

Charity Registration No. 1056381

Company Registration No. 03164233 (England and Wales)

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

EARLY YEARS WALES 2018

T/A EARLY YEARS WALES

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CHAIRMAN'S STATEMENT
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In February 2020, the Trustees held a review of the Strategic Plan. The aims and objectives of the plan have remained the same. As an impact of Covid-19 all planned recruitment for roles (training lead and part time funding officer) were paused in 2020. As the year has progressed it has not been a priority to recruit against either position, but to refocus on the offer Early Years Wales currently makes.

Our commitment to the roles and projects identified within this report will provide for business continuity and job-security for colleagues through to March 2023. As a result, it has been agreed that the new strategy will be written and published by March 2023 (a year earlier than planned).

Following the pandemic and like many charities, Early Years Wales must consider the way it undertakes its business and what office footprint is required to do this is. There is a general acceptance that more flexible working is possible than there was prior to 2020 and Welsh Government are currently advocating for this too. This might have impacts on office provision in 2021 and beyond.

There is much to be positive about. Early concerns about the sustainability of the sector as a whole have not been realised and, despite some losses of individual members, Early Years Wales' membership position is strong. We recognise we need to respond by matching our offers to the needs of our membership. This includes establishing a more coherent programme of support for the parents of children in the 0-3 years space. We need to support community-based provision as restrictions around the Covid-19 pandemic relax, and yet be guarded that there might be future waves and changes in social connectedness as we settle into a new way of living, working and retaining the impact of the virus.

Business Support is a significant priority across the organisation, as many of our members are struggling with the complexity of funding support. The pandemic has demonstrated that getting constitution or business plans wrong can have huge financial implications. That is why a two-year commitment to our Governance project, supporting the charity organisations is imperative. It also suggests that there are businesses and sole traders who also require support to ensure that their policies are robust.

Due to the rapidly changing and evolving nature of social interactions and Government policy, approaches to support members and to receive feedback have been adopted. In the immediate response to Covid-19 the CEO wrote at least once a week to all members on the database. Membership terms were altered in March, providing free membership to all members during 2021/22. Interestingly, childminder organisations joined in significant numbers and therefore supporting these new members effectively is important.

Plans to source alternative funds have proven difficult during 2020 as funding was diverted to provide Covid-19 sustainability support. It is encouraging that our partner networks have increased during 2020 and there are several exploratory conversations that have been established in February and March 2021 that offer exciting opportunities in 2021/22. This reflects the high-quality work that Early Years Wales staff have provided during the pandemic and the willingness for partner organisations to work with us. There is much for Early Years Wales to continue to do and many plans that impact on the early years sector from Welsh Government continue apace in 2021/22 providing a sense of positivity about the early years sector in Wales.

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TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

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The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's 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) (effective 1 January 2019)".

Objectives and activities

The purposes of the charity as set out in the governing documents and articles are:

For the public benefit, alone or in conjunction with other organisations, the promotion and advancement of the education, development and care of preschool children in Wales by:

- a. Providing support and guidance including upon governance, regulation, planning, quality improvement and workforce development to organisations and individuals that provide for the education and care of preschool children; and
- b. Encouraging parents, carers and families of preschool children to understand their needs and to provide for their needs by engaging them in activities that promote their education, development and care.

Early Years Wales' main activity is to support all children, adults with childcare responsibility and early years providers to give every child across Wales the best start in life. We believe that all families have the right to high-quality play, education and care opportunities to help their children reach their potential.

Since 1961, Early Years Wales has been the largest umbrella organisation in Wales, providing a range of comprehensive membership services to the early years sector.

Our strategic aim:

To support all pre-school children, their families and early years providers to give every child across Wales the best start in life.

Our objectives

1. Supporting the early years providers and the early years workforce
2. Supporting parents, carers and families to participate in play
3. Promoting the work of Early Years Wales widely
4. Contributing to policy implementation at National and local levels
5. Developing partnerships
6. Maintaining and developing the organisation's governance and management
7. Recruiting and developing staff and volunteers
8. Seeking and managing funding to maintain and expand our services

We aim to facilitate giving children the best start in life by providing services which promote child development and support families throughout Wales. This is achieved by supporting members to provide early intervention and family service programmes. We offer high-quality support and representation for our members and offering our own accredited quality assurance schemes. The charity also works collaboratively with other organisations, including other early years, childcare, education, playwork charities and statutory agencies to deliver our services. The charity promotes and delivers access to affordable, flexible, and high-quality childcare provision.

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Early Years Wales has always promoted the value of parental participation in their child's development. This was a founding objective of the organisation and we continue to develop ways to ensure that families are supported from the birth of a child and throughout their early years.

We see our role as providing our members with information, guidance, offering a listening ear and supporting them to achieve their goals. We measure our success in achieving these objectives by analysing the impact of our work through our reporting and monitoring and through case studies.

Through our work, Early Years Wales seeks to support its members by encouraging discussion about early years services. We keep them updated of changes to legal requirements and assist with planning to sustain their businesses. In addition, we provide targeted one to one support, news about the early years sector and signposting to qualifications and training opportunities. Early Years Wales' dedicated Foundation Phase support, Welsh Language support, promotion of our Quality for All quality assurance scheme, and the development of support publications and resources all serve to improve quality in the sector.

We recognise that many early years providers operate in a diverse range of environments which can be challenging. These include rural communities and areas of disadvantage. Many settings that are reliant on a mixed economy of funding e.g., Flying Start, Early Entitlement for 3- and 4-year-olds and parent fees, and the Childcare Offer. These factors can challenge sustainability, as can local and national funding initiatives. Our aim is to inform, support and signpost so that these issues can be addressed, and capacity maintained.

N.B. In 2020 and 2021 a significant proportion of resources and staff hours was directed towards supporting the sector in the light of the Covid-19 Pandemic. This response included both a continuation of the Charity's stated strategic aim, and a moderate deviation to support the members and people who were tasked with working in childcare settings, childcare policy, and business support services. All temporary and sustained decisions have been shared in Trustee Board meetings and communicated appropriately to staff within Early Years Wales.

The Trustees have paid due regard to guidance issued by the charity Commission's public benefit guidance in deciding what activities the charity should undertake and in planning future activities. Due diligence is given to how planned future activities will contribute to the strategic aim.

Achievements and performance

Early Years Wales has continued its support to the early years sector in Wales, providing benefits to 783 members over the year in the following categories:

1. Central Support and Member Benefits
2. Cwlwm Partnership
3. Business Support
4. Quality for All
5. Foundation Phase Support
6. Welsh Language Support
7. Wales Active Early Years (Healthy and Active Fund Project)
8. ALN Support
9. Publications and Resources
10. Measures of success
11. Covid-19 specific responses

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2.1 Central Support and Member Benefits

Central Support and the member benefits continues to be a core pillar for Early Years Wales. In the autumn 2020 funding review Trustees committed to continuing to fund the staff positions from designated reserves until March 2023. The central support and member benefits have been strengthened to ensure that all members can access and receive services from head office and regional offices via phone, email, mail, website, social media, and videoconferencing. The support that we provide centrally enables providers to keep up to date with developments in childcare policy and regulation. This support has been vital to the Covid-19 response as local dissemination of key policies and operating procedures have been required by members. For Early Years Wales, our Central Support Officers enable us to have a presence in those Local Authorities that do not fund a development worker. During 2020/21, more than 20,000 contacts were made with providers via a combination of visits, forums, events, email, social media, and conference calls. Due to Covid, no visits took place after March 2020, but an increase in online and remote connection took place during the year to support members.

Early Years Wales' membership comprises organisations of different legal structures from private businesses e.g., sole-traders and limited companies to not-for-profit businesses (charities, CIOs). A breakdown is provided below:

Setting Type	Number of member organisations
Playgroup	205
Parent and Toddler	45
E-OoSC	20
Full-day Care	345
Creche	4
Childminder	99
Combined provision	17
Corporate	7
Individual and student	41

During 2020, our member forums have been held online and have been used to address issues such as, operating safely while open during Covid-19, hygiene and cleaning protocols, emotional and wellbeing support and the function of play and use of outdoors. In addition, in response to the Covid-19 Pandemic, frequent communication was sent out regionally and centrally to inform members about key policy changes and updates, business support opportunities, and HMRC furlough schemes, to name a few of the aspects of childcare business support provided.

2.2 Cwlwm Partnership

The contract of funding for the Cwlwm Partnership continued in 2020/21. Having successfully achieved the objectives set for the first three years and following the publication of 'Taking Wales Forward' and other announcements which set out the Welsh Government's priorities for Early Years, Childcare and Playwork. The following targets were agreed to address policies that interlink to influence the sector's work:

- The Childcare Offer (30 hours combining and Foundation Phase Nursery Offer with an additional 20 hours a week of funded childcare for working parents)
- Early Years Childcare and Play Workforce Plan and the development of a new suite of qualifications for the sector.
- The 2050 strategy target of one million Welsh speakers by 2050
- Business Support for the early years, childcare and play work sector.

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- The Additional Needs Learning Bill
- The Abolition of Defence of Reasonable Punishment (Wales)
- From March 2020 the Flood Response and Covid-19 Response were additional key areas of business for Cwlwm funding

The strength of the Cwlwm partnership has been evident in the response to the Pandemic in 2020. Throughout the Pandemic Cwlwm Lead Officers have worked with Welsh Government to support and inform key policy decisions. At the same time, Cwlwm has challenged and advocated for more coherent sector specific advice, funding and policy when required. Strategic meetings with Welsh Government have been held as frequently as monthly during the height of the 2019/2020 Pandemic. Towards the autumn there was a less reactive and more pre-planned schedule of meetings, although remote communication with policy decision makers continued frequently. This partnership has been recognised by Welsh Government as a key response to the Pandemic and was granted an additional £800,000 as part of Welsh Government's £3.2m Covid-19 recovery funding, of which Early Years Wales received £160,000. All funding targets and reporting for the additional Covid-19 response funds were agreed and confirmed with Welsh Government.

2.3 Business Support

During 2020/21 the governance team kept up their support and contact with members via email, phone and Zoom meetings. 200 not for profit providers were contacted letting them know that the team were still available for support during lockdown. The team provides a range of guidance and support to settings ensuring that they are operating within statutory and regulatory frameworks. Charities are required to adopt and follow a governing document which provides a standard set of rules that must be followed, our documents are regularly checked to make sure they are fit for purpose.

During 2020 we shared additional guidance in relation to the Corporate Insolvency and Governance Act 2020, this put in place temporary measures aimed at easing some of the most pressing consequences businesses (CIO's) may have been experiencing because of the coronavirus (Covid-19). A copy must be provided to the Charity Commission at the time of registration. We have provided model documents that have been registered with the Charity Commission. Member Trustees were supported to continue their journey through the various processes i.e., updating their old constitution and registering it with the Charity Commission, ordering copies of their lost documents from the Charity Commission, registering a new charity/CIO and completing CIW registration.

To support members, we ensured organisations understood how to:

1. Hold virtual member/trustee meetings, EGM and AGM's
2. Virtual voting and minute taking
3. Relaxing of Charity Commission requirements
4. Covid-19 Charity Commission Guidance
5. Extensions to accounts/TAR
6. Employment Law support – ACAS & mediation
7. TAR & Accounts outstanding
8. uploading relevant documents

Early Years Wales made 299 emails direct to members offering business support.

- 38 telephone calls
- 8 Zoom/Teams meeting

A general email was sent out to all 200 not-for-profit providers to let them know that the team were still available for support as they were all working from home. Those members that got back in touch were then supported to continue their journey through the various processes:

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- updating their old constitution and registering it with the Charity Commission
- ordering documents from the Charity Commission
- registering a new charity/CIO
- completing CIW registration (changes to inspections/medical cert)
- uploading relevant documents

The business support staff also shared the details listed above for member support (2.3 points 1-8) with the settings engaged in working with us for support.

Early Years Wales started providing governance support in 2017, this continues with the majority of members changing their legal status by way of incorporation. Governance support continued throughout 2020/21 supporting voluntary managed settings in choosing the most appropriate legal structure for their organisation. Settings that had completed updating their status were offered guidance and support in Charity Commission compliance requirements.

Early Years Wales' model governing documents (CIO and an unincorporated constitution) were reviewed in 2020, with the Charity Commission. These will be reviewed as and when required so as to keep all documents up to date and fit for purpose; it is important that the voluntary sector is supported with appropriate governing documents which meet the needs of the aim of their businesses. We are currently working with almost 200 voluntary managed providers and supported almost 200 in undertaking the process to become Charitable Incorporated Organisations (CIOs). It was noted by the Charity Commission that our collaborative working is a model of good practice and we will continue to develop this as a priority area of work.

This work will benefit providers and will also assist funders in having a clear understanding of the legal structure of these groups and ensuring accountability for funding. This work will continue with the support of the Early Years Wales' designated governance officer.

Business support has continued with Development Workers in nine local authority areas across Wales working with their funding authority to provide business support and quality improvement for the sector. We have continued to support providers on a one-to-one basis in areas where we are funded for a local development worker. We have worked closely with Local Authorities and Welsh Government in delivering and assessing the impact of the Childcare Offer/C-CAS.

Early Years Wales has been supporting members in relation to Covid-19. It has been challenging at times as the information was rapidly changing and there were many tensions. These included, policy decisions being made by UK and Welsh Government, complexities around the Job Retention Scheme and public funding, and the many different organisations that there are in the early years sector. In March, the funding and business support elevated genuine concerns for a sector that was already vulnerable and business support will continue into 2021/22 as a priority feature for Early Years Wales.

2.4 Quality for All

In March 2020, we took a decision to pause QfA assessments. This was taken in line with Estyn and CIW pausing their inspection processes. Throughout 2020/21 we have kept this decision under review and our assessment visits remained suspended throughout 2020-21 and this will continue into 2021-22 with a recommencement date still to be decided. At the time of writing indications are a re-start of some inspections might commence in September 2021. The decisions of the inspectorate and regulatory bodies have a strong influence on when QfA can return to a similar operating model to the pre-pandemic model.

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Continuing with our support for high quality childcare, contact was maintained with the 118 providers actively involved in the scheme. This figure reflects our implementation of a 2-year time limit for completion of the scheme from point of purchase and settings closures/amalgamations since purchasing QfA. Of these 118, 87 providers have completed the scheme at least once with 31 now working towards their first accreditation. In 2020/21, five new participants joined the scheme.

In responding to the Pandemic, we developed a Quality Awareness Toolkit (QAT) as an alternative model to our traditional Quality for All (QfA). This QAT provides an interim, remote means of recognising the excellent work that continues to be carried out by childcare providers alongside some reflective evaluations with an assessor to support best practice in these challenging times and to aid setting's recovery from difficulties posed by Covid-19. This was piloted with 8 providers before being offered to the remaining 110 actively involved with the scheme. The success of this QAT scheme will result in this becoming part of the member offer for all settings, and a substantive part of Early Years Wales' business model into 2021/22. The target audience will be settings that have completed QfA and are mid-cycle and settings that are new members and/or new childcare settings.

2.5 Foundation Phase Support

The two Early Years Coordinators, in a job share, are funded by Welsh Government's Education department have met targets to provide support to 192 funded providers via face-to-face visits, virtual support, forums, and workshops. We have also written articles for each of the editions of SmallTalk during 2020. Early Years Wales has provided support to implement the delivery of the Foundation Phase Action Plan which aims to raise the quality of delivery across the whole of the Foundation Phase bridging non-maintained settings and school-based Foundation Phase settings. We have been involved in the development of a non-maintained curriculum, contributing to workshops, curriculum writing and sourcing settings willing to pilot the new curriculum. Virtual *Foundation Phase Excellence* events were held and included:

- Effective Leadership and wellbeing,
- Creative Learning and Outdoor Play,
- Schemas and the outdoors
- Froebel and the engagement with nature
- Resilience, Recuperation and Staff Well-being

In following Welsh Government guidance, all events were held using remote conferencing and though the events were virtual it still gave opportunities for teachers and practitioners from non-maintained settings to network and share best practice. The feedback from participants was very positive. Early Years Wales continues to support Welsh Government in the implementation of Curriculum 2022, therefore our work with the sector and with Welsh Government continues to be a priority that we are excited to be a contributing partner of.

2.6 Welsh Language Support

The support provided for Welsh Language, funded by Welsh Government, has continued with Cwlwm organisations working in partnership with The National Centre for Learning Welsh (NCfLW). The Early Years workforce demonstrates an appetite to learn and practise Welsh in their workplace and the support that we provide is tailored to meet their needs.

NCfLW tasked Cwlwm with recruiting 350 Early Years and Play practitioners to its Camau courses and provide post training support to those that have accessed them with the aim to develop and/or improve the level of Welsh used within the settings. The Cwlwm partnership used several different methods to engage with the sector and advertise the Camau training courses. Social media and individual partners' website pages were utilised to share branded leaflets and posters from NCfLW, detailing key points regarding the Camau courses and how they could be accessed.

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Welsh language coordinators also engaged with the settings they had identified of benefiting from, or interested in, attending the courses through more personal methods such as email and telephone calls. Over 1,200 emails and telephone calls were made to provide pre-training support which ranged from answering enquiries regarding the courses, pre training assessments, signposting to the Language Awareness course and enrolment onto Camau courses.

In addition to distance support, 127 peer-to-peer support visits took place. Where needed, the Gwiriwr (language placement tool) was also used to inform the Early Years and Play practitioner of the correct level of Camau course to access.

Four different levels of training were offered:

- Entry
- Foundation
- Intermediate
- Advanced

A fifth course aimed at equipping Playworkers with entry level Welsh was also offered due to the different vocabulary that would be used with older children.

A specific, early years and play Welsh language training package was launched by NCfLW, and Early Years Wales was tasked with recruitment and follow-on support. Welsh language support was provided to all settings that had accessed the new Camau training package and settings that had accessed the previous Welsh project 'Un, dau, tri – hwyl a sbri' if they still required support. 21 'new' members settings received Welsh language training and a total of 40 member settings received Welsh language support either digitally, through peer-to-peer support or both.

Internally, Early Years Wales has continued its commitment to developing the use of Welsh. A Welsh Language action plan is in place and used to inform work the organisation is involved with. Staff members have signed up to various Welsh courses and have increased their confidence to use the language incidentally in settings. Early Years Wales continues to develop a bilingual workforce to support the vision of Cymraeg 2050: a million Welsh speakers.

Modifications to the programme have been made from March 2020 to account for Covid-19 and restrictions for face-face training, with training and support shifting to online platforms.

2.7 Welsh Active Early Years (HAF Programme)

The programme aims to introduce a positive culture change towards physical activity and health and well-being from the very start of life which, when embedded into everyday life, will meet the aims of the Healthy and Active Fund. Success in delivering and sustaining this project will mean that babies, young children, expectant and existing parents, carers and practitioners will achieve lifelong active lifestyles and support their families and peers to join in and benefit from physical activity. The programme will make a positive contribution towards mental wellbeing, as the link between physical activity and mental wellbeing has been well established.

This project is a new venture for Sport Wales and Public Health Wales and has been running since 2019 and plans to build and form new groups of parents within their own communities. The aim is to support parental understanding of the importance of exercise and physical activity in children's developmental progress having identified a gap in parents understanding, a lack of knowledge and a lack of confidence in knowing what to do to meet the needs of a child through activity in the first 1,000 days of a child's life.

Year 1 – the focus was on developing the programmes, identifying communities, and recruiting facilitators across Wales. Pilots were run and some courses started in February and March 2020, but a combination of flooding and pandemic brought the programme to a halt.

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Year 2 – the focus changed to redevelop the programmes to be delivered online over Zoom as a measure to continue the project roll-out during the pandemic. The team has come up with some very innovative delivery models and have worked to build networks across Wales. Year 2 has seen the project build and create significant interest with requests to deliver the programme into a wide range of communities from sporting organisations to health visitors and BAME groups. Successful innovations have included:

- Virtual delivery of the programmes, including working with parents of babies with the audience connecting from their home address.
- The development of website page within the Early Years Wales which has a section devoted to Health and wellbeing, a large library of resources and activities to try at home, signposting to other organisations who can support parents.
- Developing a good solid following across social media channels, continuing to grow daily.
- Fun activities to do at home.
- A series of videos helping parents learn about physical development in very young children.
- Newsletters.

Throughout Year Two we have continued to adapt and address the issues arising with the pandemic. We have developed a Health and Wellbeing Page on the website adapting the 5 ways to Wellbeing to meet the needs of the childcare/sporting settings in addressing wellbeing with their families. We developed a 'useful links' element on the website in support of links to organisations that provide mental health and family support. This was in response to initial results on the Edinburgh Wellbeing scores being presented in the data collection. In response to this we have increased the focus across the board on wellbeing.

Early evidence has shown us that parents are needing additional support with their and their family's wellbeing, they will need some enhanced support within the projects, and we will ensure that facilitators have received the training to enable them to support and signpost parents to the right agencies. We will work to build the confidence of new parents to increase their physical activities with their babies and use the outdoors more, supporting them to join groups for social interaction and shared activities and experiences.

Year three will continue to develop and meet the needs of the underrepresented and harder to reach groups, offering a full delivery of programmes able to operate on a digital platform. When guidelines permit, we intend to return to physical groups following Welsh Government Covid regulations and in recognition of the benefit that physical groups will bring to the programme. We will continue links built in year two with other likeminded projects to enable us to meet the needs of the diverse range of families across Wales. Our aspiration is to enable the physical activity and wellbeing messages to be filtered into these harder to reach communities.

Year 3 and year 4 will also include supporting Parent and Toddler Groups to reopen post Covid-19. This modification to the programme follows a successful application for an additional year from HAF and the match funding committed by the Trustees of Early Years Wales.

2.8 Additional Learning Needs (ALN)

Over the past year there had been an expectation that the new Code to go alongside the Additional Learning Needs and Education Tribunal Act 2018 would go before the Senedd. This was originally expected to happen in September 2020 but was delayed until March 2021 due to legislators being engaged in pandemic-related legal matters. As a result of the delay no further new guidance was given to members other than signposting to the information already available.

An online training course outlining the new unified system for supporting learners with ALN has been [published on the Welsh Government's Hwb platform](#). The interactive training course gives an introductory overview of the new ALN system and will help all those involved in the system understand the new legislative duties, and the rights it confers to children, their parents/carers, and young people.

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We will continue to encourage staff in all sectors who work with children and young people to undertake this short course. The course may also be of interest to parents and carers.

In the summer 2020 we produced a checklist to help settings think about the difficulties they could encounter with the return of children with ALN after the Covid-19 lockdown, taking into account the change of layouts, routines and masks. These are available as free resources to members. We have also supported Local Authorities offering their own ALN training modules where appropriate.

On 23 March 2021 the ALN Code and regulations were approved by the Senedd. Along with the ALN Act 2018, the Code and regulations will create the statutory ALN system in Wales. The ALN system aims to transform the expectations, experiences and outcomes for children and young people with ALN, from September 2021 the ALN system will come into force over a three-year phased implementation period.

There is a large amount of information on the Welsh Government website regarding the transition and we regularly signpost members to these.

2.9 Publication and resources

Early Years Wales has responded to the Pandemic by increasing the publications that are made available to member organisations. As a direct result of the Pandemic our SmallTalk magazine has been re-purposed as an online magazine. It has also been made available bilingually throughout 2020, a commitment that Early Years Wales will continue with into 2021/22.

Our Employer Pack, and Policies and Procedures Pack have been reviewed in full during 2020 and republished to members. The Policies and Procedures Pack was made available for a limited time without charge as a member benefit. We also created an additional Business Preparedness Checklist, offered free to members to support decisions around re-opening their setting after the Pandemic.

As a contribution to the development of Welsh Language, during the Pandemic we produced an online resource promoting the value of play and language development. This mini-series based on Cari y Bwni (Cari the Bunny) provided parents with language, activities and resources for playing with children and communicating using some frequently used Welsh language phrases.

Through the Healthy and Active Fund (HAF), Early Years Wales have been creating resources to promote the physical literacy journey from birth to five. A large catalogue of resources has been created and shared with parents and partner organisations on the Welsh Active section of the website. In addition, a regular newsletter has been produced to consolidate activities, promote online sessions and to link to opportunities provided by other organisations that encourage healthy and active lifestyles. The aim of the newsletter is to add sustainability to the project's delivery sessions.

Using additional resources, Early Years Wales has re-branded and updated some traditional mini booklets with a focus on games and activities that have an established place in early years settings. These booklets are available as e-resources and physical resources.

Through our funded Welsh work, a systematic review of resources has taken place to map available resources into the new Camau courses. This review has been helpful in updating resources for members and identifying gaps in resource provision for Welsh.

2.10 Measures of Success

Early Years Wales reports on funded project outcomes in line with the Service Level Agreement (SLA). These reports include qualitative and quantitative data as outlined in the SLA. For internally funded project, Early Years Wales monitors the impact of funding through a range of metrics including data, number of contacts or service uses and member feedback.

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In addition, Early Years Wales undertakes reviews of all aspects of business through the Trustee reporting processes. This practice ensures that operational targets are met, and that value is added to the sector from our charitable work. Budget management, ensuring value for money is maintained through formal monitoring of accounts monthly.

2.11 Covid-19 specific responses

The information below is a narrative response to the impact of Covid-19 on the charity's activities.

Along with most employers in Wales and in-line with Welsh Government guidelines, Early Years Wales decided to allow all colleagues to work from home from 26 March 2020. During the restriction easing in the summer, some colleagues chose to return to working flexibly from office spaces on a set number of days to comply with social-distancing guidelines. Again, from the 'firebreak' lockdown in October 2020 to the end of March 2021 all colleagues worked from home.

Additional charity impacts included the change of status for colleagues whose day-day work was paused through the pandemic. Many of these colleagues switched to providing 'support for member settings' in agreement with funders where necessary. Core Early Years Wales services paused included, Quality for All, Camau, work-Welsh training (Camau), Development Officer visits and face-face training and support. Whilst other work transferred to provide an online offer, including our Healthy and Active Funded programme, member training and forums, Foundation Phase Network events. Our Central Support and Governance projects used videoconferencing and telephone communication to support our members. As far as possible, we maintained a sector support function, and in response to the pandemic, we provided as much communication about the changing protocols and situations as timely as we could.

Early Years Wales had quick confirmation from major funders that the budget grants we receive would be honoured for 2020/21. This provided a level of financial continuity and facilitated the ability to continue to offer as close to a normal level of provision as possible. Where there were initial concerns about funding being withheld, many of these were small enough to allow our Trustees to consider filling the gap using designated reserves; an eventuality that was not required.

Two funding streams that were more problematic for us this year were the HAF funded project, and the Invested Reserves.

Our HAF funders required three financial re-profiles during the year and only agreed to fund actual spends to date from March 2020. This created a significant on-cost in terms of staff time. The changes over the year have not had a major impact on the programme of delivery or any impact on achieving targets, however, it is noteworthy that this fund has several layers of management and gaining agreement on funding decisions is often complex.

Along with all market-based investments, our invested reserves balance was impacted by the Global markets. This has been monitored closely throughout the year by the CEO and the market recovery was reassuring. During 2020 CAF decided to transfer the funds it holds from Octopus Investments to Aberdeen Standard Capital. During 2020, the CEO initiated a review of the purpose for the invested reserves and has updated the Investment Policy Statement.

The lasting impact from our funders was an overall increase in funds for 2019/20 and 2020/21. Welsh Government provided an additional £160k in 2020/21 to support the Covid-19 response in Wales for the Early Years sector. This money, provided in November 2021 was for work related to supporting the settings in coping with the demands of Covid-19 and all funding was committed during 2020/21 to facilitate remote working and provide sector support.

EARLY YEARS WALES 2018

T/A EARLY YEARS WALES

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

We also have received instruction from several funders to re-allocate travel budgets and/or carry forward underspends into 2021/22. The net result has been a protection of the designated reserves against proposed costs in 2020/21 and deviation from the planned expenditure in 2019/20.

During 2020, the Trustees have confirmed to delegate the following project spends against the designated reserves:

- 2 years funding for Governance
- 2 years funding for Central Support
- 2 years of match-funding for a HAF extension-bid into a fourth year
- An additional amount to attempt to procure a call-off contract, or set number of hours for translation services

Each of the above is subject to an annual review by the Board and funding being maintained at current levels.

In response to the above timelines, the Board has agreed to undertake a strategic review, commencing in autumn 2022, for publication in spring 2023. This supersedes the planned timeline for the strategy 2018-2024.

With most funders providing on-going funding, we decided not to furlough the few colleagues we would have been able to, as we felt we continued to need their contribution, and we did not need the financial support from HMRC. Most staff were funded by public funds and, therefore, not permitted to be furloughed whilst funding was being received.

As a charity, we currently raise little funds beyond our membership fees. As reported in 2019/20, we used Covid-19 and flood response funding to provide reduced membership fees in 2020/21. There was no overall adjustment to membership income for Early Years Wales, but the membership valued the 30% reduction in fees.

All staff have been able to continue to work throughout the pandemic. We have made attempts to share proportionate workloads across the workforce. Throughout the pandemic, we used Welsh Government's identified criteria of prioritising staff health and wellbeing. This has enabled staff to make decisions based on their contexts.

As a charity, we worked collaboratively with Moondance to facilitate some small grants to members. In addition, seeing the positive feedback from these grants, we supported the fund with some additional money to enable a large number of new child-minder members to access a small grant to cope with increased running costs.

As our new financial year commences, we might look to repeat a small grants award process to support the sector in 2021/22 utilising some of the income from the invested reserves (subject to projections by the Investment Fund Manager).

In responding to Covid-19 for our staff we have incurred more costs. In every office space we have added more sanitation and hygiene. The one major adjustment to our business was in west Wales. Due to the shared office environment, public access and shared facilities, staff have not been comfortable with the office as a practical working space. If seeking to maintain a 2-metre social distancing space only one member of staff could use the office at a time and the air flow is poor, as this is impacted greatly by the shared entrance that remains shut due to security needs of the owners. As a result, we have taken the decision to end the lease on this office space from June 2021 (the earliest exit point) and to continue to operate staff working from home in west Wales until there is a more consistent point in planning with the pandemic. Additional costs have been met through Covid-response funding and include the procurement of more up to date technology and licences to facilitate home working and reduce risks to the organisation.

In terms of membership, we are maintaining very positive figures. We continue to work collegiately with our membership and address their priority service needs. We are watching closely to see how the sector stabilises after the pandemic as there are still fluctuations in demand and in service provision across Wales after Covid-19 and the childcare sector is still adjusting to the changes in working patterns for parents.

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

Financial review

Incoming Resources

Incoming resources for the year ended 31 March 2021 was £1,231,418 (2020: £1,003,506). Income from charitable activities was £1,193,203 and has increased from £981,833.

Resources Expended

Resources expended during the year ended 31 March 2021 were £1,109,267 (2020: £1,093,262).

Results

Net incoming resources for the year were £282,162 (2020: deficit of £172,774) this consists of an unrestricted surplus before investment losses of £142,791 (2020: £108) and a £20,640 restricted deficit (2020: £89,864).

Cash Flow

Cash flow remains strong, holding £363,630 (2020: £187,423) in cash.

Principle Risks and Activity

The principal risk identified by the Trustees reliance on short-term funding. Funding only confirmed for a year at a time could result in the loss of valuable services to the sector at a time when Government initiatives need a stable sector to deliver its early years interventions and childcare providers need ongoing support. We are seeking to mitigate this by strengthening our central support team and moving towards strategies that can generate income streams. This has been negatively impacted by Covid-19 with most funders re-purposing grants to support the sector and charities at risk of closure due to Covid-19. As our funders had provided security and continuity in 2020/21 Early Years Wales was not able to access these emergency funding opportunities.

Cyber Security

Cyber security is becoming more of a risk with reliance on online and digital services. In view of recent activity affecting large public organisations, we have reviewed our cyber security to provide reassurance and to meet the requirements of funders, and now hold the Cyber Essentials certificate. This requires updating in 2021 following the Head Office move and the interruption to office operations in 2020. Interim enhancements were implemented including replacing out-dated technology with newer devices to support remote working and limit cyber-risk; updating licence agreements for key software to facilitate remote working; and re-issuing policy statements to staff for cyber and GDPR regulations whilst home-working.

Investment Powers and Policy

The trustees, having regard to the liquidity requirements of the charity have previously operated a policy of keeping surplus cash balances as liquid as possible and any surplus balances will be invested in deposit accounts.

The invested funds were subject to market volatility during the Covid-19 Pandemic. As such, a full review was undertaken in 2020. This included augmenting the reserves policy with a new Investment Policy Statement (IPS) and a review of the performance of the investment fund managers. In so doing, the CEO, on behalf of the Trustees sought product conversations with seven providers including the current provider Charity Aid Foundation. This was alongside presenting to the finance Trustees an updated IPS that explicitly outlines the purpose of the reserves and allocations of risk to each aspect of this funding. The IPS will be reviewed annually by the finance group on behalf of the Board.

EARLY YEARS WALES 2018

T/A EARLY YEARS WALES

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Reserves Policy

We have utilised some of our reserves over the past years to continue what we believe to be essential services. With increased opportunities for partnership working, the association needs to be in a strong and sound position to be confident in applying for funds.

The Charity receives external funding in the form of grants and contracts to support its very important activities in furtherance of charitable objects. Such funding sources are subject to change and cannot be guaranteed. In addition, the Charity undertakes project driven work for which restricted income is received.

The trustees in the past considered that the level of reserves needed to be sufficient to cover 12 months running costs. As the organisation holds over this amount, the trustees are now looking to utilise some of that money for charitable aims and review the designation for further funds.

In December 2020, the trustees designated £280,000 for two years to be allocated to the projects identified below:

- Central Support Services
- Governance
- Healthy and Active Fund match-funding
- Welsh Translation

At the reporting date, free reserves were £1,201,753 (2020: £988,292) representing unrestricted funds less tangible fixed assets less designated reserves. The additional reserves represent funding received by Welsh Government to underpin Covid-19 responses. The remaining funds are held with an aspiration to achieve income which the charity can spend on its aims.

Structure, governance and management

Governing Document

Early Years Wales is a charity and company limited by guarantee and is governed by memorandum and articles dated 12 July 2018.

Directors and Trustees

The directors of the charitable company (the Charity) are its Trustees, for the purposes of charity law and throughout this report they are collectively referred to as the Trustees.

Appointment of Trustees

As set out in the current Articles of Association, the Chair, Vice Chair and Treasurer are elected by the Trustees and members. The Company Secretary is appointed by the Trustees. The Trustees are recruited using a variety of methods ranging from general advertisements, direct approach where specific skills or experiences are sought, and referrals. Trustees are appointed for a period of three years and can be reappointed for a further three years before stepping down for at least 12 months. Trustees are mainly Early Years Wales members representing the early years sector and co-opted Trustees may also be appointed. An annual skills audit is used to ensure that Trustees can be chosen for the skills and experiences that they can bring to the association.

Trustee Induction and Training

Trustees are inducted into Early Years Wales by the CEO and Chair. There is bespoke and generic Trustee training available.

Organisation

The Board of Trustees, which can have up to 20 members, administers the Charity and sets the overall mission, direction, and strategies of Early Years Wales. It scrutinizes performance to secure effective implementation of strategy as well as approving budgets and monitoring membership and the risk assessment register.

EARLY YEARS WALES 2018

T/A EARLY YEARS WALES

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Details of implementation and execution are the responsibility of the senior management team led by the Chief Executive Officer. This ensures that:

1. The organisation stays focused on its mission and strategy.
2. Key strategic and policy decisions are made by the board, and
3. Support and constructive challenge are given by the Trustees to the senior management team and the Chief Executive.

The board meets six times a year. The finance group meets in the interim months between board meetings.

Related Parties

There are no related party transactions relating to the financial year 2020/21 (2020: nil). All interests are required to be declared and signed in the Trustees Declaration of Interests proforma as required under Early Years Wales' code of governance. A conflict-of-interest register is kept and updated annually or when appropriate. In addition, all Trustees are asked to declare any interest pertinent to the agenda at all Board Meetings.

Key Management Personnel

The Trustees consider that key management personnel are the senior staff, consisting of:

Chief Executive – Dave Goodger
National Development Manager – Maggie Kelly
North Wales Manager – Moya Williams
West Wales Manager – Elaine Jones
South Wales Manager – Andrea Wright
PA and Office Manager – Julie Besley
Finance Manager – Lisa McMullen

Pay policy for staff.

Salaries for all staff are approved by the full Board and are set at market rate.

Employment Policies

Early Years Wales policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the charity. Employees who become disabled are retrained in their existing posts where possible or retrained for suitable alternative posts. Regular meetings are held with all staff. Employees are kept well informed about the progress and position of the charity by regular departmental meetings.

Risk Management

Early Years Wales considers itself to be a 'risk intelligent' organisation, taking appropriately managed risks in an increasingly difficult environment. Our risk register and risk management procedures are fully embedded within the organisation. The risk register is updated and reviewed by Trustees and Senior Managers at the Board Meetings.

Of note is the impact of Covid-19 on the charity. The Trustees feel the charity has been well-managed throughout the pandemic. The direction of business has retained a focus on the aims and objectives, whilst also contributing significantly to the efforts of childcare and early years during the pandemic.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2021

In 2019/20 Early Years Wales committed to reviewing the estate leases it held. Following moving to Coopers Yard from Hunter Street the storage facility in Cardiff has been relinquished. All archived materials are now stored within the office space. As a result of operating procedures and staff concerns about public access and shared amenities, the Swansea office has temporarily closed, and the lease relinquished. Early Years Wales will consider what is required in terms of an office footprint in West Wales in the medium term.

Covid-19 Response

The impact of the pandemic during 2020 was not negative in any way on the charity as its finances have been well managed and its reputation within the sector and beyond has been enhanced through the work with its members, partners, and wider organisations in Wales. To be noted, that this was a result of a significant effort on behalf of all staff, supported by the Trustee Board.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2021

Charity Name	Early Years Wales 2018 T/A Early Years Wales
Charity Number	1056381
Company Number	03164233
Principal and Registered Office	Unit 1, Coopers Yard Curran Road Cardiff CF10 5NB
Chair	Mike Thorne
Treasurer	Rejwan Ahmed
Trustees	Alison Kitchen (resigned 23/7/20) Rejwan Ahmed Louise Bell (resigned 23/9/20) Sue Carter (resigned 26/10/20) Rachel Davies (resigned 22/4/21) Elizabeth Foley (resigned 11/2/21) Dr Mark Griffiths Sharon Mazzaella (resigned 12/2/21) Lisa Owen Dr David Dallimore (appointed 23/9/20) Laura Griffiths (appointed 23/9/20) Jamie Powell (appointed 23/9/20) Dr Mirain Rhys (appointed 23/9/20) Victoria Wright (appointed 22/4/21)
Secretary	David Goodger
Auditors	Azets Audit Services Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB
Bankers	Barclays Bank 51 Hope Street, Wrexham LL11 1BE
Investment providers	CAF bank 25 Kings Hill Avenue, Kings Hill, West Malling ME19 4JQ

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2021

Auditor

Azets Audit Services were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

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.



Mike Thorne
Chair

Dated: 22-7-2021

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of Early Years Wales 2018 for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which 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 charitable company for that year.

In preparing these financial statements, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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

EARLY YEARS WALES 2018

T/A EARLY YEARS WALES

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF EARLY YEARS WALES 2018

Opinion

We have audited the financial statements of Early Years Wales 2018 (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 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 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 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 charity 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 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.

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 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.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF EARLY YEARS WALES 2018

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 and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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, who are also the directors of the charity 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 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 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act 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.

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.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF EARLY YEARS WALES 2018

Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services

Chartered Accountants
Statutory Auditor

27-07-2021

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF EARLY YEARS WALES 2018

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

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
Income from:							
Donations and legacies	3	20,634	-	20,634	931	2,530	3,461
Charitable activities	4	37,730	1,155,473	1,193,203	63,522	918,311	981,833
Investments	6	17,581	-	17,581	18,212	-	18,212
Total income		75,945	1,155,473	1,231,418	82,665	920,841	1,003,506
Expenditure on:							
Charitable activities	7	-	1,109,267	1,109,267	81,169	1,010,705	1,091,874
Other	10	-	-	-	1,388	-	1,388
Total resources expended		-	1,109,267	1,109,267	82,557	1,010,705	1,093,262
Net gains/(losses) on investments	12	160,011	-	160,011	(83,018)	-	(83,018)
Net incoming/ (outgoing) resources before transfers		235,956	46,206	282,162	(82,910)	(89,864)	(172,774)
Gross transfers between funds		66,846	(66,846)	-	-	-	-
Net movement in funds		302,802	(20,640)	282,162	(82,910)	(89,864)	(172,774)
Fund balances at 1 April 2020		1,118,473	65,427	1,183,900	1,201,383	155,291	1,356,674
Fund balances at 31 March 2021		1,421,275	44,787	1,466,062	1,118,473	65,427	1,183,900

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
BALANCE SHEET
AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	15		19,800		24,750
Tangible assets	16		2,361		5,946
Investments	17		1,111,807		936,082
			<u>1,133,968</u>		<u>966,778</u>
Current assets					
Debtors	19	19,312		99,039	
Cash at bank and in hand		363,630		187,423	
			<u>382,942</u>		<u>286,462</u>
Creditors: amounts falling due within one year	20	(50,848)		(69,340)	
Net current assets			<u>332,094</u>		<u>217,122</u>
Total assets less current liabilities			<u>1,466,062</u>		<u>1,183,900</u>
Income funds					
Restricted funds	23		44,787		65,427
<u>Unrestricted funds</u>					
Designated funds	22	219,522		130,181	
General unrestricted funds		1,201,753		988,292	
			<u>1,421,275</u>		<u>1,118,473</u>
			<u>1,466,062</u>		<u>1,183,900</u>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

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

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on *22-7-2021*

M Thorne

Mike Thorne- Chair

Company Registration No. 03164233

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28		174,340		(3,765)
Investing activities					
Purchase of intangible assets		-		(24,750)	
Purchase of tangible fixed assets		-		(4,402)	
Purchase of investments		(90,955)		(108,586)	
Proceeds on disposal of investments		75,241		92,220	
Investment income received		17,581		18,212	
Net cash generated from/(used in) investing activities			1,867		(27,306)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			176,207		(31,071)
Cash and cash equivalents at beginning of year			187,423		218,494
Cash and cash equivalents at end of year			363,630		187,423

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Early Years Wales 2018 is a private company limited by guarantee incorporated in England and Wales. The registered office is Unit 1, Coopers Yard, Curran Road, Cardiff CF10 5NB.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity'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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

1.2 Going concern

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

1.3 Charitable funds

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

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

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

1.4 Incoming resources

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

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

Incoming resources from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions. This income is recognised as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

Income from memberships is recognised in the period in which the membership covers. Any income received in advance is deferred.

Income from interest and dividends is included in the accounts when receipt is probable and the amount receivable can be measured reliably.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the trustees report and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources and the amount of time spent on activities for staff costs.

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

Where there are no conditions attaching to the grant that enables the donor charity to realistically avoid the commitment, a liability for the full funding obligation must be recognised.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Website	20% straight line
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1.7 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 basis:

Office equipment	20% straight line
Computer equipment	33.3% straight line

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.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 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.

1.10 Financial instruments

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

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

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

Basic financial assets

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

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 charity 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 charity's contractual obligations expire or are discharged or cancelled.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

1.13 Taxation

As a registered charity, the charity is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

2 Critical accounting estimates and judgements

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

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

3 Donations and legacies

	Unrestricted funds	Unrestricted funds	Restricted funds	Total
	2021	2020	2020	2020
	£	£	£	£
Donations and gifts	20,634	931	2,530	3,461

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

	2021	2020
	£	£
Membership	35,078	44,182
Grants	1,155,473	918,311
Quality assurance	187	13,844
Sale of publications and promotional items	2,465	5,496
	<u>1,193,203</u>	<u>981,833</u>
Analysis by fund		
Unrestricted funds	37,730	63,522
Restricted funds	1,155,473	918,311
	<u>1,193,203</u>	<u>981,833</u>

5 Grants were received from the following sources:

	2021	2020
	£	£
Welsh Government - CWLWM	647,968	456,896
Welsh Government - DCELLS: Early Yrs Co-Ordinator	52,000	52,000
Welsh Government - Welsh Language Department	50,000	50,000
Carmarthenshire County Council - Children's Services	10,697	10,000
Ceredigion County Council - Family Information Service	4,500	4,500
Conwy County Borough Council - Education Services	-	10,190
Denbighshire County Council - Flying Start	8,093	8,093
Flintshire County Council	56,086	77,039
Gwynedd County Council - Education Services	-	206
Isle of Anglesey County Council	10,840	10,840
Monmouthshire County Council	6,000	6,000
Newport City Council - RSG	92,500	86,750
Newport City Council - Additional Needs Referral Scheme	-	9,000
Swansea City Council - Early Intervention Service	12,527	14,527
Welsh Active Early Years Project	166,937	116,845
Conwy County Borough Council - Governance	-	1,425
SASS Support & Promotion/Partner Work	-	4,000
Moondance Foundation	30,000	-
Mudidad Meithrin	7,325	-
	<u>1,155,473</u>	<u>918,311</u>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

6 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	17,581	18,212

7 Charitable activities

	2021	2020
	£	£
Staff costs	677,578	640,565
Depreciation and impairment	6,443	3,525
Advertising	-	600
Computer, internet costs and telephone	57,175	32,995
Heat and light	-	1,846
Insurance	9,097	9,906
Other costs	2,539	(204)
Other staff costs	32,689	7,237
Events	13,164	16,641
Printing, post and stationery	39,890	30,258
Professional fees	11,226	13,741
Publications, training and subscriptions	50,230	26,547
Quality assurance	3,816	8,562
Premises costs	65,565	57,045
Travel and subsistence	1,488	36,245
	<u>970,900</u>	<u>885,509</u>
Grant funding of activities (see note 9)	73,651	92,044
Share of support costs (see note 8)	55,413	104,948
Share of governance costs (see note 8)	9,303	9,373
	<u>1,109,267</u>	<u>1,091,874</u>
Analysis by fund		
Unrestricted funds	-	81,169
Restricted funds	<u>1,109,267</u>	<u>1,010,705</u>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

8 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	25,454	-	25,454	22,946	-	22,946
Depreciation	2,092	-	2,092	2,862	-	2,862
Bank and other charges	1,100	-	1,100	1,284	-	1,284
IT and telephone	9,102	-	9,102	11,196	-	11,196
Premises costs	58	-	58	1,343	-	1,343
Irrecoverable VAT	-	-	-	39,461	-	39,461
Professional fees	2,998	-	2,998	10,769	-	10,769
Publications, training and subscriptions	477	-	477	721	-	721
Travel and subsistence	93	-	93	1,496	-	1,496
Other staff costs	3,224	-	3,224	4,954	-	4,954
Printing, post and stationery	10,815	-	10,815	7,916	-	7,916
Audit fees	-	9,240	9,240	-	5,500	5,500
Accountancy	-	-	-	-	2,100	2,100
Meeting costs	-	63	63	-	1,773	1,773
	<u>55,413</u>	<u>9,303</u>	<u>64,716</u>	<u>104,948</u>	<u>9,373</u>	<u>114,321</u>
Analysed between Charitable activities	<u>55,413</u>	<u>9,303</u>	<u>64,716</u>	<u>104,948</u>	<u>9,373</u>	<u>114,321</u>

9 Grants payable

	2021	2020
	£	£
North East Wales	-	22,682
South East Wales	39,843	69,362
Moondance Foundation	30,000	-
COVID-19 small grants	3,808	-
	<u>73,651</u>	<u>92,044</u>

During the year the charity awarded £73,651 (2020: £92,044) in grants to organisations and £nil (2020: £nil) to individuals. £16,545 (2020: £27,454) was awarded as part of the Welsh Active Early Years Project to Welsh Gymnastics with the remaining being paid to member organisations.

The number of grants awarded to member organisations during the year totalled 90 (2020: 44), the smallest grant given was £84 (2020: £23) and the largest £2,450 (2020: £5,522).

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10 Other

	Total	Unrestricted funds
	£	
	2021	2020
Net loss on disposal of tangible fixed assets	-	1,388

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the current or prior year.

11 trustees were reimbursed £515 for IT equipment during the year (2020: 9 trustees totaling £1,773 for travel and subsistence expenses).

12 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Revaluation of investments	160,011	(83,018)

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Functional	20	20
Support	11	12
	<u>31</u>	<u>32</u>

Employment costs

	2021	2020
	£	£
Wages and salaries	631,178	598,296
Social security costs	47,146	43,456
Other pension costs	24,708	21,759
	<u>703,032</u>	<u>663,511</u>

The full time equivalent number of staff employed throughout the year was 26 (2020: 26).

Statutory redundancy payments were paid in the year, totalling £318 (2020: £3,160). There were no amounts outstanding at the current or prior year end.

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

14 Key management personnel

The key management personnel received remuneration totalling £263,915 (2020: £274,727).

The key management personnel of the charity during the year were the National Development Manager, West Wales Manager, North Wales Manager, South Wales Manager, PA and Office Manager, the CEO and the Finance Manager.

EARLY YEARS WALES 2018
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15 Intangible fixed assets

	Website £
Cost	
At 1 April 2020 and 31 March 2021	24,750
Amortisation and impairment	
At 1 April 2020	-
Amortisation charged for the year	4,950
At 31 March 2021	4,950
Carrying amount	
At 31 March 2021	19,800
At 31 March 2020	24,750

16 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2020	80,590	18,954	99,544
At 31 March 2021	80,590	18,954	99,544
Depreciation and impairment			
At 1 April 2020	80,590	13,008	93,598
Depreciation charged in the year	-	3,585	3,585
At 31 March 2021	80,590	16,593	97,183
Carrying amount			
At 31 March 2021	-	2,361	2,361
At 31 March 2020	-	5,946	5,946

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

17 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 April 2020	936,082
Additions	90,955
Valuation changes	160,011
Disposals	(75,241)
	<hr/>
At 31 March 2021	1,111,807
	<hr/>
Carrying amount	
At 31 March 2021	1,111,807
	<hr/>
At 31 March 2020	936,082
	<hr/>

18 Financial instruments	2021 £	2020 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	1,111,807	936,082
	<hr/>	<hr/>

19 Debtors	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	4,836	79,102
Prepayments and accrued income	14,476	19,937
	<hr/>	<hr/>
	19,312	99,039
	<hr/>	<hr/>

20 Creditors: amounts falling due within one year		2021 £	2020 £
	Notes		
Deferred income	21	26,654	25,788
Trade creditors		15,706	31,425
Other creditors		264	1,864
Accruals and deferred income		8,224	10,263
		<hr/>	<hr/>
		50,848	69,340
		<hr/>	<hr/>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

21 Deferred income

	2021	2020
	£	£
Arising from government grants	26,504	20,000
Arising from membership income	150	5,788
	<u>26,654</u>	<u>25,788</u>

Deferred income is included in the financial statements as follows:

	2021	2020
	£	£
Balance brought forward	25,788	21,302
Income received	36,010	48,668
Income released	(35,144)	(44,182)
	<u>26,654</u>	<u>25,788</u>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019	Resources expended	Transfers	Balance at 1 April 2020	Transfers	Balance at 31 March 2021
	£	£	£	£	£	£
Strategic and development staffing hours	3,112	(70,413)	67,301	-	-	-
Project development	32,295	(17,615)	-	14,680	12,335	27,015
Events	13,000	(9,803)	-	3,197	(3,197)	-
Governance	139,890	(44,651)	-	95,239	(56,785)	38,454
Central costs	40,000	(22,935)	-	17,065	31,669	48,734
Early Years Wales Welsh project	1,618	(16,086)	14,468	-	10,967	10,967
Fixed assets	-	-	-	-	22,161	22,161
CWLWM membership	-	-	-	-	51,500	51,500
Wrexham donation	-	-	-	-	20,691	20,691
	<u>229,915</u>	<u>(181,503)</u>	<u>81,769</u>	<u>130,181</u>	<u>89,341</u>	<u>219,522</u>

Strategic and development staffing hours

To provide funded posts to develop a project to engage with parents and families in the 'Journey through Play' project and; to provide staffing hours for central support to members.

Project development

To develop and explore new areas of funding for the organisation.

Events

An amount of £13K was designated by the Board to hold events around Wales, promoting and celebrating the work that the organisation undertakes and celebrating our name change to Early Years Wales. Going forward the organisation would like to hold similar events throughout the year around Wales.

Governance

Fund two FTE Governance Officer posts until March 2021 to support members to review the governance and legal structure of their business and choose the most appropriate charitable structure, support settings with Charity commission and CIW registration changes where necessary and provide ongoing support to not for profit members to be compliant with legal requirements.

Central costs

Fund designated to fund central costs including office rent.

Early Years Wales Welsh project

Fund a part time 3 year funded post to develop and promote Welsh Language within Wales PPA which will aid to improve support to all staff and members. This will promote the Welsh Government's initiative, Cymraeg 2050 to achieve 1 million Welsh speakers in Wales by 2050.

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

22 Designated funds

(Continued)

Fixed assets

Represents the unrestricted net book value of the charity's fixed assets.

CWLWM membership

Utilising funds received from Welsh Government to support the early years and childcare sector Early Years Wales has made membership free to any qualifying childcare provider for 2020/21.

Wrexham donation

Funds received were the result of closures of childcare CIO's in the Wrexham Local Authority Area. In line with the constitutions and policies the remaining capital was transferred to Early Years Wales to be re-distributed for like-for-like charitable aims in the local area. All funds received have been allocated to support charitable settings and organisations in the area.

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

23 Restricted funds

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

	Balance at 1 April 2019 £	Movement in funds		Balance at 1 April 2020 £	Movement in funds		Transfers £	Balance at 31 March 2021 £
		Incoming resources £	Resources expended £		Incoming resources £	Resources expended £		
Welsh Government	150,000	558,896	(663,896)	45,000	757,293	(762,978)	(39,315)	-
County funds	5,291	359,415	(344,279)	20,427	368,180	(316,289)	(27,531)	44,787
Donations	-	2,530	(2,530)	-	-	-	-	-
Moondance Foundation	-	-	-	-	30,000	(30,000)	-	-
	155,291	920,841	(1,010,705)	65,427	1,155,473	(1,109,267)	(66,846)	44,787

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

23 Restricted funds

(Continued)

Welsh Government – CWLWM. Awarded to the Cwllwm Partnership of Early Years Wales, Clybiau Plant Cymru Kids' Clubs, NDNA Cymru, Mudiad Meithrin and PACEY Cymru. Cwllwm's brief is to support Welsh Government's aim to ensure that families across Wales can access affordable, quality childcare providing innovative solutions to create flexible childcare and play opportunities to meet the needs of parents and their families.

To tackle issues within the Childcare and Play sector. These include but are not restricted to: sustainability, workforce development and gaps in childcare provision, especially as far as Welsh-medium childcare/play and provision in rural areas are concerned. By working together, innovative solutions to flexible childcare and play opportunities, and wrap-around care to meet the needs of parents and families in all parts of Wales is achieved.

Welsh Government - Education Directorate– Foundation Phase Development Officer. To provide expert support to members delivering the Foundation Phase in the non-maintained early years sector, through a programme of face-to-face visits, email support and signposting.

Ceredigion County Council – Family Information Services. To support members with termly visits to registered settings, support with CIW requirements grant applications and business health checks.

Carmarthenshire County Council – Children's Service. To support members to deliver quality provision by termly contact telephone/email business support and visits, CIW requirements support start-up/expansion of places, representation at local meetings, promoting Quality for All scheme.

Pembrokeshire County Council. To support member childcare providers by contact through face to face and e-mail contact, raising the standard of settings and promoting Quality for All award, to promote uptake of workforce training.

Swansea City Council – Early Intervention Service. Support includes, attending meetings, support to conduct CSA refresh, conducting feasibility study on expansion of childcare services, support to register and comply with CIW NMS. Promotion of Healthy Snack Award and Healthy and Sustainable pre-school schemes

Isle of Anglesey County Council. To provide business, managerial and administrative advice and support to local committees, leaders and paid staff. Forward training needs to the Authority and the Children and Young People's Partnership. Provide support to the Referral Scheme and the SEN Specialist Teacher and attend any relevant specialist training to be ready for significant changes.

Flintshire County Council. To provide support to early year's providers to be sustainable businesses via visits, email, phone or office support.

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

23 Restricted funds	(Continued)
Flintshire County Council (Childcare Partnership) To provide business support for member settings in Flintshire, via development worker visits, email or telephone support. Additional needs & Brokerage co-ordinator supporting settings, children, families and the local authority with all aspects of their referral schemes.	
Denbighshire County Council (Flying Start) - To provide business support and guidance to members providing Flying Start services in Denbighshire via visits to settings, email or telephone.	
Welsh Government – Welsh Language Support - Funding to promote the existence of 'Cymau' by engaging with the sector and encouraging employers to take advantage of the training available. Ensuring resources are available to support learners, sharing all Cwlm partner resources too where possible and to provide aftercare support as required for learners and the settings they work in.	
Newport City Council. Childcare contract project led by Early Years Wales to provide business support to all providers including childminders and out of school clubs via visits, email/phone and virtual calls. Early Years Wales administers and runs the Early Years Wales Additional Needs Referral scheme, coordinator supports settings, parents and children as part of the scheme as well as supporting children accessing funds from the childcare offer.	
Newport City Council - Education Services. Additional Needs Referral scheme coordinator administers funding for 1-1 support for children with ALN who access education through the non-maintained sector. This scheme runs as part of the main scheme within the Newport childcare contract.	
Monmouthshire County Council. To provide support to member settings in Monmouthshire. Support for business skills, legal compliance and promotion of quality is provided via email, telephone and face to face visits.	
Healthy and Active Fund. This is a 3 year project, Early Years Wales have partnered with Welsh Gymnastics to deliver the Welsh Active Early Years Programme across Wales. The multi skills movement and play based activity programme will be delivered directly to children and parents/carers at community based venues and outdoor spaces as well as delivering training to childcare practitioners on physical literacy for 0-3 year olds.	
Moondance Foundation- Early Years Wales worked in collaboration with the Moondance Foundation to facilitate the administration of grants in response to Covid. A £30,000 grant was received by Early Years Wales and was distributed in full to member settings using an application process agreed in advance with Moondance. Early Years Wales would like to note their thanks to Moondance for the support to the early years sector through this funding.	
Transfers - relates to the fund being fully expended during the year and the associated value being transferred to the unrestricted reserves.	

**EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

24 Analysis of net assets between funds

Fund balances at 31 March 2021 are represented by:

	Unrestricted 2021 £	Designated 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Designated 2020 £	Restricted 2020 £	Total 2020 £
Intangible fixed assets	-	19,800	-	19,800	24,750	-	-	24,750
Tangible assets	-	2,361	-	2,361	5,946	-	-	5,946
Investments	1,111,807	-	-	1,111,807	936,082	-	-	936,082
Current assets/(liabilities)	89,946	197,361	44,787	332,094	21,514	130,181	65,427	217,122
	<u>1,201,753</u>	<u>219,522</u>	<u>44,787</u>	<u>1,466,062</u>	<u>988,292</u>	<u>130,181</u>	<u>65,427</u>	<u>1,183,900</u>

EARLY YEARS WALES 2018
T/A EARLY YEARS WALES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

25 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

26 Operating lease commitments

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

	2021 £	2020 £
Within one year	40,080	35,931
Between two and five years	40,840	133,388
	<u>80,920</u>	<u>169,319</u>

27 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £24,708 (2020 - £21,759). There were no amounts outstanding at the year end in the current or previous year.

28 Cash generated from operations

	2021 £	2020 £
Surplus/(deficit) for the year	282,162	(172,774)
Adjustments for:		
Investment income recognised in statement of financial activities	(17,581)	(18,212)
(Gain)/loss on disposal of tangible fixed assets	-	1,388
Fair value gains and losses on investments	(177,592)	83,018
Depreciation and impairment of tangible fixed assets	8,535	6,387
Movements in working capital:		
Decrease in debtors	79,727	78,002
(Decrease)/increase in creditors	(19,358)	13,940
Increase in deferred income	866	4,486
Cash generated from/(absorbed by) operations	<u>156,759</u>	<u>(3,765)</u>

29 Analysis of changes in net funds

The charity had no debt during the year.