



National Day Nurseries Association

National Day Nurseries Association

(A charitable company limited by guarantee)

Financial Statements for the year ended 31 March 2023

Company registration No. 03738616

Registered charity No. 1078275 (England & Wales)
SCO40610 (Scotland)

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National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Name	National Day Nurseries Association (NDNA)
Company number	03738616
Charity number	1078275 (England and Wales) / SCO40610 (Scotland)
Registered office	National Early Years Enterprise Centre, Longbow Close, Huddersfield, HD2 1GQ
Scotland office	The Mansfield Traquair Centre, 15 Mansfield Place, Edinburgh, EH3 6BB
Wales office	3 Connaught House, Riverside Business Park, Benarth Road, Conwy, LL32 8UB
Website	www.ndna.org.uk
Auditor	DJH Mitten Clarke Audit Limited, First Floor Office Suite, Mill B, Colne Road Buildings, Colne Road, Huddersfield, HD1 3AG
Bankers	NatWest Bank, Commercial Banking, 2 nd Floor, 8 Market Place, Huddersfield, HD1 2AN
Solicitors	Lupton Fawcett, Yorkshire House, East Parade, Leeds, LS1 5BD

Board of trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to as the trustees. The Trustees report includes requirements of the Directors' report as required by company law. The trustees who served during the year were as follows:

Sarah Steel (Chair)	
Tina Jones	
Hazel Moody	
Penelope Vaughan-Pipe	(resigned November 2022)
Courteney Donaldson	
Helen Gration	(resigned September 2022)
Jane Haywood (Vice Chair)	
David Smyllie	
Ann McEwan	
Dave Poulson (Treasurer)	
Tracey Storey	(resigned August 2023)
Sally Bonnar	
Philip Siddell	
Laura Bowery	(resigned November 2022)
Lesley Dawson	

Company Secretary and Chief Executive	Purnima Tanuku
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Senior Management Team	Stella Ziolkowski Alan Wadsworth Jonathan Broadbery Cara Brundle Gayle Seekins
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Qualifying third party indemnity provisions

The charity purchased insurance for liabilities incurred by its trustees in carrying out their duties.

National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Structure, Governance and Management

Governing document

National Day Nurseries Association is a company limited by guarantee governed by its Memorandum and Articles of Association dated 20 September 1999 with the latest amendment in 2022. It is registered as a charity with the Charity Commission in England and Wales and with the Office of the Scottish Charity Regulator in Scotland.

Appointment of trustees

The Strategic Board currently comprises 11 trustees including a National Chair and Vice Chair. They represent the membership across England, Scotland, and Wales. Four are co-opted from wider sectors to support the work of the Board and add special expertise.

At every Annual General Meeting, one-third of the board is subject to retirement by rotation. Nominations are invited from the regions of the retiring trustees through advertising in Nursery News and elections held to appoint a new regional trustee. If there are no other nominations and the retiring trustee is willing, they will be reappointed for a further term of office.

Trustee induction and training

New trustees undergo an induction to brief them on their legal obligations under charity and company law, the content of the Articles of Association, the decision-making process, the business plan and the recent financial performance of the charity. They meet key employees of the charity and are encouraged to attend external training events as appropriate. A two-day board strategy event and training is held annually.

Organisation

The strategic board administers the charity and meets at least 6 times a year in person or virtually. Three policy advisory boards, made up of providers and early years experts, advise the strategic board on policy issues specific to the 3 nations. The Chief Executive, Purnima Tanuku, is appointed by the strategic board to manage the day-to-day operation of the charity. The Chief Executive has delegated authority for dealing with matters such as finance and employment.

Risk management

There is a robust risk assessment and management process established. This includes:

- Reviewing and monitoring both the strategic and operational risks the charity may face.
- Establishment of systems and procedures to measure and control risks identified.
- Implementation of control measures to minimise any potential impact on the charity if risks materialise.

A 'traffic-light' risk reporting system is in use linking the organisation's performance monitoring framework and financial performance.

The principal risk and uncertainty facing the charity is a volatile economic climate affecting both the sector and NDNA. High inflation impacts business costs and household expenditure and may impact demand for providers. At the same time, public spending cuts following the pandemic could result in funded childcare places coming under pressure and a reduction in income from central government and local authority contracts, along with increased competition for all services and contracts. Our strategy for managing this risk has enabled us to achieve a balanced portfolio of income streams by focusing on developing a wider customer base in the UK and beyond and building a portfolio to suit their needs.

National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Objectives and activities

NDNA's vision and mission

The charity's vision is for all children and families to flourish through high quality early childhood education and care.

The charity's mission is to lead and empower the sector so that nurseries and the early years workforce deliver sustainable, high quality early childhood education and care.

NDNA's aims and objectives for the year

The strategic aims NDNA set out for 2022/23 are:

- To be the strongest voice for nurseries and their workforce.
- To promote and support high quality, sustainable early years provision.
- To enhance our support to the early years workforce.
- To be strong and sustainable.

To be the strongest voice for nurseries and their workforce – As the voice of the 22,000-strong nursery sector, NDNA is an integral part of the lives of more than a million young children and their families. The charity provides information, training and advice, which supports nurseries - and the 280,000 people who work in them - to deliver world-class early learning and childcare. Working closely with local and national governments in England, Scotland and Wales, we deliver a comprehensive programme of policy work, campaigning on the cost, choice and quality of childcare to benefit children, their families, nurseries and the economy.

To promote and support high quality, sustainable early years provision – NDNA's national programmes of activity ensure that nurseries and their workforce have the skills they need to deliver early years services, whilst remaining viable and sustainable. The range of services delivered by NDNA includes membership support services; accredited and non-accredited training programmes both face-to-face and online via the NDNA Early Years Development Zone, live virtual classroom, and webinars; events and conferences; publications; business support; Quality Counts accreditation and Millie's Mark. We also provide information and support to child-carers and parents via our website and myNDNA.

To enhance our support to the early years workforce – myNDNA and the NDNA Early Years Development Zone provide the early years workforce with direct access to up-to-date training and support. Research evidence tells us that ongoing development and support helps practitioners to improve the quality of their practice, which in turn improves children's developmental experiences.

To be strong and sustainable – Effective delivery of the charity's mission is only possible if we are financially sustainable to support the sector. We manage our resources carefully and everyone plays an active part in the business planning process. The strategic challenges facing NDNA are discussed at Board level and all staff are involved in developing the business plan and ultimate responsibility for decision-making rests with the Board, supported by the Chief Executive and Senior Management Team.

The charity has a wholly owned subsidiary, NDNA Services Limited.

NDNA does not fundraise from the public.

National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Shaping the future of early education and care

This year has seen the early years sector move from post-pandemic recovery into crises of rapidly rising costs and workforce shortages.

Across the year, NDNA produced research on local authority budgets, nursery closures and sustainability for providers to highlight the challenges facing a sector recovering from the pandemic. Through Freedom of Information requests, we demonstrated that local authorities in England underspent their early years budgets by £45 million in 2021/22, and over four years of investigations this has reached a total of £220 million in underspends. Most of these underspends were used to offset overspends in other parts of the schools' budget or rolled forward to general reserves. This continued challenge shows the need for reform of the childcare funding system.

Through direct surveys with members, NDNA also revealed the sustainability concerns of providers. This showed that 98% of providers believed government funding rates were not allowing them to cover their costs and that as a result, 83% expected to operate at a loss or just break-even. Our work also showed how nurseries were working hard to support parents through their own cost of living crisis. While nurseries reported a staff cost increase of 14% and faced inflationary cost increases around 10% the average fee increase to parents was reported at 8.5%.

With growing pressure from families, providers and employers to invest in more high quality early education and care throughout 2022-23, governments in England, Scotland and Wales responded. The Welsh Government continued its expansion of funded childcare by adding a further 2,500 children to the Flying Start programme. In Scotland the new First Minister pledged to accelerate the Scottish Government's plans for funded childcare for all one and two-year olds.

Finally, in his Spring Budget in March the Chancellor announced that in England the offer of 30 hours funded childcare would be extended to working families with children aged nine months and over from 2025.

At the end of the year, NDNA analysed closure data for the sector. Ofsted statistics showed a net loss of 302 early years providers on non-domestic premises from September 2021 to August 2022. Analysis of 186 settings where data was available showed that 37% of those closures were in the 30% most deprived areas of the country and 16% of closures were in the 10% most deprived areas of England. This was an increase on the figures of 34% and 15% respectively for the previous year's data.

Over the course of the year, NDNA supported members and the sector in responding to consultations on staffing ratios for two-year olds and other EYFS reforms, the Government's SEND action plan, regulatory reform in Scotland, changes to the curriculum and assessment frameworks in Wales and gave evidence to the Low Pay Commission, the Education Select Committee, the Greater London Assembly and the Scottish Parliament about the pressures facing the early years sector as well as the importance of investing in a child's learning and development in their first five years.

To raise greater public awareness NDNA launched its '*First Five Years Count*' campaign which aimed to increase awareness of the importance of early years education, raise the profile of the early years workforce and encourage more people to consider a career in early years. NDNA also supported the launch of the Royal Foundation's '*Shaping Us*' awareness campaign about the importance of children's early years.

National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Achievements and performance

The ethos behind NDNA's charitable vision and mission is to support excellence in the early years workforce, whilst driving quality and sustainability in early years enterprise. To achieve this, our approach is to ensure that the child is at the centre of all that we do to support business and workforce improvement.

High quality, evidence-based practice underpins all NDNA services and activities that NDNA provides. Our Quality Statement clearly defines what represents quality in early years settings. We support our members and the wider early years community to focus on delivering the highest quality provision for children, whilst remaining sustainable as businesses, charities or not for profit enterprises.

We passionately believe that children should be at the heart of all policy making and that quality can only be achieved when nurseries are sustainable businesses, with dedicated leadership and management. Leadership provides a vision for the nursery and supports practitioners to be reflective individuals with a commitment to continuous professional improvement. In turn, this helps to ensure that every child in the nursery community gets the best start in life. This includes children from all backgrounds and abilities where early assessment of their needs, capabilities and interests helps to secure any additional help they may need.

Members continue to recognise NDNA as their provider of choice for the delivery of high quality training. This year we supported 32,908 learners through our programmes of learning, including live virtual classroom training, webinars, online, face to face training and via the delivery of projects and contracts. Evaluation has demonstrated that 98% of those who access our training rate it as either good or excellent.

Impact on the Workforce

This has been another challenging year for the sector with financial constraints due to increased salary costs because of several reasons, including the NMW/NLW increases and the soaring cost of living increases. Staff turnover and an inability to recruit to vacancies has compounded this therefore the ability to release staff for training (other than mandatory training) has been challenging. Due to these factors, access to quality, affordable, relevant short courses have been more important than ever this year.

An abundance of research tells us that high quality childcare, delivered by qualified practitioners, is essential for the development of children in their earliest years. However, we continue to hear from our member nurseries that they are struggling to recruit and retain staff qualified at the levels they need and want and this is reflective in take up of training.

Research confirms that the first five years shape each child's future health, happiness, growth, development and learning achievements, so the continued professional development of practitioners is essential to ensure children get the best start in life. To break down barriers to accessing development, we continue to review our offer providing a range of delivery modes to ensure our offer is accessible to practitioners in the way that best suits their individual needs. NDNA's analysis of sector intelligence, surveys and a two-way dialogue with our members allow us to review and update our range of products and services and to ensure that training remains up to date with best practice, research, and sector need:

'This course helped me in understanding EYFS new curriculum and framework, and I feel confident about planning, teaching and assess the children – Revised EYFS, Fun Kids Harrow'

Alongside our support programmes, we review existing publications, policies and procedures and online resources (such as factsheets) in line with changes to policy, legislation and evidence based best practice.

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Free Member Events, Resources, Training and Webinars

The return of the NDNA Conference in June 2022 saw delegates join for sector focussed sessions.

Free member events (including regional sessions and an afternoon with Alice Sharp) reached 604 members. NDNA also delivered a series of free ad hoc webinars on topics important to the sector such as SEND and ratios consultations, information on budget announcements, and anti-racism.

NDNA also provided a range of free online training programmes. Covering the following essential topics to support practitioners:

- An Introduction to Supporting Children with SEND.
- Supporting Staff Well-Being in the Early Years Workforce.
- Online Safety in Early Years.
- Effective Financial Planning and Management.
- Effective Leadership and Management.
- Effective Marketing and Promotion.
- Strategic and Business Planning.

A total of 2,422 practitioners accessed these free courses.

Millie's Mark and Quality Counts

The safety and security of children is paramount and a focus for NDNA delivering Millie's Mark. This year 145 settings took up the Mark and 167 nurseries successfully achieved the standard, demonstrating they go above and beyond their regulatory duty. In total there are now 1174 settings signed up to the Mark in England and 20 in Scotland, with 981 settings being awarded the Mark since it was launched.

During the 2022/23 financial year we have had 26 new sign ups to Quality Counts certification. There have also been 19 sign-ups for the Online audit and review. Over the year we have awarded 20 settings, 11 of which were awarded at the highest platinum level.

Childcare Works

In Wales, NDNA Cymru has been successful in securing ongoing funding for the project from the Active Inclusion Fund and WCVA which ran from April to December 2022. A further cohort of trainee nursery assistants were supported through a separate Childcare Works project in Swansea between January to March 2023. Under the project, NDNA supports participants (who are not in employment, education or training) with a three-week training programme, followed by 13-week placements as Trainee Nursery Assistants, in nurseries.

International

Overseas nurseries that are looking to implement and follow the EYFS recognise the value that NDNA can offer. We have international members from 19 different countries. We continue to provide services to members overseas and continue to engage with international stakeholders.

We continue to see interest in our Quality Counts programme from overseas customers. Within this financial year settings have signed up to the certification mark from Thailand and Uganda. One international setting has been awarded Quality Counts certification mark at platinum level and has recognised the value of this certification.

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For the year ended 31 March 2023

Membership and Retention

A strong membership base is critical to NDNA's mandate as the voice of the sector. The strength of our membership informs our work and our priorities, which are driven by the evidence we gather from our members.

Despite the challenging environment and growing concern over closures and financial pressures, NDNA's membership has remained stable throughout the year. This indicates that members are getting value from their membership, see a return on this investment and are willing to renew, even in the toughest of times.

NDNA draws on the experience of our members and our own research, as well as analysis of the early years and childcare sector, to ensure we are the voice of our sector. We work across key stakeholders and decision makers in England, Scotland and Wales to advocate for policy approaches that support the charity's objectives and our members' needs.

Member Engagement

NDNA networks provide nursery owners and managers with the opportunity to meet and form a united voice at a local level. Networks, led by volunteer Network Officers, provide regular opportunities to share information, ideas and concerns whilst improving NDNA's reach and the breadth and depth of our insight.

At the end of March 2023, NDNA had 43 active networks across the UK. We continue to hold regular network chair meetings, which have been consistently lively and well attended. NDNA's networks provide the insight that NDNA needs to better understand and represent the sector. We would like to thank all our networks for their continued engagement with NDNA in highlighting local issues and challenges.

Member events were delivered across each of the three nations, using a combination of remote and online delivery. These events attracted 1,616 registered attendees, enabling nurseries and their workforce to benefit from updates on policy and practice, as well as professional development and networking. We worked with our corporate sponsors to deliver up to date information on topics such as health and safety and employment law, to cover all the legislative and regulatory changes due to Covid.

In addition to NDNA's usual member event schedule, a free, virtual 'afternoon with' inspirational speaker Alice Sharp attracted 574 registrations and a webinar focusing on local authority underspends attracted 308.

"...truly inspiring, hitting all of the current topics and points we are currently working on within our nursery."
Kim Bazeley, Hawkfield Nursery

Policy Engagement and Campaigns

In England, Scotland and Wales, NDNA has met with Government Ministers, key stakeholders and working groups to provide the latest research, sector views and experiences, particularly in relation to workforce challenges, demand and rising cost pressures. NDNA has used member views and feedback to lobby and shape changes to guidance and secure extra support for the sector. This has included:

- Funding – lobbying for:
 - additional £204 million for funded places in England from September 2023 and a further increase of £288 million from April 2024.
 - an uplift to childcare payments for families on Universal Credit.
 - Childcare elements of Universal Credit paid upfront.
- Reduced membership fee for members in Wales.

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To support our members and influence public debate on issues affecting early years, we engage with traditional and social media to reach as wide an audience as possible, achieving 193 pieces of national (including broadcast) media coverage for our work and 261 pieces in the trade press covering early years and education. Our following on social media has now reached; 19,338 on Facebook; 16,423 on Twitter; 8,837 on LinkedIn and 3,004 on Instagram.

"Well done on an excellent webinar this evening. Very informative and good to know we have NDNA working for the sector." Michael Farrell, The Croft Day Nursery

Funding

As cost-of-living pressure grew throughout the year, NDNA campaigned for increased investment in early education and childcare. This was to ensure sustainability for existing provision but also to improve quality and address workforce challenges.

NDNA responded to formal consultations relating to the early years national funding formula and made submissions to the Spring Budget. We also engaged with MPs directly, supported member engagement with their own MPs and continued our support to the All-Party Parliamentary Group on Early Education and Childcare.

In the Spring Budget the Government announced a doubling of investment in childcare and early education with a pledge to deliver 30 hours of funded childcare to all children of working families from nine months upwards from September 2025.

The Welsh and Scottish Governments announced an extension of the 100% relief from business rates for nurseries in these countries until 2025.

Freedom of information research with local authorities in Scotland revealed a significant difference between the proportion of hours partner providers were delivering under the funded ELC policy, compared with the proportion of the ELC budget being spent with partner providers, showing private and voluntary nurseries were being expected to do more with less budget. Data collected from councils also showed that providers were being left in the dark about their funding rates even after the academic year had started and NDNA Scotland supported networks in making representations to their elected councillors.

NDNA Cymru

NDNA Cymru remains part of the CWLWM Partnership and representation continues to be key to our work. We are a member of key strategic groups alongside other representative organisations, Welsh Government, Aware, Social Care Wales, Care Inspectorate Wales and Estyn.

NDNA Scotland

NDNA Scotland continues to represent members at key stakeholder meetings and supporting the childcare sector working group on early learning and childcare. In addition, NDNA Scotland is a member of the Education Reform Review Group, Care Inspectorate Safe Staffing Project and the SSSC Codes of Practice Review Group. To support this work, we have been successful in securing Sector Representation funding from the Scottish Government.

We have retained the Scottish Government's Children, Young People and Families Early Intervention Fund (CYPFEIF) and Adult Learning and Empowering Communities Fund (ALEC) funding for eight years and received positive feedback from the Corra Foundation on the reporting of the achievement of Fund outcomes. NDNA Scotland have consistently met all the requirements for the funding.

National Day Nurseries Association

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NDNA Scotland has a commitment to promoting the rights of the child as the Scottish Government brings forward legislation to incorporate the UN Convention on the Rights of the Child into Scots law.

myNDNA

We have 16,115 people registered on myNDNA, our early years and childcare community. These practitioners receive newsletters packed with hints, tips and good practice guides. We have seen continued practitioner participation via myNDNA which has enabled us to enhance our offer to further support the sector.

This free to join, online community continues to provide practical inspiration, activity ideas and resources for early years practitioners to use in their setting. We encourage use of these resources to support practitioners with their own professional development and we believe that myNDNA has had a positive impact on the quality of early years practice and, therefore, improved outcomes for children.

Projects and Contracts

We have delivered a number of projects in partnership with other organisations, such as Best Practice Network, Early Years Stronger Practice Hubs and Maths Champions, to support the sector.

This year, we have continued to work with a range of companies to bring ideas, activities, campaigns and resources to children and parents via our membership base. For instance, NDNA's popular 'Healthy Body, Happy Me' campaign focused on the theme 'talk with me' and took place from 20th – 24th March 2023. TTS and Consortium sponsored the week, promoting activities to support children's health and wellbeing. Two participants commented that the campaign guides "promoted physical movement" and "gave the children in our preschool room the opportunity to talk about things that were important to them." Our daily guides provided ideas for learning and development, including at least one physical activity, plus activities for home learning to encourage families to extend healthy habits to home life.

Sustainability

NDNA's own long-term sustainability is essential if we are to continue delivering our charitable mission and maximise the impact of our activities.

Through careful management, planning and cost savings, we were able to achieve a better year-end financial position than budget in the financial year 2022/23. This means that we can invest in the development of further support for the benefit of nurseries, the early years workforce and the children who they educate and care for.

Financial review

2022/23 has seen us continue to maintain the strong and sustainable position of the organisation and its purpose in challenging times for the sector. We achieved an overall surplus of £65,912, after investment through our development budget. Our unrestricted reserves now stand at £2,101,428.

During the year, we invested £190,060 out of designated funds.

A further £155,004 has been put into the designated IT fund to invest in additional IT support, plus a further £54,583 into the designated development fund to support our members.

National Day Nurseries Association

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Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. Funds in excess of current requirements are invested in low-risk cash deposits or interest-bearing accounts.

Plans for the future

Throughout 2022/23, we have constantly reviewed our plan and adjusted our delivery in line with changes in government guidance. NDNA will continue to focus on delivering the highest quality training through face to face, online (via the Early Years Development Zone and Live Virtual Classroom training), webinars and both online and face to face member events.

We will continue to invest in our online services, and we will build on the growth of the myNDNA community to reach wider audiences and individual practitioners in early years with targeted support. Meanwhile, we will invest in NDNA's IT infrastructure to enhance our products and services. New partnerships are being developed to improve our member benefit package and to generate new income streams.

In England, alongside the planned expansion of funded childcare the Government has made a number of regulatory proposals to address the workforce challenges in the early years sector. NDNA will engage with members about the specific proposals made but also the wider challenges they face as implementation starts from April 2024 with funded two-year old places.

Ahead of a General Election expected in 2024, NDNA will also use the coming year to gather evidence about what the sector needs in the short to medium term to produce a high-level vision for the future of early education and childcare. This will then help to inform any manifesto asks ahead of the election.

NDNA will continue to gather evidence from our members to campaign for increased funding for the early years sector. This is in line with our charitable objectives of supporting all children through access to high quality early education and care. To ensure a strong voice across Parliament, NDNA will continue its work meeting and briefing MPs and within the All-Party Parliamentary Group for Early Education and Childcare.

In Scotland, the Programme for Government sets out plans to expand the offer to more two-year-olds and eventually to one-year olds. The new First Minister has pledged to accelerate that work. NDNA Scotland will continue to support Scottish Government plans to make ELC affordable, accessible and high quality. We will campaign for solutions to the funding challenges of the existing policy while also advocating for the skills and expertise of the PVI sector to be fully engaged in any ELC offer for younger children. We will propose solutions to ensure funding truly follows the child.

The UNCRC Incorporation (Scotland) Bill passed the Scottish Parliament in 2021 but was delayed due to legal challenges. Once re-introduced, the Bill will mean public authorities, including nurseries delivering publicly funded places, will have to comply with children's rights. This is something the Early Learning and Childcare sector already does but NDNA Scotland will provide additional support to members around the new requirements.

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In Wales, the Programme for Government includes plans for expanding the funded offer to all two-year-old children in Wales. This is being delivered by expanding the Flying Start programme which is currently only delivered in the more deprived areas of the country. It is delivered and funded in different ways by different local authority areas leading to inconsistencies. NDNA Cymru will work with members, CWLWM partners and the Welsh Government to address these and ensure the expertise and experience of the day care sector is recognised in the plans for this expansion.

With updates to the National Minimum Standards and the Quality Framework planned for 2023/24 NDNA Cymru will continue to support members and advocate for high quality early years provision that supports children's development and ensures their well-being. We will pilot Millie's Mark in Wales with the standard reflecting the requirements for providers in Wales.

Public benefit

We constantly refer to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Evidence shows that investing in early years makes a difference to children's long-term outcomes. To achieve our vision and mission, our support and representation work aims to have a real influence as we help to shape the early years policy agenda for the benefit of children and their families across England, Scotland and Wales. The impact of this is to develop an environment that enables the nursery sector to deliver the high quality education and care, to make a difference to the outcomes for children, whilst also being sustainable businesses.

The practical support and representation that we provide to nurseries help them continually improve their early learning and childcare practice and to be sustainable businesses, which are central to the fulfilment of our mission and vision. The difference we aim to achieve on behalf of children and families include:

- Better informed policy development that ensures public spend on early years achieves maximum impact and delivers positive outcomes for children.
- Affordable and accessible childcare for all sections of the community through supporting sustainable childcare including in areas of disadvantage.
- Enhanced skills in the early years workforce to be better equipped to provide the high quality of care and early learning that children deserve.
- Enhanced inclusion in early years through promotion of good practice.
- Support for nursery providers in all areas to promote better outcomes for children and families.
- Sector sustainability, enterprise and, as a result, the safeguarding and creation of jobs in the childcare sector, whilst enabling parents to work and train.
- Partnership programmes for economically inactive individuals to give them a solid basis to move into employment.
- Parents equipped with an increased understanding of quality childcare so they can make informed childcare choices and get the most out of their nursery.

National Day Nurseries Association

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Support from our volunteers

The Board of Trustees gives considerable support to the organisation on a voluntary basis, and we very much appreciate this. Members have also acted in various voluntary roles for NDNA through advising as members of our England, Scotland and Wales policy advisory boards and representing the sector at both national and local levels. Local NDNA networks operate across the country thanks to the time and commitment given by voluntary network officers. There is extensive volunteer activity across all three nations and the trustees would like to record their appreciation and thanks for this contribution, which is of great value to the charity.

Pay policy for senior staff

The Strategic Board of Directors set the vision and mission for the organisation, working closely with the Senior Management Team. The Chief Executive, with support from the Senior Management Team, delivers the objectives in line with the vision, mission and business plan.

All directors give their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 7 and 15 (respectively) to the accounts.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, pay levels are benchmarked against pay levels in other charities of a similar size.

If recruitment has proven difficult in the recent past, a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

Reserves policy

Trustees are under a general legal duty to apply charity funds within a reasonable time of receiving them and to justify the level of reserves held.

The reserves policy is informed by:

- how secure the organisation's future income streams are.
- analysis of any future needs, opportunities, contingencies or risks, the effects of which are not likely to be met out of income.
- the long-term development and infrastructure, building strategy for the organisation.

The policy is re-examined each year as part of the formal process of reviewing the long-term strategy linked to the annual business planning process.

At the end of the year, the charity is holding total funds of £3,098,769. This includes restricted funds of £257,341, an endowment fund of £740,000 and unrestricted designated funds of £187,116.

Unrestricted reserves excluding amounts designated have decreased (following investment through designated funds) by £144,664 and are now £1,914,312.

There is £136,950 included within unrestricted reserves and £740,000 within the endowment fund, which can only be realised by disposing of tangible fixed assets.

Free reserves have decreased by £138,536 and are now £1,863,830.

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Free reserves as of 31 March 2023 represent approximately 13.4 months of operating costs. We need to keep sufficient cash reserves to fund future developments that will contribute to the growth of the organisation, necessary for future sustainability to support the sector.

The board reviewed the Reserves Policy in September 2023, and it is considered as a matter of prudence under the current political and economic climate that NDNA should retain 12 months operating costs in reserves to service commitments, respond to changes in risks and fund future developments.

The challenges for the early years sector continue to be a concern for NDNA as a representative organisation.

Therefore, we intend to spend a substantial amount of our reserves in 2023/24 enhancing support services to our members in the form of:

- Invest in new products and services.
- Face to face and virtual training.
- Campaigns relating to:
 - Raising the profile of the Early Years sector.
 - Healthy Body Happy Me.
 - General Election.
- Research across 3 nations.
- Major project with substantial investment to support the Early Years workforce across 3 nations.

Taking account of the above, our free reserves as at 31 March 2024 would represent around 10 months operating costs.

Designated fund policy

The charity has set aside funds for building maintenance, further development of our IT platform and for costs for development of services that will support the early years sector and the global community.

An additional £54,583 has been added to the designated development fund, making the balance £56,159. This will be used in 2023/24 for projects to support services to early years practitioners.

An additional £155,004 has been added to the designated IT fund, making the balance £116,924. This will be allocated against depreciation of our finance system (which was purchased in January 2019), our CRM and website (which was launched in March 2022) and to invest in additional IT support (in 2023/24).

The remaining designated building fund of £14,033 will be allocated against depreciation of head office refurbishment that has taken place in the last few financial years.

National Day Nurseries Association

Report of the trustees (including directors' report)

For the year ended 31 March 2023

Trustees' responsibilities in relation to the financial statements

The trustees (who are also the directors of National Day Nurseries Association for the purposes of company law) are responsible for preparing the Trustees' Annual 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select the most suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant audit information (as defined by section 418 of the Companies Act 2006), being information needed by the auditors in connection with preparing their report, of which the auditors are unaware, and
- the trustees, having made enquiries of fellow directors, have taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared taking advantage of the small companies exemption under the Companies Act 2006.

By order of the Board



Sarah Steel

Chair of the Board of Trustees

18 October 2023

Report of the independent auditors to the members and trustees of National Day Nurseries Association For the year ended 31 March 2023

Opinion

We have audited the financial statements of National Day Nurseries Association (the 'Charity') for the year ended 31 March 2023 which comprise of the charity Statement of Financial Activities, charity Balance Sheet, charity Statement of Cash Flows and notes to the accounts, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2023 and of the charity's incoming resources and application of resources, including its results, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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 Auditors 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Report of the independent auditors to the members and trustees of National Day Nurseries Association For the year ended 31 March 2023

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except for the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the trustees (which includes the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the trustees (which includes the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the trustees (which includes the directors' report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the trustees (which includes the directors' report).

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on Page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements. Also 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.

Report of the independent auditors to the members and trustees of National Day Nurseries Association For the year ended 31 March 2023

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

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our planning procedures included gaining an understanding of the entity and its environment including the entity's legal and regulatory framework, any fraud indicators and internal control system via both discussions amongst the engagement team and with the directors. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements including the risk of override of controls.

Based on our understanding of the company and its industry, the key laws and regulations we considered included the UK Companies Act, Charities Act (2011) and relevant tax legislation.

Audit procedures performed by the engagement team included but were not limited to:

- Evaluating and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Discussing with the directors the policies and procedures in place regarding identifying and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Reviewing relevant meeting minutes;
- Identifying and testing journal entries;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Reviewing and testing the accounting estimates to minimise potential bias.

Report of the independent auditors to the members and trustees of National Day Nurseries Association For the year ended 31 March 2023

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements the less likely we would become aware of such non-compliance. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Borowski FCA (Senior Statutory Auditor)
for and on behalf of DJH Mitten Clarke Audit Limited
Chartered Accountants and Statutory Auditors
First Floor Office Suite
Mill B
Colne Road Buildings
Colne Road
Huddersfield
HD1 3AG

Date: 29/11/2023

National Day Nurseries Association

Charity Statement of Financial Activities

(incorporating income and expenditure account)

For the year ended 31 March 2023

		Unrestricted	Unrestricted	Endowment	Restricted	Total	Total
	Notes	Funds	Designated Funds	Fund	Funds	2023	2022
		£	£	£	£	£	£
Income							
Donations	2	12,422	-	-	74,262	86,684	14,912
Other trading activities							
Facilities hire		7,844	-	-	-	7,844	3,492
Income from investments		22,152	-	-	-	22,152	5,284
		<u>42,418</u>	<u>-</u>	<u>-</u>	<u>74,262</u>	<u>116,680</u>	<u>23,688</u>
Income from charitable activities							
Membership services		801,440	-	-	-	801,440	809,940
Sector support services		730,654	-	-	-	730,654	999,194
Projects & contracts	3	4,962	-	-	961,589	966,551	937,188
Events, publicity and commercial		318,195	-	-	-	318,195	248,541
		<u>1,855,251</u>	<u>-</u>	<u>-</u>	<u>961,589</u>	<u>2,816,840</u>	<u>2,994,863</u>
Total income		<u>1,897,669</u>	<u>-</u>	<u>-</u>	<u>1,035,851</u>	<u>2,933,520</u>	<u>3,018,551</u>
Expenditure							
Expenditure on raising funds							
Facilities hire		5,553	430	-	-	5,983	5,436
Cost of raising donations		-	-	-	-	-	24,738
Expenditure on charitable activities							
Membership services		564,170	67,972	-	-	632,142	551,363
Sector support services		864,005	53,460	-	-	917,465	977,710
Projects & contracts		224,446	60,333	-	844,802	1,129,581	1,109,313
Events, publicity and commercial		186,372	7,865	-	-	194,237	127,999
Other expenditure							
Reversal of property impairment		-	-	(11,800)	-	(11,800)	(28,600)
Total resources expended	4	<u>1,844,546</u>	<u>190,060</u>	<u>(11,800)</u>	<u>844,802</u>	<u>2,867,608</u>	<u>2,767,959</u>
Net income/(expenditure)		<u>53,123</u>	<u>(190,060)</u>	<u>11,800</u>	<u>191,049</u>	<u>65,912</u>	<u>250,592</u>
Transfers between funds	12	<u>(197,787)</u>	<u>209,587</u>	<u>(11,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(144,664)</u>	<u>19,527</u>	<u>-</u>	<u>191,049</u>	<u>65,912</u>	<u>250,592</u>
Total funds brought forward	12	<u>2,058,976</u>	<u>167,589</u>	<u>740,000</u>	<u>66,292</u>	<u>3,032,857</u>	<u>2,782,265</u>
Total funds carried forward	12	<u>1,914,312</u>	<u>187,116</u>	<u>740,000</u>	<u>257,341</u>	<u>3,098,769</u>	<u>3,032,857</u>

The notes form part of these financial statements

National Day Nurseries Association

Charity Balance Sheet

As at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	9	876,950	890,195
Investments	10	<u>1</u>	<u>1</u>
		<u>876,951</u>	<u>890,196</u>
Current assets			
Stock		12,530	21,452
Trade debtors		347,687	31,372
Prepaid expenses		40,576	24,602
Accrued income		88,166	91,689
Investments		1,023,135	519,277
Cash at bank and in hand		1,365,825	2,237,597
Due from group company		<u>13,052</u>	<u>13,052</u>
		<u>2,890,971</u>	<u>2,939,041</u>
Liabilities			
Creditors: amounts falling due within one year:			
Trade creditors		59,544	81,708
Other creditors		648	22,440
Taxes and social security creditors		42,065	39,374
Accrued expenses		68,216	165,125
Deferred income	11	<u>498,680</u>	<u>487,733</u>
		<u>669,153</u>	<u>796,380</u>
Net current assets		<u>2,221,818</u>	<u>2,142,661</u>
Net assets		<u>3,098,769</u>	<u>3,032,857</u>
Funds			
Unrestricted funds	12	2,101,428	2,226,565
Restricted funds	12	257,341	66,292
Endowment funds	12	<u>740,000</u>	<u>740,000</u>
		<u>3,098,769</u>	<u>3,032,857</u>

Approved by the board of directors and Trustees on 18 October 2023 and signed on its behalf by



Sarah Steel
Director and Trustee

The notes form part of these financial statements

National Day Nurseries Association

Charity Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	16	<u>(335,494)</u>	<u>299,696</u>
Cash flows from investing activities			
Interest income		22,152	5,284
Withdrawal from / (investment in) term deposits		(503,858)	250,949
Purchase of tangible fixed assets		<u>(54,572)</u>	<u>(102,541)</u>
Net cash used in investing activities		<u>(536,278)</u>	<u>153,692</u>
Cash flows from financing activities			
(Repayment of) loan in year		<u>-</u>	<u>(50,000)</u>
Net cash used in financing activities		<u>-</u>	<u>(50,000)</u>
Increase / (decrease) in cash and cash equivalents in the year		(871,772)	403,388
Cash and cash equivalents at beginning of the year		2,237,597	1,834,209
Cash and cash equivalents at end of the year		<u>1,365,825</u>	<u>2,237,597</u>

The notes form part of these financial statements

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

1 Accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006. The financial statements are prepared under the historical cost convention with the exception of land and buildings, which have been included at their revalued amount.

The trustees consider that the charity constitutes a public benefit entity.

b) Going concern

The trustees have considered the current position and budgets of the charity, and after making appropriate enquiries they have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Incoming resources

Income from charitable activities other than grant funding is accounted for when there is entitlement to the income. Income is deferred where delivery of services relates to future periods. Revenue grant funding is accounted for upon entitlement to the income and is deferred where time restrictions apply to related expenditure. Investment income and other trading income is accounted for on an accruals basis. Donations are accounted for as they arise. All income is included gross and related costs are included in expenditure. All income is stated after trade discounts, other sales taxes and net of VAT.

d) Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT that cannot be recovered.

Expenditure that is directly attributable to specific activities has been included in these cost categories.

Where costs are attributable to more than one activity, they have been apportioned across the cost categories consistent with the use of these resources. Any creditors or provisions at the year-end are apportioned on the same basis.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both those costs that can be allocated directly to such activities and those costs of an indirect nature to support them.
- Governance costs include those costs incurred in the governance of the charity and its assets, and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions that have been allocated to activity cost categories on a basis consistent with the staff time engaged on each activity.

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

1 Accounting policies - continued

e) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are reflected in the Statement of Financial Activities on a straight-line basis over the period of the lease.

f) Pension costs

The charity operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Pension costs are attributed to the activity performed by the staff member to whom the cost relates.

g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and any costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land	not depreciated
Buildings	2% straight line
Equipment etc.	equal instalments over estimated life of 4 to 8 years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

h) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due deductions for obsolete and slow moving items.

Stocks are valued using the first-in, first-out (FIFO) method.

i) Current asset investments

Current asset investments comprise term bank deposits not realisable within 3 months and which are held to generate interest income.

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

1 Accounting policies - continued

j) Government grants

Government grants received towards revenue costs are recognised within the financial statements when the charity has entitlement and in accordance with the provisions of FRS102 on either the performance or accruals model on a class-by-class basis.

k) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the charity's objects.

Designated funds are unrestricted funds, which are determined by specific need to set aside funds to fund future developments in the charity, maintain the building and develop IT infrastructure.

Restricted funds are held where there are restrictions imposed by the donor on the use of the funds granted. All restricted funds are held in net current assets.

Endowment funds represent assets purchased with grant funding. Transfers are made to unrestricted funds to cover depreciation charges.

l) Taxation

The charity meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is exempt from taxation in accordance with the Corporation Tax Act 2010, to the extent that such income is applied exclusively for charitable purposes.

m) Liability of members

The company is limited by guarantee and the liability of each member is limited to £1.

n) Key accounting estimates and assumptions

Accounting estimates, by definition, will often vary from the actual results. They are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. The nature of the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below. The carrying amount of the estimates and assumptions at the year-end are disclosed in the relevant note to the accounts.

Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets, which are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Valuation of land and buildings:

The land and buildings are held in the Balance Sheet at valuation and the basis for valuation is fair value.

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

1 Accounting policies - continued

o) Financial instruments

The charity has adopted section 11 of FRS 102 in respect of financial instruments.

Short-term debtors are measured at transaction price, less any impairment.

Short-term creditors are measured at transaction price.

p) General information

The charity is a private company limited by guarantee and is incorporated in England and Wales.

The address of its registered office is National Early Years Enterprise Centre, Longbow Close, Huddersfield HD2 1GQ.

The company's register number is 03738616.

q) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as any short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

r) Termination benefits

Termination benefits are recognised when the company has committed to providing them to employees.

They are measured at the best estimate required to settle the obligation at the reporting date.

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

2 Donations

	2023	2022
	£	£
CJRS Grant Income	-	11,912
The Moondance Foundation Donation	74,262	-
Other	12,422	3,000
	<u>86,684</u>	<u>14,912</u>

3 Projects and contracts

	2023	2022
	£	£
Welsh Government	465,249	594,469
Scottish Government	105,000	140,000
Other	396,302	202,719
	<u>966,551</u>	<u>937,188</u>
Included in the above are restricted funds:		
Welsh Government	465,249	594,469
Scottish Government	105,000	140,000
Other	391,340	193,810
	<u>961,589</u>	<u>928,279</u>

Included in the above, the amount of grants total £961,589 (2022: £928,279).

Also included in the above are government grants totalling £816,533 (2022: £734,469).

4 Total resources expended

	Direct delivery staff costs	Other delivery costs	Support incl staff costs	Depreciation/ Impairment	Total 2023
	£	£	£	£	£
Facilities hire	2,682	147	3,007	147	5,983
Membership services	266,540	120,872	233,394	11,336	632,142
Sector support services	390,914	134,341	374,042	18,168	917,465
Projects & contracts	578,128	108,818	422,132	20,503	1,129,581
Events, publicity and commercial	75,645	60,890	55,029	2,673	194,237
Other expenditure: revaluation of property	-	(11,800)	-	-	(11,800)
	<u>1,313,909</u>	<u>413,268</u>	<u>1,087,604</u>	<u>52,827</u>	<u>2,867,608</u>

2022 Comparatives

	£	£	£	£	£
Facilities hire	2,285	209	2,714	228	5,436
Cost of raising donations	11,691	-	12,038	1,009	24,738
Membership services	242,493	87,882	203,892	17,096	551,363
Sector support services	352,838	240,483	354,652	29,737	977,710
Projects & contracts	557,303	170,987	351,547	29,476	1,109,313
Events, publicity and commercial	69,947	3,441	50,386	4,225	127,999
Other expenditure: revaluation of property	-	(28,600)	-	-	(28,600)
	<u>1,236,557</u>	<u>474,402</u>	<u>975,229</u>	<u>81,771</u>	<u>2,767,959</u>

Allocation of support costs is based on staff time engaged on each activity.

Support costs include:

	2023	2022
	£	£
Staff costs	664,147	593,545
IT support	148,477	115,327
Consultancy costs	84,458	21,846
Premises	44,884	41,905
Governance	30,154	23,517
Marketing	27,952	55,052

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

4 Total resources expended - continued

Total resources expended include:	2023	2022
	£	£
Operating lease rentals	14,281	22,907
Professional indemnity insurance	2,782	2,814
Auditors remuneration:		
Audit	13,020	13,020
Other services	6,000	5,533

5 Staff costs

	2023	2022
	£	£
Wages and salaries	1,699,913	1,545,070
Social security costs	156,156	140,523
Pension costs	92,370	81,723
Staff insurance	9,025	8,041
Agency staff costs	20,591	54,745
	<u>1,978,056</u>	<u>1,830,102</u>

There were three employees with remuneration in excess of £60,000: Band £60,001 to £70,000 = 2; £100,001 to £110,000 = 1 (2022: Band £60,001 to £70,000 = 1; Band £100,001 to £110,000 = 1).

Pension contributions of £13,262 (2022: £9,092) were made in respect of these employees during the year.

The key management personnel of the charity comprises the Chief Executive and Senior Management Team whose employee benefits total £409,148 (2022: £384,576).

The average number of staff employed by the charity and group during the year was 65 (2022: 62).

The average full time equivalent number of staff employed by the charity was as follows:

	2023	2022
	Number	Number
Charitable activities	41	40
Cost of raising funds	-	1
Support staff	13	11
	<u>54</u>	<u>52</u>
Included in full time equivalent staff are participants on job creation programmes	5	5

6 Pension costs

The company has contributed £92,370 (2022: £81,723) into a Group Personal Pension Plan for its employees.

At the end of the year £648 (2022: £22,440) was owing in unpaid contributions.

7 Trustees remuneration and expenses

No remuneration was paid directly to trustees during the year. See Note 15 for details of other payments to trustees.

The total amount of expenses reimbursed to trustees for travel, subsistence and accommodation expenses incurred in carrying out their duties was £1,174, 5 trustees (2022: £602, 1 trustee).

Cost of professional indemnity insurance including trustee indemnity amounted to £2,782 (2022: £2,814).

National Day Nurseries Association

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For the year ended 31 March 2023

8 Charity statement of financial activities

2022 Comparatives

		Unrestricted	Unrestricted	Endowment	Restricted	Total
	Notes	Funds	Designated Funds	Fund	Funds	2022
		£	£	£	£	£
Income						
Donations	2	14,912	-	-	-	14,912
Other trading activities						
Facilities hire		3,492	-	-	-	3,492
Income from investments		5,284	-	-	-	5,284
		<u>23,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,688</u>
Income from charitable activities						
Membership services		809,940	-	-	-	809,940
Sector support services		999,194	-	-	-	999,194
Projects & contracts	3	8,909	-	-	928,279	937,188
Events, publicity and commercial		248,541	-	-	-	248,541
		<u>2,066,584</u>	<u>-</u>	<u>-</u>	<u>928,279</u>	<u>2,994,863</u>
Total income		<u>2,090,272</u>	<u>-</u>	<u>-</u>	<u>928,279</u>	<u>3,018,551</u>
Expenditure						
Expenditure on raising funds						
Facilities hire		5,154	282	-	-	5,436
Cost of raising donations		23,488	1,250	-	-	24,738
Expenditure on charitable activities						
Membership services		530,194	21,169	-	-	551,363
Sector support services		940,888	36,822	-	-	977,710
Projects & contracts		125,116	36,499	-	947,698	1,109,313
Events, publicity and commercial		122,768	5,231	-	-	127,999
Other expenditure						
Reversal of property impairment		-	-	(28,600)	-	(28,600)
Total resources expended	4	<u>1,747,608</u>	<u>101,253</u>	<u>(28,600)</u>	<u>947,698</u>	<u>2,767,959</u>
Net income/(expenditure)		<u>342,664</u>	<u>(101,253)</u>	<u>28,600</u>	<u>(19,419)</u>	<u>250,592</u>
Transfers between funds	12	<u>(60,362)</u>	<u>72,162</u>	<u>(11,800)</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>282,302</u>	<u>(29,091)</u>	<u>16,800</u>	<u>(19,419)</u>	<u>250,592</u>
Total funds brought forward	12	<u>1,776,674</u>	<u>196,680</u>	<u>723,200</u>	<u>85,711</u>	<u>2,782,265</u>
Total funds carried forward	12	<u>2,058,976</u>	<u>167,589</u>	<u>740,000</u>	<u>66,292</u>	<u>3,032,857</u>

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For the year ended 31 March 2023

9 Tangible assets	Long leasehold land and buildings £	Equipment etc. £	Total £
Cost or valuation			
At 1 April 2022	740,000	555,071	1,295,071
Additions	-	27,782	27,782
Disposals	-	(319,631)	(319,631)
At 31 March 2023	<u>740,000</u>	<u>263,222</u>	<u>1,003,222</u>
Depreciation			
At 1 April 2022	-	404,876	404,876
Charge for the year	11,800	41,027	52,827
Eliminated on disposal	-	(319,631)	(319,631)
Eliminated on revaluation	(11,800)	-	(11,800)
At 31 March 2023	<u>-</u>	<u>126,272</u>	<u>126,272</u>
Net book value			
At 31 March 2023	740,000	136,950	876,950
At 31 March 2022	<u>740,000</u>	<u>150,195</u>	<u>890,195</u>

The land and buildings are included at valuation based on a combination of the All Risks Yield (Investment) method of valuation and the traditional comparable method. A valuation, dated 31 March 2023, was undertaken by Bramleys LLP, independent RICS registered valuers.

The historical cost of the land and buildings and accumulated depreciation had it not been revalued would have been as follows:

	2023 £	2022 £
Cost	1,395,715	1,395,715
Accumulated depreciation	<u>(399,924)</u>	<u>(377,592)</u>
	<u>995,791</u>	<u>1,018,123</u>
The historical valuations were:		
31 March 2023	£ 740,000	
31 March 2022	£ 740,000	
31 March 2020	£ 735,000	
31 March 2018	£ 735,000	
31 March 2016	£ 720,000	
31 March 2014	£ 750,000	
31 March 2011	£ 875,000	

10 Investments	Shares in group undertakings £
Cost at 31 March 2022 and 31 March 2023	<u>1</u>
Net book value at 31 March 2022 and 31 March 2023	<u>1</u>

The company's investments at the balance sheet date consist of 100% of the ordinary share capital of its subsidiary NDNA Services Limited, company number 07520697, whose registered office is National Early Years Enterprise Centre, Longbow Close, Huddersfield HD2 1GQ.

NDNA Services Limited is dormant.

National Day Nurseries Association

Notes to the accounts

For the year ended 31 March 2023

	Membership	Projects & contracts	Events, publicity & campaigns	Sector support services	Total
	£	£	£	£	£
11 Deferred income					
Balance at 1 April 2022	397,449	-	46,405	43,879	487,733
Released from previous year	(397,449)	-	(46,405)	(42,261)	(486,115)
Deferred in current year	346,249	81,745	35,001	34,067	497,062
Balance at 31 March 2023	346,249	81,745	35,001	35,685	498,680

Deferred income refers to delivery of services in the following financial year.

	Membership	Projects & contracts	Events, publicity & campaigns	Sector support services	Total
	£	£	£	£	£
2022 Comparatives					
Balance at 1 April 2021	480,487	-	3,149	75,214	558,850
Released from previous year	(480,487)	-	(3,149)	(69,391)	(553,027)
Deferred in current year	397,449	-	46,405	38,056	481,910
Balance at 31 March 2022	397,449	-	46,405	43,879	487,733

	Balance at 1.4.22	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.23
	£	£	£	£	£
12 Analysis of charitable funds					
Unrestricted funds	2,226,565	1,897,669	(2,034,606)	11,800	2,101,428
Endowment fund	740,000	-	11,800	(11,800)	740,000
Restricted funds	66,292	1,035,851	(844,802)	-	257,341
	3,032,857	2,933,520	(2,867,608)	-	3,098,769

	Balance at 1.4.22	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.23
	£	£	£	£	£
Analysis of movement in unrestricted funds					
General fund	2,058,976	1,897,669	(1,844,546)	(197,787)	1,914,312
Designated development fund	36,190	-	(34,614)	54,583	56,159
Designated buildings fund	20,265	-	(6,232)	-	14,033
Designated IT fund	111,134	-	(149,214)	155,004	116,924
	2,226,565	1,897,669	(2,034,606)	11,800	2,101,428

Name of unrestricted fund
General fund
Designated development fund
Designated buildings fund
Designated IT fund

Description, nature and purpose of fund
The reserves after allowing for all designated funds.
Designated fund for developing services that will support sustainability. There are a number of projects ongoing which are expected to continue during 2023-24.
Designated fund for office furniture and equipment purchased (and capitalised) in 2018, 2020, 2021 and 2022.
Designated fund for finance software purchased (and capitalised) in 2019, CRM and website purchased (and capitalised) in 2022, and additional IT support.

	Balance at 1.4.22	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.23
	£	£	£	£	£
Analysis of movement in restricted funds					
Welsh Government Children & Families	66,292	338,285	(221,498)	-	183,079
Welsh Government Language Unit	-	66,964	(66,964)	-	-
Welsh Government Foundation Phase	-	60,000	(60,000)	-	-
Scottish Government Strategic Funding	-	105,000	(105,000)	-	-
Active Inclusion	-	216,284	(216,284)	-	-
Swansea Council	-	30,000	(30,000)	-	-
The Moondance Foundation	-	74,262	-	-	74,262
Best Practice Network	-	4,000	(4,000)	-	-
Education Endowment Fund	-	141,056	(141,056)	-	-
	66,292	1,035,851	(844,802)	-	257,341

National Day Nurseries Association

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For the year ended 31 March 2023

12 Analysis of charitable funds - continued

Key incoming resources:

Welsh Government Children & Families - grant awarded to support the development of innovative solutions to provide flexible childcare that meets the needs of families in Wales.

Welsh Government Language Unit - grant for support of early years settings with the Welsh language training programme.

Welsh Government Foundation Phase - grant for the support of the delivery of Foundation Learning.

Scottish Government Strategic Funding Partnership - grant for the development of childcare policy and improvement of quality in private sector nurseries.

Active Inclusion - grant for introducing people into employment in childcare.

Swansea Council - grant for introducing people into employment in childcare.

The Moondance Foundation - donation for introducing people into employment in childcare.

Best Practice Network - grant for working alongside as Delivery Partners to promote, deliver, assess and quality assure delivery of the Early Years SENCO Level 3 qualification.

Education Endowment Fund - grant for the evaluation of our Maths Champions programme.

2022 Comparatives

	Balance at 1.4.21	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.22
	£	£	£	£	£
Unrestricted funds	1,973,354	2,090,272	(1,848,861)	11,800	2,226,565
Endowment fund	723,200	-	28,600	(11,800)	740,000
Restricted funds	85,711	928,279	(947,698)	-	66,292
	<u>2,782,265</u>	<u>3,018,551</u>	<u>(2,767,959)</u>	<u>-</u>	<u>3,032,857</u>

Analysis of movement in unrestricted funds

	Balance at 1.4.21	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.22
	£	£	£	£	£
General fund	1,776,674	2,090,272	(1,747,608)	(60,362)	2,058,976
Designated development fund	25,194	-	-	10,996	36,190
Designated buildings fund	19,664	-	(4,839)	5,440	20,265
Designated IT fund	151,822	-	(96,414)	55,726	111,134
	<u>1,973,354</u>	<u>2,090,272</u>	<u>(1,848,861)</u>	<u>11,800</u>	<u>2,226,565</u>

Analysis of movement in restricted funds

	Balance at 1.4.21	Incoming resources	Outgoing resources	Transfer between funds	Balance at 31.3.22
	£	£	£	£	£
Welsh Government Children & Families	85,711	199,705	(219,124)	-	66,292
Welsh Government Language Unit	-	50,000	(50,000)	-	-
Welsh Government Foundation Phase	-	57,000	(57,000)	-	-
Scottish Government Strategic Funding Partnership	-	140,000	(140,000)	-	-
Welsh Government Employment Programmes	-	287,764	(287,764)	-	-
Education Endowment Fund	-	193,810	(193,810)	-	-
	<u>85,711</u>	<u>928,279</u>	<u>(947,698)</u>	<u>-</u>	<u>66,292</u>

13 Analysis of net assets between fund balances

	Unrestricted funds	Designated funds	Endowment funds (restricted)	Restricted funds (other)	Total 2023
	£	£	£	£	£
Tangible fixed assets	50,481	86,469	740,000	-	876,950
Investments	1	-	-	-	1
Net current assets	<u>1,863,830</u>	<u>100,647</u>	<u>-</u>	<u>257,341</u>	<u>2,221,818</u>
	<u>1,914,312</u>	<u>187,116</u>	<u>740,000</u>	<u>257,341</u>	<u>3,098,769</u>

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For the year ended 31 March 2023

13 Analysis of net assets between fund balances - continued

2022 Comparatives

	Unrestricted funds £	Designated funds £	Endowment funds (restricted) £	Restricted funds (other) £	Total 2022 £
Tangible fixed assets	56,609	93,586	740,000	-	890,195
Investments	1	-	-	-	1
Net current assets	2,002,366	74,003	-	66,292	2,142,661
	<u>2,058,976</u>	<u>167,589</u>	<u>740,000</u>	<u>66,292</u>	<u>3,032,857</u>

14 Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023 £	2022 £
Operating leases which expire:		
within one year	8,244	10,931
in two to five years	14,997	357
in more than five years	-	-
	<u>23,241</u>	<u>11,288</u>

15 Related parties disclosures

The company has taken advantage of the exemption in Financial Reporting Standard number 102 from the requirement to disclose the transactions with group companies on the grounds that they are wholly owned.

Payments to trustees are in line with the Memorandum and Articles of Association.

£4,254 (2022: £3,960) was paid for the legal services of Lupton Fawcett, a firm in which trustee David Smyllie is a partner.

Christie & Co, a company in which Courteney Donaldson is a Director, paid the charity £16,776 (2022: £12,771) for advertising and sponsorship. At the end of the year Christie & Co owed the charity £4,908 (2022: nil).

16 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2023 £	2022 £
Net movement in funds	65,912	250,592
Add back depreciation charge	52,827	81,771
Deduct reversal of property impairment	(11,800)	(28,600)
Deduct interest income shown in investing activities	(22,152)	(5,284)
Decrease / (increase) in stock	8,922	(12,554)
Decrease in debtors	(328,766)	36,360
(Decrease) in creditors	(100,437)	(22,589)
Net cash provided by operating activities	<u>(335,494)</u>	<u>299,696</u>

17 Analysis of changes in net debt

	Balance at 1.4.22 £	Cash-flows £	Balance at 31.3.23 £
Cash at bank and in hand	2,237,597	(871,772)	1,365,825
TOTAL	<u>2,237,597</u>	<u>(871,772)</u>	<u>1,365,825</u>