeing Fund.
- As restrictions eased over the summer the organisation was able to open its planned new service in Keith, Moray, albeit in temporary facilities due to a Covid related building delay.
- Early Learning and Childcare partnership provider status was achieved with three of Scotland's local authorities.
- The community asset transfer of a property in Dundee, destined to be the organisation's first Community Hub Childcare Facility, was concluded, making FCSS owners of a large property and an acre of land in the area. Capital funding was secured for phase 1 of building refurbishment works.
- Funding was secured for two "Access to Childcare" school age care services, one in Dundee and one in Aberdeenshire.
- FCSS software was extended to offer increased functionality enabling keyworker parents to identify childcare services to meet their needs during lockdown.
- Software development has continued, and user numbers begun to increase.
- A national sessional practitioner bank has been launched to support workforce capacity issues across the sector.

Financial review

The financial results are set out in the Statement of Financial Activities on page 14. The closing reserves balance of £674,723 consists of unrestricted reserves of £172,258 and restricted reserves of £502,465.

Our main sources of funding are:

- Provision of contracted childcare services paid for by Local Authorities under service level agreements
- Fees paid by parents for provision of childcare
- Charitable grants

We have confirmed funding in place for FY 21/22 and have already secured some of our funding needs for FY22/23. We are supported and part funded by the Social Innovation Partnership, a collaboration between the Scottish Government and the Hunter Foundation. We have also agreed a multiyear support package with new philanthropy fund, the Catalyst for Impact Fund. On this basis, the trustees can conclude the accounts can be prepared on a going concern basis.

Going Concern

The organisation's Leadership and Management teams have established strong working relationships with funders, regulators, Scottish Government, and other third-party organisations. The organisation has built on these strong foundations to add additional services and source further funds thus achieving sustainable growth in turnover, geographic coverage, and the range of services delivered.

The Covid-19 pandemic has impacted the activities of the charity in multiple ways:

- Our face-to-face childcare delivery activities continue and have done so even throughout the strictest part of lockdown when services were provided for essential keyworker families. In some cases, this increased the amount of care we provide, including the creation of pop-up hubs contracted by some of the Local Authorities we work with.



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Trustees' Annual Report (continued)

- We received funding to create a piece of software to source available childcare places for essential keyworkers across Scotland.
- We have implemented additional cleaning and hygiene routines across our services. We received funding from the Scottish Government's Transitional Support Fund to help meet the costs of this.
- We have moved office-based staff to home working status and provided the resources and equipment they need to facilitate this. This remains in place for the majority of office-based workers with only a small number visiting office locations for short periods of time.
- The Job Retention Scheme was used to support some of our workforce during lockdown restrictions.
- Professional development activity has been limited to online options, this has been restrictive in terms of embedding new teams and developing skills across the organisation. An organisation wide training plan is in development.

Fortunately, the charity's existing grant funding was not significantly impacted and there have been opportunities to access additional funds including Covid-19 response grants for project-based work in the communities where we operate. The Board and management have completed a stress test analysis of the charity's forecasts and have considered project cash flows on a weekly basis for at least 12 months from the approval of these financial statements.

Whilst FCSS has not yet built sufficient reserves to meet its reserves policy it is generating reserves monthly and has secure funding commitments in place and contract-based work of sufficient value to cover its operating costs for at least the period of the next 12 months from the approval of these financial statements.

After considering the above the board has prepared the financial statements on a going concern basis.

Risk assessment

The trustees have assessed the major risks to which the charity is exposed, in particular, managing cashflow and the impact of beginning trading with £0 reserves, operating childcare services during the Covid-19 pandemic, and ability to deliver outcomes as required by funders whilst operating under the constraints of lockdown and ongoing restrictions.

Other risks include managing staff numbers to meet service delivery ratios in a rapidly changing context, protecting children and families using our services from the spread of Coronavirus infection and ensuring our vulnerable families received the support they needed during the pandemic.

Following robust risk assessment, the Board of Trustees are satisfied that systems are in place to mitigate our exposure to these risks. Measures in place include regular review of our cashflow position, limits on spending/purchases, identifying new funding opportunities and broadening the range and number of funders we work with. We effectively track progress towards outcomes and communicate regularly with our funders.

We are following guidance from the Scottish Government and our regulators the Care Inspectorate to ensure safe, ongoing service delivery. We have implemented systems to monitor staffing numbers and have an active sessional staff bank in place from which we can draw additional cover as required. We have carried out prevention of infection assessments applying additional cleaning and hygiene procedures to protect the children and families using our services as required.



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Trustees' Annual Report (continued)

We have limited access to our premises, requiring parents/carers to drop off and collect children from main doors and introducing home working for office-based staff wherever possible.

We have reviewed and renewed the organisation's insurance to ensure we have sufficient cover for any eventuality, we are using sector specialist insurance brokers and are working closely with them to keep them updated of developments in our growing organisation.

Reserves policy

The trustees' policy is to work towards retaining 3 months' worth of normal running costs in order to meet commitments and to cover any unexpected expenditure. Although this policy is not met as at 31 March 2021 the trustees acknowledge that this is reasonable given the short operating period and will continue to monitor the position as reserves grow.

Plans for future periods

The trustees intend to continue to develop the services offered, influencing the sector and creating change in the delivery models adopted by providers on a national scale. This will include:

- The expansion of direct delivery services in partnership with Local Authorities and other organisations across Scotland.
- The opening this year of our first centre of excellence model community childcare hub in Dundee, including the transfer of ownership of a substantial property and surrounding 1.15 acres of land.
- Establishing our position as the go-to provider of Flexible Childcare Management Software in Scotland achieving coverage across all 32 Local Authorities with our software products
- Operating our National Sessional Practitioner bank across Scotland and expand to cover other sectors including school teaching and ancillary staff.
- Launching an accreditation programme to recognise childcare providers who have adopted a more flexible and therefore more affordable and accessible delivery model.
- Launch of SQA approved training centre delivering Modern Apprenticeship qualifications for entrants to the childcare sector workforce.

By moving to a more flexible delivery model barriers are removed, and fewer families miss out on the benefits of quality early learning and school age childcare. To achieve this level of equity in accessing services FCSS will continue to campaign for the following actions:

- All parents to have the right to use their weekly allocation of funded hours in a fully flexible model that fits around their working life/family needs. All 32 of Scotland's Local Authorities must support this across their early learning and childcare provision. All providers to offer increased flexibility in delivery models.
- Funded support for out of school care in primary years; Possibly through an out of school club service in each primary or where schools/demand is small in each primary cluster. Delivered in partnership with local childcare providers, managed in a similar way to ELC partnership contracts



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Trustees' Annual Report (continued)

- Innovative solutions to meet early learning and childcare needs in rural areas where provision is limited due to low numbers.
- Standardised funding level for all ELC providers, so partners and Local Authority settings are on an even footing.
- Increased funding for training of mature entrants to the sector, boosting workforce capacity, diversity and quality and enabling providers to flex their staffing levels in line with varying attendance patterns for children.
- Appropriate care or respite provision for children with additional support needs across Scotland including after school, Saturday activity groups and holiday playschemes. Funded via social work budgets and/or self-directed support money.
- Paediatric First Aid training to be in place across the childcare workforce



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Trustees' Annual Report (continued)

Statement of Trustee Responsibilities

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

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these 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.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

This report was approved by the trustees on *2nd Sept 2021* and signed on their behalf by

Kevin Cadman, Interim Chair



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Year ended 31 March 2021

Independent auditor's report to the members and trustees of Flexible Childcare Services Scotland

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements of Flexible Childcare Services Scotland SCIO ("the Charity") for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charity in accordance with the ethical requirements 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.

Conclusions related 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 Charity'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.



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**Independent auditor's report to the members and trustees of One Parent Families
Scotland (continued)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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 determines 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.



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**Independent auditor's report to the members and trustees of One Parent Families
Scotland (continued)**

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- reading minutes of meetings of those charged with governance; reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control accounts reconciliations to supporting documentation as at 31 March 2021; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate supporting documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.



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Independent auditor's report to the members and trustees of One Parent Families Scotland (continued)

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC'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 Charity's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Martin Gill
B6F16A8EF9FD4ED...
Martin Gill

BDO LLP, statutory auditor

Edinburgh, UK

Date: 27 September 2021

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



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Statement of Financial Activities (Incorporating Income and Expenditure Account)

		Restricted Funds	Unrestricted Funds	Year ended 2021 Total	Restricted Funds	Unrestricted Funds	Period ended 2020 Total
	Notes	£	£	£	£	£	£
Income from:							
Donations and legacies		556,768	226,337	783,105	-	84,306	272,486
Charitable activities:							
Childcare		513,570	1,381,645	1,895,215	188,179	276,888	276,888
Other income:							
CJRS Income		-	78,579	78,579	-	-	-
Total income	3	1,070,338	1,686,561	2,756,899	188,179	361,194	549,374
Expenditure on:							
Charitable activities:							
Childcare		303,591	1,481,989	1,785,580	176,179	388,761	564,940
Software development		281,029	-	281,029	-	-	-
Total expenditure	4	584,620	1,481,989	2,066,609	176,179	388,761	564,940
Net income / (expenditure)	7	485,718	204,572	690,290	12,000	(27,567)	(15,567)
Transfer between funds	13, 14	4,747	(4,747)	-	-	-	-
Net movement in funds	13, 14	490,465	199,825	690,290	12,000	(27,567)	(15,567)
Total funds brought forward		12,000	(27,567)	(15,567)	-	-	-
Total funds carried forward at 31 March 2021	13, 14	502,465	172,258	674,723	12,000	(27,567)	(15,567)

The charity has no recognised gains or losses other than the results for the year as set out above.
All activities of the charity are classed as continuing.

The notes on pages 17 to 29 form part of the financial statements.



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Balance sheet

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	9		497,239		-
Current assets					
Debtors	10	254,971		149,627	
Cash at bank		<u>686,373</u>		<u>51,242</u>	
		941,344		200,869	
Current liabilities					
Creditors falling due within one year	11	<u>(744,860)</u>		<u>(216,436)</u>	
Net current assets			196,484		(15,567)
Creditors falling due greater than 1 year	12		(19,000)		-
Net assets / (liabilities)			<u>674,723</u>		<u>(15,567)</u>
Reserves					
Restricted Funds	13		502,465		12,000
Unrestricted Funds:					
General funds	14		172,258		(27,567)
			<u>674,723</u>		<u>(15,567)</u>

The notes on pages 17 to 29 form part of the financial statements.

Approved and authorised for issue by the Board and signed on its behalf by

Kevin Cadman, Interim Chair

Dated:

2/9/21



FLEXIBLE CHILDCARE SERVICES SCOTLAND
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Statement of Cash Flows

	2021	2020
	£	£
Net income for the period	690,290	(15,567)
Adjustments for:		
Decrease/(Increase) in trade and other receivables	(105,344)	(149,627)
Increase/(decrease) in trade payables	193,899	216,436
Depreciation	2,395	-
Net cash used in operating activities	781,240	51,242
Cash flows from investing activities		
Purchase of tangible fixed assets	(146,109)	-
Net cash provided by investing activities	(146,109)	-
Net movement in cash and cash equivalents for the year	635,131	51,242
Cash and cash equivalents brought forward	51,242	-
Cash and cash equivalents carried forward	686,373	51,242



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Year ended 31 March 2021

Notes to the financial statements

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 (effective January 2015), Charities Accounts (Scotland) Regulations 2006 and follow the recommendations in Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) regulations 2006.

The charity was incorporated in Scotland, UK, is a Scottish charitable incorporated organisation and has charity number and registered office as per the cover page to these financial statements. The charity's principal activity is as disclosed per the report of the trustees. The functional currency used is GBP and level of rounding is to the nearest pound.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the charity to exercise judgement in applying the entity accounting policies (see note 2 below).

For the purposes of FRS 102 the entity is designated as a public benefit entity.

1.2 Going concern

Whilst FCSS is a relatively new organisation it is comprised of a number of mature services that transferred into the SCIO in January 2020 along with their experienced staff teams, this means the organisation has established and effective relationships with funders, regulators, Scottish Government and other third-party organisations. In the short time it has been operational FCSS has been able to build on these strong foundations to add additional services and source further funds thus achieving sustainable growth in turnover, geographic coverage and the range of services it offers.

The Covid-19 pandemic has impacted the activities of the charity in multiple ways:

- Our face-to-face childcare delivery activities continue and have done so even throughout the strictest part of lockdown when services were provided for essential keyworker families. In some cases, this increased the amount of care we provide, including the creation of pop up hubs contracted by some of the Local Authorities we work with.
- We have received funding to create a piece of software to source available childcare places for essential keyworkers across Scotland.
- We have implemented additional cleaning and hygiene routines across our services. We received funding from the Scottish Government's Transitional Support Fund to help meet the costs of this.
- We have moved office-based staff to home working status and provided the resources and equipment they need to facilitate this.

Fortunately, the charity's existing grant funding has not been significantly impacted. Funders have been supportive of our efforts to continue to deliver services and we have been able to access additional Covid-19 response grants for project-based work in the communities where we operate. The Board and management have completed a stress test analysis of the charity's forecasts and have considered project cash flows on a weekly basis for at least 12 months from the approval of these financial statements.

Whilst FCSS has not yet built sufficient reserves to meet its reserves policy it is generating reserves on a monthly basis and has in place secure funding commitments and contract-based work of sufficient value to cover its operating costs for at least the period of the next 12 months from the approval of these financial statements.



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Notes to the financial statements (continued)

1.2 Going concern (continued)

The Board, however, acknowledges that some of this funding, whilst contracted, is dependent on the number of children that the charity provides services to. If child numbers are lower than forecast in the stress test then the charity may not have sufficient cash reserves to meet commitments, as the organisation has not yet built-up sufficient reserves. This indicates an inherent uncertainty that exists, however, after considering the above the board has prepared the financial statements on a going concern basis. The financial statements do not include any adjustment should the going concern basis of preparation be inappropriate.

1.3 Expenditure

Expenditure is charged to a particular activity where the cost relates directly to that activity.

Support costs not directly related to an activity are apportioned based on staff time.

Governance costs are included within support costs in childcare charitable activity as this is the core activity of the charity. The costs are charged directly to the Statement of Financial Activities when incurred and include audit and accountancy fees and any trustees' expenses.

Expenditure on fixed assets is capitalised except if the item cost less than £1,000.

1.4 Income

Grants are recognised in full in the Statement of Financial Activities in the year in which they relate and when the conditions of the grant have been met. The conditions for the grant being met are assessed against the criteria of entitlement to the income, ability to measure the economic benefit, and it is probable that the flow of economic benefit to the charity will occur. Any deferred element of grants is included in creditors as deferred income.

Grants relating to expenditure of tangible fixed assets are credited to the Statement of Financial Activities at the same rate as the depreciation on the assets to which the grants relate.

Income from services is recognised when the service has been performed and the income is receivable.

Income received by way of donations and gifts is included in full in the Statement of Financial Activities when the three criteria of the charities SORP (entitlement, measurement, and probability) are met.

Income from investments is included when receivable.

1.5 Government Grants

Grants relating to expenditure of tangible fixed assets are credited to the Statement of Financial Activities at the same rate as the depreciation on the assets to which the grants relate.

Grants of a revenue nature are recognised in the Statement of Financial Activities in the same period as the related expenditure.

During the year, the charity was in receipt of the following government grants:

- Coronavirus Job Retention Scheme (CJRS) which is recognised in the period claimed for.
- Capital and operational support to aid recovery from COVID -19, recognised in line with the conditions of the grant and the income accounting policy.



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1.6 Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on tangible fixed assets at rates calculated to reduce the assets to their residual values by the end of their useful lives. The rates adopted are as follows:

Land and Buildings	2% -10% straight line
Tenant's improvements	25% straight line
Motor vehicles	25% straight line
Equipment	25% straight line

Where an asset is deemed to have no residual value but is still retained, it may be written off in full.

1.7 Assets under construction

Incomplete property construction costs are initially capitalised as Assets under construction until fully completed, after which all costs will be transferred to Land and Buildings and depreciated accordingly.

1.8 Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administrated fund.

1.9 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities and the Income and Expenditure account as incurred over the term of the lease.

1.10 Funds accounting

Unrestricted funds are donations and other incoming resources receivable for the objects of the charity without further specified purpose and are available as general funds. Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund, together with a fair allocation of management and support costs.

1.11 Holiday pay

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.12 Financial Instruments

The charity only enters basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.



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Notes to the financial statements (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the charity would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the charity's cash management.

2. Key judgement and areas of estimation uncertainty

The key judgements and sources of estimation uncertainty in the preparation of the financial statements are as follows:

- **Grants receivable**

The level and timing of income and expenditure in relation to grants is an area of key judgement as it is determined for accounting purposes by referring to the conditions of grant. Grants receivables are recognised in so far as the conditions attached to the grant have been met and have been demonstrated to the grant giver. The level and timing of provision to grant recipients is determined by monitoring grant criteria and ensuring that conditions are being met.



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Notes to the financial statements (continued)

3. Income

	Restricted Funds £	Unrestricted Funds £	2021 Total £
Donations & legacies from:			
Donations & legacies	5,000	15,296	20,296
Grants	551,768	211,041	762,809
	556,768	226,337	783,105
Charitable activities from:			
Sales and services	-	1,165,797	1,165,797
Grants	513,570	215,848	729,418
	513,570	1,381,645	1,895,215
Other Income:			
CJRS Income	-	78,579	78,579
Total income	1,070,338	1,686,561	2,756,899

	Restricted Funds £	Unrestricted Funds £	2020 Total £
Donations & legacies from:			
Donations & legacies	-	84,306	84,306
	-	84,306	84,306
Charitable activities from:			
Sales and services	188,179	-	188,179
Grants	-	276,888	276,888
Total income	188,179	361,194	549,373



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Notes to the financial statements (continued)

4. Analysis of expenditure

	Activities undertaken directly	Support costs	2021 £
Charitable activities			
Childcare	1,336,114	449,466	1,785,580
Software development	166,161	114,868	281,029
Total expenditure	1,502,275	564,334	2,066,609

	Restricted	Unrestricted	2021 £
Charitable activities			
Childcare	303,591	1,481,989	1,785,580
Software development	281,029	-	281,029
Total expenditure	584,620	1,481,989	2,066,609

	Activities undertaken directly	Support costs	2020
Charitable activities			
Childcare	413,704	151,236	564,940
Software development	-	-	-
Total expenditure	413,704	151,236	564,940

	Restricted	Unrestricted	2020
Charitable activities			
Childcare	176,179	388,761	564,940
Software development	-	-	-
Total expenditure	176,179	388,761	564,940



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5. Support cost breakdown by activity

	Basis of allocation	Childcare	Software Development	2021 £
Management	Staff time	389,649	76,771	466,420
Finance	Staff time	41,901	30,868	72,769
Human Resources	Activity	10,356	6,288	16,644
Governance costs (see below)	Activity	7,560	940	8,500
Total support costs		449,466	114,868	564,334

	Basis of allocation	Childcare	Software Development	2020
Management	Staff time	90,961	-	90,961
Finance	Staff time	44,517	-	44,517
Human Resources	Activity	10,058	-	10,058
Governance costs (see below)	Activity	5,700	-	5,700
Total support costs		151,236	-	151,236

Governance costs

	2021 £	2020 £
Audit & accountancy	8,500	5,700
	8,500	5,700



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6. Employment costs

	2021	2020
	£	£
Gross salaries	1,243,399	335,542
Employers National Insurance	70,646	20,611
Employer's pension contributions	72,267	18,531
	1,386,312	374,684

No employees earned more than £60,000 per annum.

The average number of staff employed from March 2021 onwards was as follows:

	2021	2020
Senior management	1	1
Management	5	4
Admin and support	7	7
Childcare and project workers	128	111
	141	123

No trustee received any remuneration for their service as trustee.

7. Net income / (expenditure)

	2021	2020
	£	£
Net expenditure is stated after charging:		
Auditor's remuneration for audit services	8,500	5,700
Depreciation	2,395	-
Operating lease rentals	25,766	22,589
Interest charge	1,007	366

8. Taxation

The organisation is non-profit making and is recognised as a charity by HM Revenue and Customs.

There are no activities which fall within the scope of corporation tax and therefore, no provision has therefore been made for corporation tax.



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Notes to the financial statements (continued)

9. Fixed Assets

	Land & Buildings £	Motor Vehicles	Equipment £	Assets Under Construction	Total £
Cost					
At 1 April 2020	-	-	-	-	-
Additions	3,501	8,499	270	487,364	499,634
At 31 March 2021	3,501	8,499	270	487,364	499,634
Depreciation					
At 1 April 2020	-	-	-	-	-
Charge for the year	-	2,125	270	-	2,395
At 31 March 2021	-	2,125	270	-	2,395
Net book value					
At 1 April 2020	-	-	-	-	-
At 31 March 2021	3,501	6,374	-	487,364	497,239

Assets under construction include the cost of the ongoing works for the Fintry Nursery Project. The full cost will be transferred to Land and Buildings and depreciated on completion of the project.

10. Debtors

	2021 £	2020 £
Trade debtors	73,248	80,434
Other debtors	28,757	45,596
Accrued grant income	152,966	23,597
	254,971	149,627

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	408,228	87,093
Accruals and other creditors	308,265	100,056
Tax and social security	17,345	15,561
Pension Contributions	9,022	13,726
Loan due to Care and Learning Alliance	2,000	-
	744,860	216,436

The balance due to Care and Learning Alliance is an unsecured, interest free loan repayable at £2,000 per year.



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12. Creditors: amounts falling due within one year

	2021 £	2020 £
Loan due to Care and Learning Alliance	19,000	-
	19,000	-

The balance due to Care and Learning Alliance is an unsecured, interest free loan repayable at £2,000 per year.

13. Restricted funds

	At 1 April 2020 £	Income £	Expenditure £	Transfer between funds £	At 31 March 2021 £
The Robertson Trust	12,000	-	(12,000)	-	-
Social Innovation Partnership	-	96,300	(96,300)	-	-
Social Innovation Partnership	-	181,757	(181,757)	-	-
Social Innovation Partnership	-	99,272	(99,272)	-	-
Social Innovation Partnership	-	2,496	(2,496)	-	-
Community Wellbeing Fund	-	41,830	(41,830)	-	-
Access to Childcare - Aberdeenshire	-	74,855	(33,513)	-	41,342
Access to Childcare - Dundee	-	8,892	(8,892)	-	-
Aspiring Communities	-	88,809	(88,809)	-	-
Scottish Government	-	450,000	-	-	450,000
The Tay Charitable Trust	-	5,000	-	-	5,000
The Beatrice Moray Fund	-	4,747	(5,740)	4,747	3,754
Keep Scotland Beautiful	-	8,210	(7,948)	-	262
Dundee Partnership Community Regeneration Fund	-	6,000	(4,864)	-	1,136
Inspiring Scotland Clothing Fund - Keith	-	880	(199)	-	681
Inspiring Scotland Clothing Fund - Nescot	-	290	-	-	290
Inspiring Scotland Clothing Fund - Dundee	-	1,000	(1,000)	-	-
Total restricted funds	12,000	1,070,338	(584,620)	4,747	502,465

Each of the headings noted above contain individual restricted funds which have purpose as noted below:

- *The Robertson Trust - to support childcare services in Dundee*
- *Social Innovation Partnership – in partnership with The Hunter Foundation, funding is to support the software development and a scalable system change model*



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- *Community Wellbeing Fund – delivery of ‘connection boxes’ containing resources and activities to support wellbeing to families who would usually attend services*
- *Access to Childcare – to establish a new out of school facility in Fraserburgh, Aberdeenshire and develop the out of school care services in Dundee*
- *Aspiring Communities - to support the delivery of a new community hub delivering childcare services, family support improve outcomes for those living in the DD4 area of Dundee*
- *Scottish Government – to support the capital renovation works of the Fintry Nursery, Dundee*
- *The Tay Charitable Trust – to support the capital renovation works of the Fintry Nursery, Dundee*
- *The Beatrice Moray Fund – to fund a part-time playworker post to support safe outdoor play*
- *Keep Scotland Beautiful – to purchase capital assets that will promote community awareness of climate change*
- *Dundee Partnership Community Regeneration Fund – for the community garden at Fintry Nursery, Dundee*
- *Inspiring Scotland Clothing Fund – to purchase suitable outdoor clothing for nursery children*

14. Unrestricted funds

	At 1 April 2020	Income	Expenditure	Transfer between funds	At 31 March 2021
	£	£	£	£	£
General funds	(27,567)	1,686,561	(1,481,989)	(4,747)	172,258
Total unrestricted funds	(27,567)	1,686,561	(1,481,989)	(4,747)	172,258

15. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total 2020	Total 2020
	£	£	£	£
Fixed assets	9,875	487,364	497,239	-
Current assets	327,146	614,197	941,344	200,869
Current liabilities	(145,763)	(599,096)	(744,860)	(216,436)
Non-current liabilities	(19,000)	-	(19,000)	-
	172,258	502,465	674,723	(15,567)



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Notes to the financial statements (continued)

15. Financial instruments	2021	2020
	£	£
Financial assets held at amortised cost	912,002	162,837
Financial liabilities held at amortised cost	541,396	200,875

Financial assets held at amortised cost include trade debtors, other debtors, accrued income, and cash at bank and in hand.

Financial liabilities held at amortised cost include trade creditors, other creditors, accruals, loans and pension contributions

17. Operating lease commitments

The charity had total commitments under operating leases as follows:

	2021	2020
	£	£
Less than 1 year	14,276	22,589
Between 1 and 5 years	8,510	14,798
	22,786	37,388

18. Related party transactions

Expenses totalling £55 (2020 - £nil) were reimbursed to trustees during the year. No amounts were paid to trustees in relation to provision of services.

Key management personnel include all trustees and 6 members of senior staff who together have responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management for services provided to the charity in the year was £269,324 (2020 - £96,741).

OPFS is a related party due to having trustees in common. FCSS paid £76,428 (2020 - £25,058) service charges to OPFS and received £2,496 (2020 - £51,306) donations from OPFS during the period. As at 31 March 2021 OPFS were due FCSS £554 (2020 - £nil) and FCSS due OPFS £576 (2020 - £17,854).

19. Post year-end balance sheet events

Income totalling £168,960 was received on 1 April 2021 from Highland & Moray Accredited Training Services (HiMATS) to continue to provide training to the Additional Support Needs workforce. This transfer of funds was approved by OSCR prior to the dissolution of HiMATS in May 2021.