

PRE-SCHOOL LEARNING ALLIANCE

England & Wales · Charity number 1096526

Details

Status Registered

Legal form Charitable company

Company number [04539003](#)

Registered 2003-03-14

Register [View on the Charity Commission register](#)

Contact

Address Pre School Learning Alliance
T/a Early Years Alliance
50 Featherstone Street
London
EC1Y 8RT

Phone 02076972500

Email info@eyalliance.org.uk

Website www.eyalliance.org.uk

Activities

Objects: THE CHARITY WORKS FOR THE PUBLIC BENEFIT HAVING AS ITS OBJECTS THE DEVELOPMENT AND EDUCATION OF CHILDREN AND YOUNG PEOPLE IN PARTICULAR BY:3.1 PROMOTING THEIR CARE AND SAFETY 3.2 PROMOTING THEIR EDUCATION AND PROMOTING PARENTAL INVOLVEMENT3.3 PROMOTING THEIR HEALTH AND WELLBEING3.4 PROVIDING SERVICES TO SUPPORT THEM AND THEIR FAMILIES AND CARERS3.5 PROVIDING SERVICES TO SUPPORT OTHER ORGANISATIONS WITH SIMILAR OBJECTS3.6 PROVIDING SERVICES TO ORGANISATIONS AND INDIVIDUALS HOLDING MEMBERSHIP OF THE CHARITY'

Activities: A membership organisation for early years providers, our charitable purpose is to give children the best start in life by providing services that promote child development and support families especially those in deprived areas. This is achieved through early intervention and family services programmes, advising and representing our members and developing our own settings in deprived communities.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** NATIONAL
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£26,850,000	£27,033,000	£3,928,000	803
2024-03-31	£25,726,000	£27,492,000	£4,910,000	843
2023-03-31	£26,012,000	£26,647,000	£6,292,000	984
2022-03-31	£26,346,000	£25,952,000	£7,158,000	1050
2021-03-31	£22,847,000	£23,674,000	£6,227,000	1200

Trustees

Name	Role	Appointed
Sarah Elizabeth Presswood	Chair	2017-07-01
Anna Maria Wright		2023-08-01
CAROL Anne Dalton		2026-03-01
Christine Cheshire		2020-03-01
Emma Jane Comer		2023-04-12
Emma Wohl		2023-03-01
GRAHAM JOHN MCMILLAN		
Karen Elaine Hazell		2026-05-15
Keith John Appleyard		2020-03-01
Laura perfetti		2023-03-01
Margaret Lilian Collins		2026-03-01
Sandra Joanne Blank		2023-04-12
Wendy Leigh Hartley		2026-03-01

PRE-SCHOOL LEARNING ALLIANCE

England & Wales - Charity number 1096526

Accounts

Charity number: 1096526
Company number: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025**

**PRE-SCHOOL LEARNING ALLIANCE
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YEAR ENDED 31 MARCH 2025**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2025**

The charity is known as the Early Years Alliance. The legal entity's name remains the Pre-school Learning Alliance.

BOARD OF TRUSTEES

The trustees of the Pre-school Learning Alliance are the charity's trustees under charity law and the directors of the charitable company. The members of the Board of Trustees who have held office during the year and to the date of signing this report are as follows:

Keith Appleyard (treasurer) **
Joanne Blank
Christine Cheshire * **
Emma Comer
Sathushen Kukapalan
Graham McMillan
Lorna Pendred (vice chair) **
Laura Perfetti *
Sarah Presswood (chair) *
Raymond Smith *
Emma Wohl
Anna Wright

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:	Chief executive	Neil Leitch
	Director of people and technology	Paul Donaldson
	Director of quality improvement	Michael Freeston
	Director of finance	Katharine Heeps

BANKERS: National Westminster Bank plc
280 Bishopsgate
London, W1U 2AR

STATUTORY AUDITOR: Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2025**

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2025 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Charities SORP FRS102.

Objectives and activities

Our values and vision

The charity's core values guide our work:

The child - putting the child first to enhance the quality of education and care and family service delivery.

The parents - empowering parents and carers to be the foundation of and foster the development of their children.

We believe that the wellbeing and achievement of children should be a key priority for society. We will work with policy makers, parents, early years educators and children to achieve this end. We will support the early years workforce to carry out their vital work and gain the recognition they deserve.

Our charitable objects for the public benefit

Our charitable objects for the public benefit are set out in our Articles of Association. These include the promotion of the care, safety, education, health and wellbeing of children and young people; promotion of parental involvement in their education; provision of services to support children, young people and their families and carers; and provision of services to support organisations and individuals holding membership of the charity.

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in early years education and care. The charity's beneficiaries are the children and families who access our services and those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered online and in the workplace allowing students to earn and learn.

The trustees have given due regard to the guidance issued by the Charity Commission on public benefit principles and have reviewed the activities and plans outlined in this report to ensure that they comply with the principles. The trustees set objectives based on their assessment of the public need for early years education and care and the support needs of those caring for and working with young children and their families.

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering services for families, support and training programmes for our members and representing the wider early years sector.

We use our experience, expertise and authority to advocate on behalf of children and families to government agencies to secure policies that place children's needs at their core. We work in partnership with a range of organisations, our members and the wider sector to advocate for improvements in early years policy and provision. We deliver affordable, flexible and high-quality early years provision through a portfolio of nurseries and pre-schools. These all operate around a core belief that parents are the first and foremost educators of

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Objectives and activities (continued)

Our activities (continued)

their children. Our parent partnership work empowers families and carers and gives them a greater involvement in their children's care and education.

The charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Achievement and performance

2024-25 has seen considerable political and public attention paid to early years provision and support for children and families. The Alliance has been at the forefront of discussions informing and responding to these developments. On coming to office in July 2024, the Labour government pledged to deliver a sea change in early years, calling it the "number one priority" for education. We have worked hard to ensure this rhetoric is turned into positive action and that children's learning and development is at the heart of policy. The government's early years focus has informed the Alliance's strategic priorities, with emphasis on children and families facing social and economic disadvantage or other barriers to learning and development. The strategic plan for the period 2025-27 outlines a renewed vision for a country where:

- The wellbeing and achievement of all children and their families is a key priority for society.
- The early years sector is valued, respected and appropriately funded.
- The early years workforce is high-status, highly trained and diverse.

These priorities have driven our work with children and families in the past year. Activities have focused on providing services in our own nurseries, bringing about the benefits of early years education and helping to address inequalities and supporting our members to deliver against a challenging financial backdrop.

Provision of care and education services

In line with our strategic aim to secure the viability of our nurseries and provide services that families need we provided 1,128,232 hours of early education and care to over two thousand children and their families in our nurseries, an increase of 5.2% on last year. Currently 97% of our nurseries are rated by Ofsted as good or outstanding in line with the national average. The consistently high level of quality provision is testimony to the commitment of our staff in a challenging operating environment.

In March 2025, following the announcement of the 2025-26 early years funding rates, it became necessary to restructure our portfolio. This was in response to increases in employment costs, in particular the changes to Employer's National Insurance Contributions, which were not factored into funding rates. Our strategic plan commitment to operate in disadvantaged areas was a strong determining factor in deciding where we should continue to operate. We focused on retaining settings within the most disadvantaged areas and those which demonstrated higher levels of Early Years Pupil Premium usage to meet children's additional needs. The restructure reduced the portfolio by 11 with five settings in line to transfer to other providers.

Bee's Pre-School achieved a top twenty award for their area from DayNurseries.co.uk. 78% of our review scores on this site are 9 out of 10, or above with seven settings scoring 10. One parent commented, "*I believe this to be the BEST nursery in the whole of Luton! The staff are fantastic in every way! The nursery is very well run, clean with good equipment and fun play learning. Their app is a MUST for all nurseries to keep parents informed and updated at all times and also provides a clear communication portal for anxious parents*".

In line with our strategic commitment to ensure that all children, regardless of need, benefit from high quality early education, all of our settings have continued to see an increase in the number of children with complex family lives or children with Special Educational Needs or Disabilities (SEND). Over 14% (330) of our children are eligible for Early Years Pupil Premium, an increase of 4% on last year and higher than the national average of 9%. Over half of settings have five or more children in receipt of this additional financial support. In addition, over 10% of children have a special educational need or disability or are on a diagnosis pathway, compared with the DfE's national figures of 8%.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Achievement and performance (continued)

Provision of care and education services (continued)

To meet the needs of these children, our strategic plan focuses on ensuring staff are confident providing a welcoming and inclusive environment for children with additional needs and excellent quality provision in baby rooms. A key target this year was to deliver a training event for all staff, developing their skills, knowledge and confidence to support children with SEND. In October, 355 staff attended one of 7 venues around the country for a day entitled Inside out and Upside Down; rethinking our approach to SEND. Delegates met colleagues, shared experiences, attended workshops and heard online presentations from a panel of expert speakers. 94% of attendees were satisfied or very satisfied with the event with 98% reporting they felt more confident implementing sensory wellbeing strategies in their setting.

The event built on our collaboration with University of East London and specialist SEND provider, Dingley's Promise. The nursery team at Lydgate were awarded Dingley's Promise Mark of Achievement, confirming and celebrating the team's commitment to being an inclusive setting with high expectations for children with SEND. And in March 2025 Dingley's Promise awarded the Alliance its Practice Partner Award in recognition of our work to raise and support SEND issues.

To meet our strategic aim to provide excellent quality provision in baby rooms, and in response to the extension of government funded entitlement to early years places for children aged 9 months and above, we have increased our provision for babies by 10% from 174 to 192. This was lower than the 19% target as increases in staff costs and ongoing recruitment challenges affected our growth potential. Where investment has been provided, we have seen strong growth. For example, a capital grant from Cambridgeshire local authority to Farcet Village and Bulwell nurseries has developed their space, increasing the number of babies enrolled from 3 to 15 across the two locations.

We are committed to supporting all aspects of children's learning and development and our nursery managers and cooks have worked with nutritionists and dieticians to assess the nutritional content of the menus provided to our children in line with the latest nutritional guidelines being introduced this year.

Outreach services for children and families

In 2025 the Institute for Fiscal Studies published a report evaluating the impact of the Sure Start programme introduced in 1999. It concluded 'the effect of Sure Start on outcomes such as educational attainment in school and hospitalisations that can be clearly linked to its aims to promote the physical, intellectual and social development of the children, was overwhelmingly positive. (The short- and medium-term effects of Sure Start on children's outcomes. IFS May 2025)

Intelligence such as this directed our renewed strategic plan focus on the interconnected systems, including family, home environment, local community and national policy framework, which impact on young children's lives. We work in disadvantaged areas delivering family learning programmes and local support services in a range of formats, in furtherance of our strategic aims of targeting health and wellbeing resources for families through baby and toddler programmes, promoting the importance of the home-learning environment and embedding communication and language resources across programmes.

Our Flying Start Project coordinates Luton's antenatal to age five strategy, in partnership with the council, Family Hubs and voluntary service providers. This year has seen a 30% increase in families registered, from 4,773 to 6,783. The project has facilitated an increase in breastfeeding rates at 6-8 weeks from 66.6% to 71.2%, making it the best performing authority in Bedfordshire. The projects services have helped reduce reception child obesity rates to 19.8% which is 3% below the national average.

In line with our strategic priority to increase partnerships with statutory and voluntary organisations to extend support for vulnerable families, the project team works with local midwifery services to deliver a Bump, Birth and Baby Stuff course, supporting new parents. 559 parents, including 232 dads, attended sessions.

"I found the interactive elements most useful as what you don't get when reading/watching/attending 'online'. Being able to physically change a baby's nappy and see bathing and safe sleep space in front of you was really great".

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Achievement and performance (continued)

Outreach services for children and families (continued)

In Lincolnshire we secured the contract to deliver the council's Children with Disabilities Support Service. This success is recognition of our strong sector experience and service management record. The service provides short breaks for families with children and young people who have disabilities or complex health needs.

Time to Play sessions offer respite for parents and carers of children aged 0-5. 586 sessions were delivered in the first year with 2,159 attendances. Importantly the service is available where the child is undiagnosed and includes training on a range of support issues including nasogastric feeding, safe oxygen use, and epilepsy awareness. Feedback from parents includes: *"Given me some fantastic advice around communication with my son, ways to manage sensory issues. It goes so far beyond the sessions themselves and the whole picture is very enriching"*.

For children aged 5-18, 146 Community Groups, 148 Youth Groups and 81 Holiday Clubs have been delivered in line with target. In total, 1,835 children and young people attended.

One parent has commented *"your provision is our light, our one thing that gives me hope for the future. Having more like this ran this way your way would do the SEND in Grantham so much good as you are the only one who does provide for these children"*.

A new local authority contract in Rutland funded family learning programmes on an RAF base and in geographically isolated communities. In addition to promoting educational engagement between parents and their children, the sessions facilitate the development of social connections among families, fostering broader support networks which are particularly beneficial in circumstances that may otherwise feel isolating. 59 parents attended the four sessions delivered, in line with target. This small project has helped us secure a larger programme in the area for the next three years.

The Department for Education Voluntary and Community Sector grant supported our strategic aim to ensure parents understand their essential role in their child's learning. 8,597 parents registered and attended sessions on how to provide a strong home learning environment, either online or in person exceeding the target of 4,520.

A key element of the grant is to work towards our strategic aim of aligning our activities with Family Hub and Start for life areas. Our Lincolnshire project team worked closely with the local authority to deliver transition support for providers preparing children to move to school. Partnering with the authority's Transition Lead we provided tailored support for nurseries, reception class teachers and parents, promoting a joined-up approach to ensure that children's needs and well-being are kept at the centre of transition. The project also trains and supports early years educators to assess and address children's speech, language and communication needs. Since April 2024, 178 educators from 64 settings have been trained exceeding targets of 138 and 40 respectively. As a result, 1,519 children were assessed and supported against the target of 1,100.

The Home is Where the Start is online festival of play and learning, held over three days, attracted 2,180 parents attending across 11 sessions. Participants heard from a range of experts, culminating in Michael Rosen presenting Family Poems and Stories.

March 2025 saw the conclusion of most elements of the National Lottery-funded, A Better Start programme in Southend. Over the 10 years of the programme, 8,238 children and families benefited from its services. 4.8% of beneficiaries live in the 30% most deprived areas of the country (24% in the 10% highest deprivation areas). Over 12,524 project sessions were delivered to over 37,771 participants. Dissemination of the programmes learning, recommendations and stories of impact have included a presentation at the Palace of Westminster, a roadshow to conferences and the creation of a discrete resources area on our website. A key aim of the programme was to enhance parental resilience, by supporting mental health and building peer networks. 2,533 parents benefited from activities including peer support programmes, food to home clubs, work skills development and domestic violence advice. As part of the programme's legacy, we continue to support a number of services via service delivery partners supported by the programme's underspend.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Achievement and performance (continued)

Sector support, membership and policy development

Our strategic plan commits us to training the early years workforce to improve the quality of early years provision for children with SEND, developing innovative ways to offer training and supporting the mental health and wellbeing of the sector.

Training qualification take up remained strong with 235 on roll, continuing the upward trend of the previous year. Since the new apprenticeship standards were introduced, all the 51 level 2 and level 3 candidates entered for end point assessment (EPA) have successfully achieved, the majority with distinction.

Our strategic commitment to work collaboratively with government was demonstrated through our direct input into revision of early years qualifications at levels 2 and 3. We helped ensure greater emphasis is placed on trainees gaining appropriate skills, knowledge and behaviours in baby room provision and meeting young children's additional needs. We have developed new qualification courses for SEND at levels 3 and 4.

Our portfolio of CPD-accredited training programmes and resources for members grew by 33% compared with the previous year with 82,132 online courses undertaken by members of the Alliance. The most popular courses were Safeguarding responsibilities in the early years, The Prevent Duty and Food Hygiene Level 2. Live online briefings and training continues to be popular. 9,362 early years educators registered for our live online Connect, Virtual Classroom and Insight sessions. These cover a range of essential early years topics including Safer Recruitment in the early years, Makaton Level 1 and Early Years Policy Updates 2025. Our Becoming Actively Anti-Racist training, developed last year for our own staff, has been revised for a wider audience and is being marketed to local authorities.

Through our partnership with Metaverse Limited we created five new immersive learning programmes. They allow practitioners to learn skills and knowledge on topics including baby room practice, supporting speech language and communication and maintaining good hygiene and infection control in safe, simulated environments with no requirement for expensive specialist technical equipment.

We launched nine online toolkits of advice, guidance and resources on topics including Supporting Multilingual Children, Nursery Budgeting, SEND, Transitions and Environmental Sustainability. The Environmental Sustainability Toolkit helped strengthen our engagement with the DfE's Climate Ambassador programme, facilitating the engagement of their regional hub managers with the early years sector. We supported nurseries to meet requirements to create a climate action plan and establish a lead role in settings to progress climate change reduction awareness.

Our improved web platforms allow us to target and promote our services where gaps in support and training are identified. Improved data capture helps us meet our strategic plan aim of measuring the effectiveness of our interventions allowing production of impact and effectiveness reports to support funding applications and inform advocacy.

Our annual conference, No Child Left Behind, was attended by 828 participants. Keynote speakers included the children's laureate Frank Cottrell Boyce and Professor Melernie Meheux. At the conference we launched a collection of essays from leading international early years experts including Nobel-Prize winning academic James Heckman and Dame Cathy Nutbrown. Contributors reflected on the current sector challenges and outlined their long-term vision of a system underpinned by fairness and equality. Topics included supporting children with SEND, embedding anti-racist practice in settings, family support and digital literacy. The conference also launched Play Week, with a record 1,524 practitioners downloading resources to help them celebrate child-led play.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Plans for the future

Our Strategic Plan 2025-28 forms the basis on which we will work to influence the government's Best Start in Life agenda. We welcome its commitment to review the current funding arrangements to ensure support is directed to where it is most needed and to ensure Family Hub provision is located in areas where families' needs are greatest. We will work constructively with government to deliver these aims.

We will support the sector through the coming year, which will include increased regulation from the revised Early Years Foundation Stage, a new Ofsted inspection framework, the expectations of the Best Start in Life initiative and the expected workforce recruitment and retention strategy. This will contribute to our strategic aim to use our experience and expertise as a direct provider of care and education as well as our position as a close partner of DfE and Ofsted to support the sector through this challenging period. Online and in-person briefings and training programmes will be supplemented with published resources and guides.

In line with our strategic plan to increase collaboration with research institutions to improve provision for children facing particular barriers to learning, our nurseries will work with The Centre for Educational Neuroscience to identify and overcome challenges of ambient noise in nurseries and its impact on children's communication development. We will champion qualification and professional development training in baby room practice and working with children with SEND, collaborating with academic research organisations and specialist providers to extend capacity and quality of provision in these areas.

Structure, governance and management

Governing document and membership

The charity is a company limited by guarantee governed by its Articles of Association. The charity's members undertake to pay no more than £1 towards the charity's assets in the event of the charity being wound up.

Board of Trustees

The Board of Trustees is the governing body of the Pre-school Learning Alliance. The Board of Trustees is the board of directors under company law. The trustees of the charity are also members of the charity.

The Board of Trustees is currently made up of eleven Elected Trustees and one Appointed Trustee. Elected Trustees are elected by the members and their names are presented at the annual general meeting of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. Trustees are given a governance handbook and attend an induction training programme to introduce the responsibilities of their role including governance, policies and procedures. This is followed by training sessions throughout a trustee's term based on a skills audit.

Committees of the Board

The Nominations and Procedures Committee is responsible for ensuring that the charity's governing document and byelaws are regularly reviewed and complied with. The committee identifies individuals on behalf of the Board of Trustees to stand as Appointed Trustees.

The Audit Committee ensures that there is an effective and transparent framework of accountability within the charity and monitors control and risk management systems. The Audit Committee and Nominations and Procedures Committee have agreed terms of reference and minutes are made available to the Board of Trustees. Co-opted members who are not themselves trustees serve on some of our committees and the trustees are grateful for the expertise, skills and experience that they bring.

The Board of Trustees is represented on the charity's Safeguarding Group. This group is responsible for oversight of all policies and procedures to ensure that the charity keeps all children and vulnerable adults safe and can respond to all safeguarding concerns.

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's governance structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in is compliant with the Code and that by monitoring their

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Structure, governance and management (continued)

Code of governance (continued)

ways of working against each of the Code's seven principles, they are compliant. The Code is integral to the charity's governance handbook which is regularly reviewed and included in the trustee training programme. Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

The Board of Trustees appoints the Chief Executive who is given delegated authority to implement strategy and to run the charity efficiently. The Chief Executive and Strategic Management Team lead a consultation process that feeds into the charity's policy making, budgets and strategic plan. Once approved, trustees monitor implementation and progress against target at their quarterly meetings.

Remuneration of the charity's key management personnel is agreed by trustees with reference to the charity's Employment and Remuneration Policy.

STRATEGIC REPORT

Key risks and uncertainties

The Board of Trustees' risk management process identifies key events or incidents that could affect the charity's ability to achieve its aims. This process results in a record of the most significant internal and external risks facing the charity, the possible impact or consequence of each risk and the required action to mitigate it. The Board of Trustees seeks reasonable assurance that these risks have been adequately managed, and that appropriate procedures and controls are in place to identify, manage and mitigate the key risks as far as possible. Scrutiny of risk management is delegated by the Board of Trustees to the Audit Committee which reports to the Board after every meeting.

As a charity providing care for children, the trustees recognise that the key risk relates to injury or death of children whilst in our care. Strong safeguarding controls have been implemented and are regularly reviewed to ensure they mitigate the likelihood of this risk. Training and vetting of staff and clear policies create an effective safeguarding culture.

Last year this report highlighted the increasing cost of employing staff, at a time of ongoing underfunding in early years and the risk to the financial viability of the charity and to the strength of the early years sector. Since signing off the 2024 report, the government has announced significant increases to Employer's National Insurance Contributions and a higher than inflation increase in the living wage. The charity supports measures to improve the pay of staff working in the early years but these increases were not funded which threatens the sector. We have reviewed the financial viability of each setting and their ability to contribute to the charity's strategic aims and made the difficult decision to close some services. We will support independent providers to understand government changes and make decisions about their future.

Financial review

Financial results

The consolidated Statement of Financial Activities for 2024-25 shows a net decrease in funds of £428,000 in the year. The decrease in funds is after unrealised investment losses of £221,000 and actuarial losses on the defined benefit pension scheme of £24,000.

Overall, there has been a 4.4% increase in income for the charity and a 1.7% decrease in costs. Revenue from care and education places was £884,000 more than the previous year following steps taken to improve the operating model after a very challenging 2023. Revenue from sector support, membership and policy development is £550,000 less than the previous year due to a change in accounting policy in 2024.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Financial review (continued)

Financial results (continued)

The unrestricted deficit, before unrealised investment losses and actuarial gains, was £394,000 in the year. Restricted funds increased by £211,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new restricted donations of £221,000.

Financial health

The 2024-25 accounts reflect an improved performance from project delivery and services to support families and the charity's members. Following a very challenging 2023-24, changes were made to the operating model. Serious recruitment and retention challenges remain today but some improvements were experienced by the charity and some temporary reductions in operating hours could be reversed.

The charity had hoped that 2024-25 would be a year of consolidation that would also see funding rates that reflected the operating costs of early years education and care. However, unfunded National Insurance increases and under-funded National Living Wage increases announced in October 2024 mean that the charity is forced to close some services and reduce the central infrastructure that supports them. 11 nurseries will be closed or transferred to alternative providers.

The trustees are confident this restructure will result in a realistic budget that is viable and sustainable. Taking account of the charity's response to this year's results, cash balances at the signing date and the overall financial health of the charity, the trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Therefore, we have continued to adopt the going concern basis in preparing these financial statements.

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £1,576,000 at 31 March 2025. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held in the fixed asset reserve at 31 March 2025 totalled £1,327,000. One other designated fund totalled £20,000. The negative designated pension reserve of £42,000 represents the present value of future deficit contributions to The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2025. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors. At 31 March 2025 restricted funds held totalled £1,047,000. The movements on restricted funds are set out in note 16.

The reserves policy reflects the need to respond to changes to the major risks and be able to meet the commitment of providing early years services to children and their families. The aim of the reserves policy is to hold adequate general funds to sustain charitable activities in the event of future income variation or increases in operational costs and to allow a managed review of operations and investment in development activities.

The reserves are reviewed annually to reassess the risks and reflect changes in activities, obligations and funding levels. The trustees recognise that the key income risks for the charity are linked to the long-term stability of the early years sector that makes up its membership and the continuation of funded early education places for two, three and four year olds. The Board of Trustees has established a policy which states that the most appropriate level of the general fund should be 25% of budgeted staff costs plus a provision against financial risks and pension liabilities.

PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025

Policies (continued)

Reserves policy (continued)

The general reserves are currently £1,576,000 which is 58% below the target set by trustees of £3,730,000. The charity's operational plan includes actions to generate reserves that will meet the target level in the medium term. The charity's restructure to bring about a more financially viable operation has been outlined in the financial health section. The charity is engaging with the government's Best Start in Life policy and is growing its insurance scheme with 18% growth experienced to date.

Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. The trustees' investment policy is to minimise risk to those assets because they largely represent working capital. Therefore, these funds are invested in low-risk cash deposits which are pooled and placed on overnight and term deposits. These funds are managed internally.

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2024-25 75% was held in equities, 7% in fixed interest and 18% in property/infrastructure/other. Return on investment was 2.2% (2024: 2.3%). Interest rates on bank deposits in 2024-25 was 1.13%. Average income earned from Common Investment Funds is 2.9% (2024: 3.0%).

During the year, the investment portfolio made unrealised losses of £221,000. Equities lost value at the end of March 2025 following the announcement of US trade tariffs in an atmosphere of global political uncertainty. The charity's own portfolio lost 9.4% between 31 January and 31 March 2025. Property valuations were stable in the year but due to uncertainty over office space and industrials the property fund was sold and funds will be realised in September 2025.

Employment and remuneration policy

The charity is a major employer within the early years sector. It is an equal opportunities employer and all employment related policies are developed in line with our vision and strategy. The charity provides a range of development opportunities, including coaching and mentoring to ensure that the talents of the workforce are fully utilised to support the achievement of the Alliance's goals. Regular policy and procedure reviews take place to ensure that the charity is able to meet its goals and employment law requirements.

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other staff training and development policies and activities within the organisation.

The Alliance has silver level Investors in People (IiP) accreditation which recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. Our We Invest in People accreditation recognises the work undertaken by the Alliance to promote a culture of wellbeing. Our wellbeing support includes staff access to an Employee Assistance Programme.

As part of our commitment to equality, diversity and inclusion we continue to deliver our mandatory courses: Becoming Actively Anti-Racist and Unconscious bias and inclusion.

753 staff are employed by the charity within community projects, in the charity's early years settings, in support roles and as assessors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to facilitate better collaboration and information sharing. These systems are enhanced by the activities of our staff forum. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Policies (continued)

Employment and remuneration policy (continued)

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are included in note 9 and related party transactions are disclosed in note 21 to the financial statements. The pay of the senior staff is reviewed annually, and any adjustments are subject to the performance of the charity overall. A pay review is conducted annually whereby salary levels are benchmarked against similar sized not-for-profit organisations.

Environmental policy

As a charity committed to supporting the futures of young children and families, the trustees are aware that the human causes of climate change pose a threat to children's livelihood and wellbeing. The charity promotes sustainable citizenship and ecological awareness through the early years curriculum and promotes active engagement of families in projects to raise environmental awareness. The charity has taken advice from external advisers to set new strategic targets to increase positive environmental impact and minimise the negative environmental footprint of the charity's activities and those of its supply chain. The charity secured ISO14001 for its environmental management systems.

Subsidiary companies

The financial statements included in this report represent the consolidated results of the charity and its subsidiary company, Pre-school Learning Alliance Trading Limited (PLAT).

The objective of PLAT is to promote the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from commission on the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £709,000 (2024: £638,000) was made in the year.

A summary of the company's trading results is set out in note 3 of the attached financial statements.

In July 2013, the charity made a subordinated loan of £50,000 to its trading subsidiary, PLAT, to ensure that the company fulfilled Financial Conduct Authority capital resource requirements. The loan was unsecured and does not bear interest and there were no set repayment terms in place.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under 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 the group and of the group's net incoming/outgoing resources for that period.

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 Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company and the group will continue to operate.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2025**

Statement of Trustees' Responsibilities (continued)

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Financial statements and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The following statements have been affirmed by each of the trustees of the charitable company in office at the date of this report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 11 December 2025 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Sarah Presswood
Chair

Independent Auditor's Report to the Members of Pre-school Learning Alliance

Opinion

We have audited the financial statements of Pre-school Learning Alliance (the "charitable company") and its subsidiary (the "group") for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including 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 group's and the charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure 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 group 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 11 and 12, 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 and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including financial reporting legislation and the Charities SORP (FRS 102), and tax regulations. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the charitable company's/group's

ability to operate or to avoid a material penalty. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We also considered the opportunities and incentives that may exist within the charitable company/group for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing regulatory correspondence with the Charity Commission, Ofsted and the FCA and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Julia Poulter

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

17 December 2025

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2025 £'000	<i>Total 2024 £'000</i>
Income from:					
Donations		148	221	369	240
Investments		151	-	151	180
Charitable activities:	2				
Provision of care and education services		12,034	-	12,034	11,150
Outreach services for children and families		4,909	6,638	11,547	10,939
Sector support, membership and policy development		1,641	-	1,641	2,191
Other trading activities	3	1,108	-	1,108	1,026
Total Income		19,991	6,859	26,850	25,726
Expenditure on:					
Charitable activities:					
Provision of care and education services		13,615	-	13,615	13,748
Outreach services for children and families		4,052	6,598	10,650	10,343
Sector support, membership and policy development		2,718	50	2,768	2,948
Restructure costs		-	-	-	453
Total Expenditure	4	20,385	6,648	27,033	27,492
Unrealised (loss)/gain on investments	11	(221)	-	(221)	364
Net income/(expenditure)		(615)	211	(404)	(1,402)
Actuarial (losses)/gains on defined benefit pension schemes	20	(24)	-	(24)	20
Net movement in funds		(639)	211	(428)	(1,382)
Reconciliation of funds:					
Fund balances brought forward at 1 April 2024		3,520	836	4,356	5,738
Fund balances carried forward at 31 March 2025		2,881	1,047	3,928	4,356

All income and expenditure derive from continuing activities.

Included in restricted funds are endowment funds brought forward of £23,000 and carried forward of £23,000 (note 16).

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2025**

	Notes	Group		Charity	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
FIXED ASSETS					
Intangible assets	10	969	710	969	710
Tangible assets		358	376	358	376
Investments	11	4,156	4,548	4,156	4,548
		<u>5,483</u>	<u>5,634</u>	<u>5,483</u>	<u>5,634</u>
CURRENT ASSETS					
Stock	12	147	180	147	180
Debtors	13	565	929	512	914
Cash at bank and in hand		2,810	2,484	2,528	2,245
		<u>3,522</u>	<u>3,593</u>	<u>3,187</u>	<u>3,339</u>
CREDITORS – Amounts falling due within one year	14	<u>(5,035)</u>	<u>(4,853)</u>	<u>(4,700)</u>	<u>(4,599)</u>
NET CURRENT ASSETS		<u>(1,513)</u>	<u>(1,260)</u>	<u>(1,513)</u>	<u>(1,260)</u>
NET ASSETS – excluding pension liability		3,970	4,374	3,970	4,374
Defined benefit pension liability	20	<u>(42)</u>	<u>(18)</u>	<u>(42)</u>	<u>(18)</u>
TOTAL NET ASSETS		<u>3,928</u>	<u>4,356</u>	<u>3,928</u>	<u>4,356</u>
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		1,576	2,396	1,576	2,396
Pension reserve		(42)	(18)	(42)	(18)
Designated fund		1,347	1,142	1,347	1,142
	15	<u>2,881</u>	<u>3,520</u>	<u>2,881</u>	<u>3,520</u>
Restricted funds	16	<u>1,047</u>	<u>836</u>	<u>1,047</u>	<u>836</u>
TOTAL CHARITY FUNDS	17	<u>3,928</u>	<u>4,356</u>	<u>3,928</u>	<u>4,356</u>

The deficit for the parent undertaking alone amounted to £1,113,000 (2024: £2,040,000 deficit). Income for the parent undertaking alone amounted to £25,739,000 (2024: £24,696,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 11 December 2025 and signed on its behalf by



Sarah Presswood
Chair

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	2025 £'000	<i>2024</i> <i>£'000</i>
Net cash from/(used in) operating activities	19(a)	373	<i>(2,303)</i>
Cash flows from investing activities:			
Interest from investments		151	<i>180</i>
Purchase of equipment		(369)	<i>(246)</i>
Proceeds from sale of investments		545	<i>21</i>
Purchase of investments		(374)	<i>-</i>
Net cash used in investing activities		(47)	<i>(45)</i>
Change in cash and cash equivalents in the reporting period		326	<i>(2,348)</i>
Cash and cash equivalents at the beginning of the reporting period		2,484	<i>4,832</i>
Cash and cash equivalents at the end of the reporting period	19(b)	<u>2,810</u>	<i><u>2,484</u></i>

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

The charity is a private limited company (registered number 4539003), which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the principal place of business is 50 Featherstone Street, London EC1Y 8RT. The financial statements include those of the charity's subsidiary company Pre-school Learning Alliance Trading Limited (registered number 2417619) which has been consolidated on a line-by-line basis.

The legal ownership of the freehold property occupied by the charity vests in the Pre-school Learning Alliance Property Trust Corporation, a nominee company limited by guarantee.

After reviewing the circumstances that led to financial losses in the last two financial years and taking action to address budgeting assumptions around occupancy growth, the trustees have approved a budget which reflects current operating challenges and takes advantage of new funding streams. The trustees consider that it is reasonable to expect that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date that the financial statements were approved. The trustees therefore continue to adopt the going concern basis in the preparation of its consolidated financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key source of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements is the pension liability for two schemes. The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 20. The Local Government Pension Scheme liability for one person has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet as disclosed in notes 1(j) and 7.

(c) Recognition of income and expenditure

All income and expenditure has been recognised on the accruals basis except donations from member settings which are accounted for on a receipts basis and donated items and facilities. Membership subscriptions are recognised when they are received. Subscriptions received for renewal dates in the next financial year are deferred at year end.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

Grants and contracts received are recognised in line with service delivery when the conditions for receipt have been met. Where amounts received are made for service delivery in future accounting periods, they are deferred and recognised in those future periods. Grants for immediate financial support and receipts to reimburse costs previously incurred, are recognised immediately. Government grants which constitute exchange agreements are accounted for as unrestricted.

Donated services are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, ie what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as expenditure under the appropriate heading in the Statement of Financial Activities. No amounts are included for services donated by volunteers.

Grants awarded to institutions by the charity are recognised in the year in which the grant is formally approved and communicated in writing to the recipient, provided all conditions of award have been met.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All individual assets costing more than £5,000 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. No depreciation is charged in the year of acquisition. Land is not depreciated. The principal estimated useful lives for this purpose are:

Freehold buildings	50 years
Leasehold building adaptations	Life of lease
CRM system	10 years
Equipment and vehicles	5 years
Computer equipment	3 years

(e) Investments

Investments held as fixed assets are stated at their mid-market value at the balance sheet date. Gains or losses on revaluation are taken to the statement of financial activities.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and cash and bank balances are initially recognised at transaction value. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss is charged to the Statement of Financial Activities. Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £4,156,000 (2024: £3,083,000), financial assets at fair value of £3,221,000 (2024 £4,548,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £2,276,000 (2024 £2,489,000).

(h) Funds

- (i) Unrestricted general funds are those funds available for the general purposes of the charity. The trustees consider that core grants received should be treated as unrestricted as their funding terms reflect the primary objects of the charity.
- (ii) Designated funds are funds transferred from the unrestricted fund for particular purposes or projects at the discretion of the trustees.
- (iii) Restricted funds are funds subject to specific conditions imposed by the donor and are binding on the trustees. Those funds, which are fundamental to the running of the charity, are disclosed separately on the face of the Statement of Financial Activities.

(i) Cost allocation

Costs are allocated to their functional categories on the following bases:

- (i) Provision of care and education services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (ii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Sector support, membership and policy development include staff costs and development of resources plus training delivery, e-learning software, helpline costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (iv) Governance costs are allocated in line with the level of activity undertaken.
- (v) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

(j) Pension costs

Contributions payable to the charity's defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. No liability has been included on the balance sheet for this scheme on the basis that it is immaterial. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

In addition, the charity participates in the Pension Trust's Growth Plan. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, the financial statements treat the scheme as a defined contribution scheme. Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

(l) Taxation

No taxation is payable due to the charitable status and nature of activities of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(m) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred on a straight-line basis.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2025		2024	
	Unrestricted funds £'000	Restricted funds £'000	Unrestricted funds £'000	Restricted funds £'000
Local government grants and contracts	3,490	82	3,761	-
Department for Education	387	-	385	-
Public health	1,002	-	1,000	-
Other contract funding	26	-	-	-
Big Lottery Fund	-	6,338	-	5,538
Other grant funding	20	218	-	506
Nursery education and two-year-old funding	7,989	-	6,768	-
Fees for care and education	4,070	-	4,348	-
Training funding and fees	452	-	305	-
Services to early years providers	1,148	-	1,669	-
	18,584	6,638	18,236	6,044

3. INCOME FROM TRADING SUBSIDIARIES

The charity has a wholly owned trading subsidiary, Pre-school Learning Alliance Trading Limited (PLAT), which is registered in England and Wales. The charity has a holding of 7 ordinary shares of £1 each in PLAT (company number 2417619).

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 24. At 31 March 2025, PLAT was owed £306,000 by the charity (2024 – the charity owed £169,000 to PLAT).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

3. INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

Profit and loss account	Total 2025 £'000	<i>Total 2024 £'000</i>
Turnover	1,111	1,030
Cost of sales	<u>(245)</u>	<u>(227)</u>
Gross profit	866	803
Administrative expenses	<u>(157)</u>	<u>(165)</u>
Operating profit	709	638
Gift aid payment	<u>(709)</u>	<u>(638)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
 Balance sheet		
Total assets	691	422
Total liabilities	<u>(641)</u>	<u>(322)</u>
Total net assets	<u>50</u>	<u>50</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

4. ANALYSIS OF EXPENDITURE

	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2025 £'000
Provision of care and education services	10,664	915	1,641	395	13,615
Outreach services for children and families	5,253	4,766	342	289	10,650
Sector support, membership and policy development	1,636	455	421	256	2,768
TOTAL	17,553	6,136	2,404	940	27,033

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	<i>Staff costs (note 7) £'000</i>	<i>Resources and service delivery £'000</i>	<i>Premises, depreciation and IT £'000</i>	<i>Other £'000</i>	Total 2024 £'000
<i>Provision of care and education services</i>	<i>10,653</i>	<i>1,039</i>	<i>1,769</i>	<i>287</i>	<i>13,748</i>
<i>Outreach services for children and families</i>	<i>5,459</i>	<i>4,408</i>	<i>231</i>	<i>245</i>	<i>10,343</i>
<i>Sector support, membership and policy development</i>	<i>1,838</i>	<i>713</i>	<i>225</i>	<i>172</i>	<i>2,948</i>
	<i>453</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>453</i>
TOTAL	18,403	6,160	2,225	704	27,492

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

	Activities undertaken directly £'000	Support costs £'000	Total 2025 £'000
Provision of care and education services	11,545	2,070	13,615
Outreach services for children and families	9,620	1,030	10,650
Sector support, membership and policy development	1,172	1,596	2,768
TOTAL	<u>22,337</u>	<u>4,696</u>	<u>27,033</u>

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	<i>Activities undertaken directly £'000</i>	<i>Support costs £'000</i>	Total 2024 £'000
<i>Provision of care and education services</i>	11,882	1,866	13,748
<i>Outreach services for children and families</i>	9,075	1,268	10,343
<i>Sector support, membership and policy development</i>	1,157	1,791	2,948
TOTAL	<u>22,114</u>	<u>4,925</u>	<u>27,039</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

6. ALLOCATION OF SUPPORT COSTS

	Provision of care and education services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2025 £'000	Basis of allocation
Operational management	382	521	1,034	1,937	Level of activity
Finance and insurance	253	101	152	506	Level of activity
Governance	35	46	77	158	Level of activity
HR, training and recruitment	545	145	36	726	Level of activity
IT and premises	741	171	228	1,140	Level of activity
Irrecoverable VAT	114	46	69	229	Non-taxable income
Total	2,070	1,030	1,596	4,696	

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	<i>Provision of care and education services £'000</i>	<i>Outreach services for children and families £'000</i>	<i>Sector support, membership and policy development £'000</i>	Total 2024 £'000	Basis of allocation
<i>Operational management</i>	232	712	1,150	2,094	<i>Level of activity</i>
<i>Finance and insurance</i>	348	84	95	527	<i>Level of activity</i>
<i>Governance</i>	89	44	70	203	<i>Level of activity</i>
<i>HR, training and recruitment</i>	433	118	133	684	<i>Level of activity</i>
<i>IT and premises</i>	679	204	249	1,132	<i>Level of activity</i>
<i>Irrecoverable VAT</i>	85	106	94	285	<i>Non-taxable income</i>
Total	1,866	1,268	1,791	4,925	

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

7. STAFF COSTS

Total staff costs comprised:

	2025	2024
	£'000	£'000
Wages and salaries	15,260	15,829
Social security costs	1,045	1,242
Pension contributions	383	505
Agency staff	865	827
	<u>17,553</u>	<u>18,403</u>

The charity operates a money purchase pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. This scheme has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet. Therefore, the scheme has been accounted for as a defined contribution scheme and contributions have been charged to the Statement of Financial Activities in the period to which they relate. In addition, the charity participates in the Pension Trust's Growth Plan. See note 20 for further details.

The average number of employees during the year and analysed by activity, was:

	2025	2024
	Number	Number
Provision of care and education services	483	507
Outreach services for children and families	234	241
Membership, sector support and campaigning	44	56
Operational support	42	39
	<u>803</u>	<u>843</u>

The average number of staff calculated on a full-time equivalent basis was 624 (2024: 648).

The number of employees who received emoluments greater than £60,000 in the following ranges were:

	2025	2024
	Number	Number
£60,001 - £70,000	3	3
£70,001 - £80,000	1	-
£80,001 - £90,000	3	3
£110,001 - £120,000 *	1	1

* This employee receives no salary or pension from the charity. This is a donated service accounted for in line with the policy as set out in note 1(c).

Pension contributions of £22,882 (2024: £19,144) were made by the charity in respect of the remaining seven (2024: seven) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to eight key personnel (2024: eight) who were part of the Operational Management Group during the year was £714,000 (2024: £690,000). This figure includes one salary that has been accounted for as a donated service.

Total redundancy payments of £187,000 (2024: £302,000) were made in the year to 26 members of staff. Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2025 £169,000 (2024: £302,000) was paid in the year and £18,000 was accrued (2024: none accrued).

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £8,008 (2024 – £7,843).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £183,000 is after charging:

	2025	<i>2024</i>
	£'000	<i>£'000</i>
Operating lease expense	426	<i>685</i>
Depreciation	128	<i>170</i>
Statutory audit	45	<i>45</i>
Tax accounting	3	<i>4</i>

9. TRUSTEES' REMUNERATION AND EXPENSES

No remuneration was paid directly or indirectly out of the funds of the charity to any trustee or to any person or persons known to be connected with any of them.

During the year, five (2024: 8) of the charity's trustees received reimbursement of travel and subsistence costs of £1,608 (2024: £725).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

10. TANGIBLE AND INTANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings (tangible) £'000	Leasehold building adaptations (tangible) £'000	Equipment, vehicles & furniture (tangible) £'000	Computer equipment (tangible) £'000	Computer software (intangible) £'000	Total £'000
Cost						
At 1 April 2024 (restated)	419	1,479	274	112	938	3,222
Additions	-	-	-	21	348	369
Disposals	-	-	-	-	(10)	(10)
At 31 March 2025	419	1,479	274	133	1,276	3,581
Accumulated depreciation						
At 1 April 2024 (restated)	134	1,479	252	43	228	2,136
Charge for the year	9	-	4	26	89	128
Disposals	-	-	-	-	(10)	(10)
At 31 March 2025	143	1,479	256	69	307	2,254
Net book value						
At 31 March 2025	276	-	18	64	969	1,327
<i>At 31 March 2024</i>	<i>285</i>	<i>-</i>	<i>22</i>	<i>69</i>	<i>710</i>	<i>1,086</i>

All the tangible fixed assets are principally used for direct charitable purposes.

The opening balances for computer software and equipment have been restated to reflect a reclassification exercise in the year.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

11. FIXED ASSET INVESTMENTS

Group and charity

Market value	2025 £'000	2024 £'000
At 1 April 2024	4,548	4,205
Purchases	374	-
Sales	(545)	(21)
Gain/(loss) on revaluation	(221)	364
	<u>4,156</u>	<u>4,548</u>
At 31 March 2025	<u>4,156</u>	<u>4,548</u>

The charity's investments are analysed as follows:

COIF Charities Investment Fund (Milton Keynes Fund, note 16)	23	-
COIF Charities Property Fund	-	551
COIF Charities Investment Fund	2,898	2,681
COIF Charities Global Equity Fund	1,228	1,309
Accumulation shares	7	7
	<u>4,156</u>	<u>4,548</u>

12. STOCK

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Publications and resource centre goods	<u>147</u>	<u>180</u>	<u>147</u>	<u>180</u>

13. DEBTORS – Due within one year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	102	16	54	6
Other debtors	96	46	96	41
Prepayments	154	330	154	330
Accrued income	213	537	208	537
	<u>565</u>	<u>929</u>	<u>512</u>	<u>914</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	723	821	722	821
Amounts due to group undertakings	-	-	306	169
Taxation and social security	529	532	523	532
Deferred income	1,676	1,278	1,046	855
Accruals	1,283	1,467	1,279	1,467
Other creditors	824	755	824	755
	<u>5,035</u>	<u>4,853</u>	<u>4,700</u>	<u>4,599</u>

Total deferred income comprised:

	1 April 2024 £'000	Released during the year £'000	Income deferred £'000	31 March 2025 £'000
Subscriptions received in advance	74	(74)	100	100
Grants and service level agreements	731	(731)	889	889
Other sundry deferred income	473	(473)	687	687
	<u>1,278</u>	<u>(1,278)</u>	<u>1,676</u>	<u>1,676</u>

Agency funds received and paid in the year were:

	1 April 2024 £'000	Received during the year £'000	Paid during the year £'000	31 March 2025 £'000
Payroll services	(71)	(2,893)	2,903	(61)
Other agency	8	(8)	-	-
	<u>(63)</u>	<u>(2,901)</u>	<u>2,903</u>	<u>(61)</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	19,991	-	-	19,991
Expenditure	(20,221)	(164)	-	(20,385)
Investment losses	(221)	-	-	(221)
Net expenditure before transfers	(451)	(164)	-	(615)
Losses on pension fund	-	-	(24)	(24)
Transfers between funds	(369)	369	-	-
Net (expenditure)/income for the year	(820)	205	(24)	(639)
Fund balances brought forward at 1 April 2024	2,396	1,142	(18)	3,520
Fund balances carried forward at 31 March 2025	1,576	1,347	(42)	2,881

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

	<i>Balance at 1 April 2024 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2025 £'000
Nursery redecoration fund	56	(36)	-	20
Fixed asset reserve	1,086	(128)	369	1,327
	<u>1,142</u>	<u>(164)</u>	<u>369</u>	<u>1,347</u>

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2024 £'000</i>	Income £'000	Expenditure/ unrealised loss £'000	Balance carried forward at 31 March 2025 £'000
A Better Start Southend	130	6,229	(5,857)	502
Luton Flying Start	96	150	(190)	56
Flying Start Community Link Worker	126	191	(216)	101
Luton Safe at Home	-	68	(68)	-
James Reckitt Foundation	28	-	(6)	22
Parental Engagement	355	194	(236)	313
Other funds to support early years	31	-	(31)	-
Milton Keynes Community Hub	47	27	(44)	30
Milton Keynes Endowment Fund	23	-	-	23
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	836	6,859	(6,648)	1,047

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) A Better Start Southend is funded by the National Lottery Community Fund. The A Better Start programme works with Southend City Council and partner organisations to help parents in Southend give their children a better start in life. [Reference - ABS/1/10086648]
- (ii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iii) The National Lottery Community Fund is funding the Flying Start Community Link Worker project to offer all children in Luton a range of early years interventions, via innovative co-production models based on early learning emerging from A Better Start Southend - the Your Family programme model.
- (iv) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (v) The James Reckitt Foundation provides funding to the Alliance to make a positive difference to families in the Hull area through family learning opportunities.
- (vi) The Parental Engagement project is funded by donations to provide resources and professional development for early years professionals and to promote the importance of parents' engagement in their child's learning.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

- (vii) The Milton Keynes Community Hub is funded by the Milton Keynes Charity Shop (Kingston) Ltd and supports direct services to the Milton Keynes Early Years Community. This includes a support package for Stay and Play groups and Early Years groups, telephone support and advice, access to network events, training and workshops. Families in Milton Keynes have access to online support, advice and training.
- (viii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (ix) Other funds to support early years pay for projects where the donor has specified the geographical location of the targeted support.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2025 £'000	<i>Total 2024 £'000</i>
Tangible fixed assets	-	1,327	-	-	1,327	<i>1,086</i>
Investments	4,133	-	-	23	4,156	<i>4,548</i>
Current assets	2,478	20	-	1,024	3,522	<i>3,339</i>
Current liabilities	(5,035)	-	-	-	(5,035)	<i>(4,599)</i>
Pension liability	-	-	(42)	-	(42)	<i>(18)</i>
	<u>1,576</u>	<u>1,347</u>	<u>(42)</u>	<u>1,047</u>	<u>3,928</u>	<i><u>4,356</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

18. OTHER FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases:

Land and buildings	2025	2024
	£'000	£'000
Expiry date:		
Within 1 year	417	659
Between 2 and 5 years	215	479
In more than 5 years	60	97
	<u>692</u>	<u>1,235</u>
 Hire of plant and machinery:		
Expiry date:		
Within 1 year	9	26
Between 2 and 5 years	-	9
	<u>9</u>	<u>35</u>

19. CASH FLOW STATEMENT

(a) Reconciliation of net expenditure to net cash flow from operating activities

	2025	2024
	£'000	£'000
Net expenditure for the reporting period	(404)	(1,402)
 Adjustments for:		
Depreciation charges	128	170
Losses/(gains) on investments	221	(364)
Loss on disposal of tangible fixed assets	-	2
Interest from investments	(151)	(180)
Decrease in stocks	33	60
Decrease/(increase) in debtors	364	(213)
Increase/(decrease) in creditors	182	(376)
	<u>373</u>	<u>(2,303)</u>

(b) Analysis of cash and cash equivalents

Notice deposits (less than three months)	<u>2,810</u>	<u>2,484</u>
	<u>2,810</u>	<u>2,484</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

20. PENSION OBLIGATIONS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 521 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2025 to 31 March 2028:	£2,100,000 per annum	(payable monthly)
-------------------------------------	----------------------	-------------------

Unless a concession has been agreed with the Trustee the term to 31 March 2028 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
---------------------------------------	----------------------	-------------------

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31-Mar-25 (£'000s)	31-Mar-24 (£'000s)	31-Mar-23 (£'000s)
Present value of provision	42	18	38

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Year Ending 31 March 2025 (£'000s)	Year Ending 31 March 2024 (£'000s)
Provision at start of period	18	38
Unwinding of the discount factor (interest expense)	-	1
Deficit contribution paid	(18)	(21)
Remeasurements - impact of any change in assumptions	-	-
Remeasurements - amendments to the contribution schedule	42	-
Provision at end of period	42	18

Income and expenditure impact

	Year Ending 31 March 2025 (£'000s)	Year Ending 31 March 2024 (£'000s)
Interest expense	-	1
Remeasurements – impact of any change in assumptions	-	-
Remeasurements – amendments to the contribution schedule	42	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account*	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2025 % per annum	31 March 2024 % per annum	31 March 2023 % per annum
Rate of discount	4.84	5.31	5.52

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

For details of the charity's other pension obligations, see note 7 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £17,000 (2024: £19,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £2,000 (2024: £nil). During the year the charity incurred total costs of £189,000 (2024: £187,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £153,000 (2024: £174,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £638,000 (2024: £638,000) was also paid. At the year end, a balance of £709,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2024: £169,000 owed by the Pre-school Learning Alliance).

During the year the charity received £27,000 (2024: £51,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2024: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2024 £'000
Income from:				
Donations		129	111	240
Investments		180	-	180
Charitable activities:	2			
Provision of care and education services		11,150	-	11,150
Outreach services for children and families		4,956	5,983	10,939
Sector support, membership and policy development		2,130	61	2,191
Other trading activities	3	<u>1,026</u>	<u>-</u>	<u>1,026</u>
Total Income		<u>19,571</u>	<u>6,155</u>	<u>25,726</u>
Expenditure on:				
Charitable activities:				
Provision of care and education services		13,748	-	13,748
Outreach services for children and families		4,208	6,135	10,343
Sector support, membership and policy development		2,911	37	2,948
		453	-	453
Restructure costs				
Total Expenditure	4	<u>21,320</u>	<u>6,172</u>	<u>27,492</u>
Unrealised (loss)/gain on investments	11	<u>364</u>	<u>-</u>	<u>364</u>
Net (expenditure)/income		(1,385)	(17)	(1,402)
Actuarial gains on defined benefit pension schemes	20	20	-	20
Net movement in funds		<u>(1,365)</u>	<u>(17)</u>	<u>(1,382)</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	19,571	-	-	19,571
Expenditure	(21,138)	(182)	-	(21,320)
Investment losses	364	-	-	364
Net expenditure before transfers	(1,203)	(182)	-	(1,385)
Gains on pension fund	-		20	20
Transfers between funds	(247)	247	-	-
Net (expenditure)/income for the year	(1,450)	65	20	(1,365)
Fund balances brought forward at 1 April 2023	<u>3,846</u>	<u>1,077</u>	<u>(38)</u>	<u>4,885</u>
Fund balances carried forward at 31 March 2024	<u>2,396</u>	<u>1,142</u>	<u>(18)</u>	<u>3,520</u>

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

	<i>Balance at 1 April 2023 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2024 £'000
Nursery redecoration fund	65	(12)	3	56
Fixed asset reserve	<u>1,012</u>	<u>(170)</u>	<u>244</u>	<u>1,086</u>
	<u>1,077</u>	<u>(182)</u>	<u>247</u>	<u>1,142</u>

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2022 £'000</i>	<i>Income/ unrealised gain £'000</i>	<i>Expenditure £'000</i>	Balance carried forward at 31 March 2024 £'000
A Better Start Southend	144	5,538	(5,552)	130
Luton Flying Start	129	170	(203)	96
Flying Start Community Link Worker	137	191	(202)	126
Luton Safe at Home	-	72	(72)	-
Foundation Economy Innovation Fund	-	10	(10)	-
Suffolk Play & learn	-	2	(2)	-
James Reckitt Foundation	30	-	(2)	28
Parental Engagement	337	111	(93)	355
Other funds to support early years	27	10	(6)	31
Milton Keynes Community Hub	26	51	(30)	47
Milton Keynes Endowment Fund	23	-	-	23
Total funds	853	6,155	(6,172)	836

(a) Purpose of funds

The purpose of each fund is set out in note 16.

26. PRIOR PERIOD ADJUSTMENT

	<i>Opening funds at 1 April 2023 as previously stated £'000</i>	<i>Adjustment £'000</i>	<i>Opening funds at 1 April 2023 restated £'000</i>	Closing funds at 31 March 2024 restated £'000
General fund	6,292	(554)	5,738	4,356

The prior year adjustment has been made to correct historic mispostings which were identified during the 2024-25 financial year. These were in relation a creditor balance created in error through intracharity recharges and internal transfers that were incorrectly allocated, and an error in the classification of investment purchases.

PRE-SCHOOL LEARNING ALLIANCE

England & Wales - Charity number 1096526

Accounts

Charity number: 1096526
Company number: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

**PRE-SCHOOL LEARNING ALLIANCE
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YEAR ENDED 31 MARCH 2024**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2024**

The charity is known as the Early Years Alliance. The legal entity's name remains the Pre-school Learning Alliance.

BOARD OF TRUSTEES

The trustees of the Pre-school Learning Alliance are the charity's trustees under charity law and the directors of the charitable company. The members of the Board of Trustees who have held office during the year and to the date of signing this report are as follows:

Keith Appleyard (treasurer) **
Joanne Blank
Christine Cheshire * **
Emma Comer (appointed 12 April 2023)
Sathushen Kukapalan
Graham McMillan
Lorna Pendred (vice chair) **
Laura Perfetti *
Sarah Presswood (chair) *
Raymond Smith *
Emma Wohl
Anna Wright (appointed 1 August 2023)

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:

Chief executive	Neil Leitch
Director of people and technology	Paul Donaldson
Director of quality improvement	Michael Freeston
Director of finance	Katharine Heeps

BANKERS: National Westminster Bank plc
280 Bishopsgate
London, W1U 2AR

STATUTORY AUDITOR: Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

PRE-SCHOOL LEARNING ALLIANCE TRUSTEES' ANNUAL REPORT YEAR ENDED 31 MARCH 2024

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2024 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 18 to 21 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Charities SORP FRS102.

Objectives and activities

Our values and vision

The charity's core values guide our work:

The child - putting the child first to enhance the quality of education and care and family service delivery.

The parents - empowering parents and carers to be the foundation of and foster the development of their children.

We believe that the wellbeing and achievement of children should be a key priority for society. We will work with policy makers, parents, early years educators and children to achieve this end. We will support the early years workforce to carry out their vital work and gain the recognition they deserve.

Our charitable objects for the public benefit

Our charitable objects for the public benefit are set out in our Articles of Association. These include the promotion of the care, safety, education, health and wellbeing of children and young people; promotion of parental involvement in their education; provision of services to support children, young people and their families and carers; and provision of services to support organisations and individuals holding membership of the charity.

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in early years education and care. The charity's beneficiaries are the children and families who access our services and those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered online and in the workplace allowing students to earn and learn.

The trustees have given due regard to the guidance issued by the Charity Commission on public benefit principles and have reviewed all activities and plans outlined in this report to ensure that they comply with those principles. The trustees set objectives based on their assessment of the public need for early years education and care and the support needs of those caring for and working with young children and their families.

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering services for families, support and training programmes for our members and representing the wider early years sector.

We utilise our experience, expertise and authority to advocate on behalf of children and families to government agencies to secure policies that place children's needs at their core. We work in partnership with a range of organisations, our members and the wider sector to advocate for improvements in early years policy and provision. We deliver affordable, flexible and high-quality early years provision through a portfolio of nurseries and pre-schools. These all operate around a core belief that parents are the first and foremost educators of their children. Our parent partnership work empowers families and carers and gives them a greater involvement in their children's care and education.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Objectives and activities (continued)

Our activities (continued)

The charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Achievement and performance

The Alliance has been at the forefront of representing the best interests of children and families in 2023-24. We made major contributions on behalf of the early years sector to debates around the importance of early education and childcare, especially for more disadvantaged children. The Alliance's activities have focused on providing the services that bring about the benefits of early years education and help to address inequalities and supporting our members to deliver against a challenging backdrop. A report by the University of Leeds (November 2023) has evidenced the need for the charity's services as set out in this report: "*Our findings demonstrate the importance of early years education for children born without social advantage - helping to narrow the gap in early development and level socioeconomic inequalities. It's essential that we facilitate access for the families who will benefit most from this support, at this crucial stage in youngsters' lives*".

Provision of care and education services

Our strategic aims in this area are: promoting the importance of play in a high quality environment; support career progression opportunities to early years staff; embedding a communication and language-rich curriculum; and a focused programme of delivery for vulnerable families, children with complex families lives or children with SEND.

In the year we provided 1,070,000 hours of early education and care to over two thousand children and their families in our nurseries. Currently 97.5% of our nurseries are rated by Ofsted as good or outstanding compared with the national average of 97%. These improvements are testimony to the hard work and commitment of our staff in a challenging operating environment. This is reflected in the inspection outcome of West Street nursery 31 January 2024: '*The manager plans a highly ambitious curriculum that staff understand and implement extremely well across all age groups. The impact of this is that all children make the best possible progress from their unique starting points. This includes the most disadvantaged children and children with special educational needs and/or disabilities (SEND). Staff implement the curriculum aims consistently throughout the nursery. They seamlessly sequence the curriculum to help children gain the knowledge and skills they need for their future education. This is particularly evident when observing what children know and can do across the nursery. By the time children reach the pre-school room, many are confident, articulate, independent and caring individuals.*' Ofsted Report West Street Nursery

We were awarded DayNurseries.co.uk Top 20 Nursery Group 2024, based on the reviews given by families about the settings. Four of the settings achieved a top twenty award for their area. 93% of review scores are 9 or above and nine settings have a score of 10. '*I'm very happy with this nursery for my child I can see the huge difference in her physical development, cognitive development and social and emotional development. She's a very confident little girl since she started the nursery. Her language development and communication skills are getting better too.*' Foxcubs parent review on DayNurseries.co.uk

We have introduced a professional pathway training programme for our managers and deputy managers to support their career development. Monthly online taught group sessions are supplemented by self-directed topics on leadership and management topics including effective support for children's speech, language and communication development. The pilot group of eight participants will complete to programme in early 2025. The professional pathway learning is tailored towards the early years sector making it relevant and relatable in a way that outside training is not.

To ensure the greatest support to our most vulnerable children we have implemented group supervision where key persons share their knowledge of, and concerns about, each child with the whole staff team to ensure all are actively engaged in keeping them safe. This enhances our contribution to social care and welfare investigations. We offer a wide range of services, including 'love me again' clothes rails, toy swaps, promotion of food banks and signposting to a wide range of services which supports all families especially the most vulnerable.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Achievement and performance (continued)

In all our settings we have seen an increase in the number of vulnerable children and families, affected by the impact of cost of living, children with complex families lives or children with SEND. Over 10% (258) of our children are eligible for Early Years Pupil Premium, slightly higher than the national average of 9%, with over half of settings having five or more children in receipt of this additional financial support. In addition, over 10% of children have a special educational need or disability or are on a diagnosis pathway, compared with the DfE's national figures of 8%.

Outreach services for children and families

The Early Years Alliance works with some of the most vulnerable families in the country through our family learning programmes, baby and toddler groups and local support services. Our strategic aims in this area are: targeting health and wellbeing resources for families through baby and toddler programmes; focussed services for families who have or are waiting for a SEND diagnosis; promoting the importance of the home-learning environment; and embedding communication and language resources in our programmes.

In its 2024 position paper *Childhood Matters*, the Association of Directors of Children's Services highlighted the damaging effects of both austerity and the pandemic on the mental and physical health of children. It found the poorest families have been most affected by the reduction in public services with 1 in 3 parents struggling to get any professional support due to gaps in service availability, with a resultant impact on young children's healthy development and parental mental health and wellbeing.

Our work with these families builds on the 2022-23 target to develop resources and support to parents and educators that support positive engagement by parents in their children's learning and with early years provision.

In Bradford our baby and toddler group programme reached 88% of existing groups in targeted areas and 95% in non-target areas exceeding target by 10% and 26% respectively. Our Baby and Toddler Quality Toolkit has been developed to enable group leaders to access training. Over 100 groups have registered to use the Toolkit since its launch in March 2024, and 184 training courses have been completed or are in progress. The Toolkit received excellent feedback: *"The quality Toolkit has been a really positive experience.....there are so many things to consider when running a stay and play provision and the Toolkit has all of those in one place to refer to... and so helpful to be able to access training and links to relevant information for areas of development"* BB Playgroup

In Lewisham, our Children's Centre provision reached 2,564 targeted families, exceeding the target by over 200%. The Explorers Plus stay and play sessions, developed in partnership with Lewisham's Portage service, brings families together who have concerns about their child's development and those waiting for, or who have, a SEND diagnosis. As at March 2024, 225 families have benefited from the programme exceeding the target of 220.

"Explorers Plus sessions are an invaluable resource for Lewisham families. The setting is informal but purposeful and offers a safe space for children whose needs mean they may struggle to engage in other under 5s play provision. The sessions also provide an invaluable space for parents, who can use the regular, predictable, safe space to speak with professionals about their child's development, as well as opportunities to receive support and experience feelings of solidarity with other parents. The sessions benefit children's development as well as child and parent wellbeing." Senior Specialist Educational Psychologist for Early Years in Lewisham.

Through the Flying Start Project in Luton, over 1,900 children attended universal sessions, and over 450 parents attended workshops. The Safety at Home Project in Luton provided safety information and advice to nearly 3,000 families with 274 equipment packs supplied to eligible families and over 90 parents attending Keeping Baby Safe antenatal workshops. The aim of the project is to help provide safer homes and to reduce accidents which might impact on a child's longer-term health and wellbeing, supporting the most vulnerable children to stay safe and well. 100% of service users rated the project good or very good.

Volunteers in Luton gave over 2,000 hours of time in the year, speaking a range of languages to support vulnerable parents throughout the local community and enabling local volunteers to achieve positive personal

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Achievement and performance (continued)

Outreach services for children and families (continued)

goals. "My role as a volunteer gave me the drive and the skills to progress and pursue my ambitions. I am proud that I now work with new parents and support their baby's early development." Luton volunteer

The Department for Education Voluntary and Community Sector grant supported our home-learning environment programme. Between August 2023 and March 2024, 1,431 parents engaged with the programme either online or in person exceeding the target of 760. Sessions included *Moving on Up*, to prepare children for the transition from nursery to reception, *Bump to Breast*, focusing on the importance of speaking with babies at ante and neo-natal stages and *Home is the Best Communication Classroom*, using everyday objects and activities to promote early language. This year's *Home is Where the Start* is online festival of play and learning attracted 2,347 participants to sessions including Makaton at home, easy money-saving cookery tips and baby massage tasters. The programme supports educators to assess children for communication and language delay. Since August 2023, 165 educators from 68 settings have been trained and supported to meet individual children's communication needs and embed a language-rich curriculum.

A total of 7,453 beneficiaries have engaged with the ten-year, National Lottery-funded A Better Start programme in Southend. Levels of engagement with beneficiaries have remained high with over 2,200 primary beneficiaries attending programmes each year. The breastfeeding support programmes helped 475 new mothers 1:1 support and in group-based provision. The programme has increased the number of infants totally or partially breastfed at 6-8 weeks from 41% in 2015-16 to 47% in 23-24. The Let's Talk programme to support children's language and communication reached 571 children and contributed to a 22% drop in cases loads referred to specialist speech and language service within the ABSS target population between 2019 and 2023.

Formative evaluation of the programme's impact is being undertaken by Essex University. Using a mixed-methodology approach of quantitative and qualitative data they concluded the social opportunities provided by activities were as beneficial to those attending as the programme's primary purpose.

Sector support, membership and policy development

Our strategic aims in this area are: quality improvement of early years provision for children with special educational needs and/or disabilities (SEND); developing innovative ways to train a high-quality sector workforce; early identification of additional needs in the early years sector; supporting the mental health and wellbeing of the early years workforce.

Training qualification delivery increased by 73% on the 2022-23 year. This was a result of curriculum delivery improvements made in the previous year, ensuring teaching was better sequenced and coherent. In July 2024 Ofsted welcomed these developments concluding: "*Learners and apprentices are taught a well-structured curriculum that deepens their knowledge and understanding of the taught topics. Assessors support learners and apprentices very effectively to learn the essential knowledge and study skills they need to complete their assessments to a suitable standard.*" Ofsted 2024

In the year to March 31st, 63,006 online courses were undertaken by members of the Alliance. The most popular courses were *Effective Safeguarding Practice*, *The Prevent Duty in an Early Years Environment* and *Understanding and Addressing Behaviour in the Early Years*. Live online training continues to be popular. 5,792 early years educators registered for our live online Connect, Virtual classroom and Insight sessions. These cover a range of early years topics including *Business Health Checks*, *Inspirational Baby Room Practice* and *Working with Children with SEND*.

We launched our first virtual reality training sessions, developed in collaboration with Metaverse limited. These allow practitioners to learn skills and knowledge on potentially sensitive topics including settling a child at nursery and undertaking an inspection learning walk in safe, simulated environments.

The cost-of-living crisis has refocused many nursery managers' and childminders' attention on the importance of providing a healthy, nutritious diet for children. Our Early Years Nutrition Support Programme offers menu checks and consultancies, advice on providing a positive food environment and how food can be an excellent vehicle to deliver all seven areas of the EYFS curriculum. 1,398 nursery managers and chefs attended a series of seven online sessions including portion size, nutrition balance, allergies and food refusal behaviours.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Achievement and performance (continued)

Sector support, membership and policy development (continued)

In November 2023, we published our Minds Still Matter report, exploring the mental health and wellbeing impacts of working in the early years. We researched the impact of recruitment challenges, pay, high workloads and inspection. It found that 81% of participants were regularly stressed about a work-related issue, with Ofsted inspections highlighted as the most common cause of stress among educators. Our annual conference in July also took this theme. Participants enjoyed expert contributions and workshops focused on the importance of maintaining their own wellbeing as a prerequisite for providing effective learning and development to the children who attend their provision. For our Play Week, launched at the Conference, over 1,000 members downloaded resources to help them celebrate in-the-moment play with children.

Plans for the future

The Strategic Plan 2024-2027 will work to influence the new government to ensure that the early years sector is central to policy and funding plans in the long-term. This will include securing realistic funding and workforce development to deliver the entitlement expansion.

We will focus on children facing particular inequalities. We will develop internal SEND training and support materials to be introduced at a staff conference in Autumn 2024. This will launch a rolling programme of training and support, with different SEND topics highlighted each month. The programme will support and extend a range of new SEND projects throughout the country including the Children with Disabilities Project in Lincolnshire and the Explorers Plus session in Lewisham.

We will increase government funded entitlement places for babies in our nurseries by 19% from 174 to 216. Building on our successful internal programme *Becoming Actively Anti-Racist* we will offer guidance and materials for family-support projects and the wider early years sector.

We will use our new web platforms to target and promote our services, training and support, and ensure our provision is demand led. The improved data capture available through the new system will help us meet our strategic plan aim of measuring the effectiveness of our interventions. It will allow the publication of impact and effectiveness reports for distribution to funders, potential funders and stakeholders.

Emphasis will be placed on supporting the early years sector to engage young children and their families in issues of climate change. We will develop resources and advice on how to introduce issues of sustainability into the curriculum. Our work in this area has been strengthened by our active involvement in the DfE's Climate Ambassadors project supporting education institutions with their climate change plans.

Structure, governance and management

Governing document and membership

The charity is a company limited by guarantee governed by its Articles of Association. The charity's members undertake to pay no more than £1 towards the charity's assets in the event of the charity being wound up.

Board of Trustees

The Board of Trustees is the governing body of the Pre-school Learning Alliance. The Board of Trustees is the board of directors under company law. The trustees of the charity are also members of the charity.

The Board of Trustees is currently made up of eleven Elected Trustees and one Appointed Trustee. Elected Trustees are elected by the members and their names are presented at the annual general meeting of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. Trustees are given a governance handbook and attend an induction training programme to introduce the responsibilities of their role including governance, policies and procedures. This is followed by training sessions throughout a trustee's term based on a skills audit.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Structure, governance and management (continued)

Committees of the Board

The Nominations and Procedures Committee is responsible for ensuring that the charity's governing document and byelaws are regularly reviewed and complied with. The committee identifies individuals on behalf of the Board of Trustees to stand as Appointed Trustees.

The Audit Committee ensures that there is an effective and transparent framework of accountability within the charity and monitors control and risk management systems. The Audit Committee and Nominations and Procedures Committee have agreed terms of reference and minutes are made available to the Board of Trustees. Co-opted members who are not themselves trustees serve on some of our committees and the trustees are grateful for the expertise, skills and experience that they bring.

The Board of Trustees is represented on the charity's Safeguarding Group. This group is responsible for oversight of all policies and procedures to ensure that the charity keeps all children and vulnerable adults safe and can respond to all safeguarding concerns.

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's governance structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in is compliant with the Code and that by monitoring their ways of working against each of the Code's seven principles, they are compliant. The Code is integral to the charity's governance handbook which is regularly reviewed and included in the trustee training programme. Trustees are clear about their roles and legal responsibilities, are committed to supporting the charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the charity's continued improvement. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

The Board of Trustees appoints the Chief Executive who is given delegated authority to implement strategy and to run the charity efficiently. The Chief Executive and Strategic Management Team lead a consultation process that feeds into the charity's policy making, budgets and strategic plan. Once approved, trustees monitor implementation and progress against target at their quarterly meetings.

Remuneration of the charity's key management personnel is agreed by trustees with reference to the charity's Employment and Remuneration Policy.

STRATEGIC REPORT

Key risks and uncertainties

The Board of Trustees' risk management process identifies key events or incidents that could affect the charity's ability to achieve its aims. This process results in a record of the most significant internal and external risks facing the charity, the possible impact or consequence of each risk and the required action to mitigate it. The Board of Trustees seeks reasonable assurance that these risks have been adequately managed, and that appropriate procedures and controls are in place to identify, manage and mitigate the key risks as far as possible. Scrutiny of risk management is delegated by the Board of Trustees to the Audit Committee which reports to the Board after every meeting.

As a charity providing care for children, the trustees recognise that the key risk relates to injury or death of children whilst in our care. Strong safeguarding controls have been implemented and are regularly reviewed to ensure they mitigate the likelihood of this risk. Training and vetting of staff and clear policies create an effective safeguarding culture.

The increasing cost of employing staff, at a time of ongoing underfunding in early years, is a risk both to the financial viability of the charity and to the strength of the early years sector. Challenges continue with recruitment and retention of suitably qualified staff. This increases risks to staff mental health and physical wellbeing and has, in some settings, required reduction in delivery hours to ensure quality is maintained. We have reviewed the financial viability of each setting and developed a framework for maintaining high quality

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Key risks and uncertainties (continued)

provision that can respond to expected changes to early years policy. This has resulted in improved leadership and management, sufficiently qualified, competent and confident staff teams, effective ongoing professional development and healthy work environments.

Financial review

Financial results

The consolidated Statement of Financial Activities for 2023-24 shows a net decrease in funds of £1,382,000 in the year. The decrease in funds is after unrealised investment gains of £364,000 and actuarial gains on the defined benefit pension scheme of £20,000.

Overall, there has been a 1% drop in income for the charity and a 3.2% increase in costs. Revenue from care and education places was £1,500,000 less than the previous year due to staff shortages and closure of services. There were not corresponding cost savings due to the impact of the National Living Wage on salary rates. This has led to financial losses across some settings.

The unrestricted deficit, before unrealised investment losses and actuarial gains, was £1,750,000 in the year. In the year, restricted funds decreased by £17,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new restricted donations of £111,000.

Financial health

The 2023-24 accounts reflect a strong performance from outreach project delivery and services to support families and the charity's members. However, the disappointing financial results show the impact of reduced operating hours which resulted from recruitment and retention challenges in our care and education settings. The income forecasts from nursery provision in 2023-24 were based on the assumption that early years recruitment and retention challenges, that had increased during the pandemic, would ease. However, our workforce capacity position did not improve, hampering our ability to increase provision. As a result, the 2024-26 nursery income forecasts assume there will be very limited, or no increase staff capacity.

The charity took the decision to cease to operate 15 settings in 2023-24 and steps have been taken to restructure the operating model. The charity has taken a cautious approach to budgeting for the new entitlements as take up is uncertain and recruitment challenges remain a concern. The results for the summer term are already showing an improvement in performance. A key consideration has been capacity of a setting to respond to the increased need for one- and two-year-old places when the government's 30-hour offer is introduced in September 2024. The charity is investing in a digital transformation project bringing services in house to maximise control of and revenue earned from our resources.

The trustees are confident this budgeting approach is realistic and presents a position that is viable and sustainable. Taking account of the charity's response to this year's results, cash balances at the signing date and the overall financial health of the charity, the trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Therefore, we have continued to adopt the going concern basis in preparing these financial statements.

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £2,950,000 at 31 March 2024. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held at 31 March 2024 totalled £1,100,000. One other designated fund totalled £56,000. The negative designated pension reserve of £18,000 represents the present value of future deficit contributions to The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2024. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Policies (continued)

Reserves policy (continued)

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors. At 31 March 2024 restricted funds held totalled £836,000. The movements on restricted funds are set out in note 16.

The reserves policy reflects the need to respond to changes to the major risks and be able to meet the commitment of providing early years services to children and their families. The aim of the reserves policy is to hold adequate general funds to sustain charitable activities in the event of future income variation or increases in operational costs and to allow a managed review of operations and investment in development activities.

The reserves are reviewed annually to reassess the risks and reflect changes in activities, obligations and funding levels. The trustees recognise that the key income risks for the charity are linked to the long-term stability of the early years sector that makes up its membership and the continuation of funded early education places for two, three and four year olds. The Board of Trustees has established a policy which states that the most appropriate level of the general fund should be 25% of budgeted staff costs plus a provision against financial risks and pension liabilities.

The general reserves are currently £2,950,000 which is 31% below the target set by trustees of £4,300,000. The charity's operational plan includes actions to generate reserves that will meet the target level in the medium term. These include creating a new operating model for the charity's nurseries to minimise losses.

Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. The trustees' investment policy is to minimise risk to those assets because they largely represent working capital. Therefore, these funds are invested in low-risk cash deposits which are pooled and placed on overnight and term deposits. These funds are managed internally.

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2023-24 76% was held in equities and 24% in property/infrastructure. Return on investment was 2.3% (2023: 1.4%). Interest rates on bank deposits in 2023-24 was 1.39%. Average income earned from Common Investment Funds is 3.0% (2023: 3.1%).

During the year, the investment portfolio made unrealised gains of £364,000. Equities recovered the losses experienced in 2022-23. Property valuations remained largely unchanged due to uncertainty over office space and industrials. The property fund has been sold and funds will be realised in September 2024.

Employment and remuneration policy

The charity is a major employer within the early years sector. It is an equal opportunities employer and all employment related policies are developed in line with our vision and strategy. The charity provides a range of development opportunities, including coaching and mentoring to ensure that the talents of the workforce are fully utilised to support the achievement of the Alliance's goals. Regular policy and procedure reviews take place to ensure that the charity is able to meet its goals and employment law requirements.

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other staff training and development policies and activities within the organisation.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Policies (continued)

Employment and remuneration policy (continued)

After a rigorous process of reassessment reviewed by Investors in People (IiP), the Alliance retained its silver level *We Invest in People* accreditation and *We Invest in Wellbeing* accreditation. Retaining the IiP silver award recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. The wellbeing award recognises the work undertaken by the Alliance to promote a culture of wellbeing.

As part of our commitment to give attention to securing racial and ethnic equality across our structures and activities we successfully piloted a training programme on Becoming Actively Anti-Racist. 134 managers attended the pilot and the final programme is being rolled out to all staff.

829 staff are employed by the charity within community projects, in the charity's early years settings, in support roles and as assessors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to encourage employees to provide ideas and suggestions. These systems have been enhanced with the introduction of a new staff forum. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are included in note 9 and related party transactions are disclosed in note 21 to the financial statements. The pay of the senior staff is reviewed annually, and any adjustments are subject to the performance of the charity overall. A pay review is conducted annually whereby salary levels are benchmarked against similar sized not-for-profit organisations.

Environmental policy

As a charity committed to supporting the futures of young children and families, the trustees are aware that the human causes of climate change pose a threat to children's livelihood and wellbeing. The charity promotes sustainable citizenship and ecological awareness through the early years curriculum and promotes active engagement of families in projects to raise environmental awareness. The charity has taken advice from external advisers to set new strategic targets to increase positive environmental impact and minimise the negative environmental footprint of the charity's activities and those of its supply chain. The charity secured ISO14001 for its environmental management systems.

Subsidiary companies

The financial statements included in this report represent the consolidated results of the charity and its subsidiary company, Pre-school Learning Alliance Trading Limited (PLAT).

The objective of PLAT is to promote the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from commission on the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £638,000 (2023: £637,000) was made in the year.

A summary of the company's trading results is set out in note 3 of the attached financial statements.

In July 2013, the charity made a subordinated loan of £50,000 to its trading subsidiary, PLAT, to ensure that the company fulfilled Financial Conduct Authority capital resource requirements. The loan was unsecured and does not bear interest and there were no set repayment terms in place.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2024**

Statement of Trustees' Responsibilities (continued)

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 the group and of the group's net incoming/outgoing resources for that period.

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 Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Financial statements and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The following statements have been affirmed by each of the trustees of the charitable company in office at the date of this report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 25 September 2024 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Sarah Presswood
Chair

Independent Auditor's Report to the Members of Pre-school Learning Alliance

Opinion

We have audited the financial statements of Pre-school Learning Alliance for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, 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 group 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 trustee's 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 or the group'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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 10 and 11 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 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 group and charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures

on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations included General Data Protection Regulation (GDPR), employment legislation, Health and Safety legislation, Ofsted standards and the Financial Conduct Authority (FCA) regulations in relation to the insurance business.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, agreeing income to contracts or other supporting evidence on a sample basis, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Ofsted and the FCA and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Julia Poulter
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London
16 October 2024

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2024 £'000	<i>Total 2023 £'000</i>
Income from:					
Donations		129	111	240	243
Investments		180	-	180	138
Charitable activities:	2				
Provision of care and education services		11,150	-	11,150	12,705
Outreach services for children and families		4,956	5,983	10,939	9,881
Sector support, membership and policy development		2,130	61	2,191	1,986
Other trading activities	3	1,026	-	1,026	1,059
Total Income		19,571	6,155	25,726	26,012
Expenditure on:					
Charitable activities:					
Provision of care and education services		13,748	-	13,748	14,506
Outreach services for children and families		4,208	6,135	10,343	9,517
Sector support, membership and policy development		2,911	37	2,948	2,624
Restructure costs		453	-	453	-
Total Expenditure	4	21,320	6,172	27,492	26,647
Unrealised gain/(loss) on investments	11	364	-	364	(252)
Net expenditure		(1,385)	(17)	(1,402)	(887)
Actuarial gains on defined benefit pension schemes	20	20	-	20	21
Net movement in funds		(1,365)	(17)	(1,382)	(866)
Reconciliation of funds:					
Fund balances brought forward at 1 April 2023		5,439	853	6,292	7,158
Fund balances carried forward at 31 March 2024		4,074	836	4,910	6,292

All income and expenditure derive from continuing activities.

Included in restricted funds are endowment funds brought forward of £23,000 and carried forward of £23,000 (note 16).

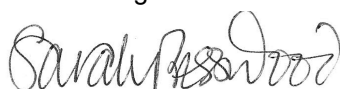
The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2024**

	Notes	Group		Charity	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
FIXED ASSETS					
Tangible assets	10	1,086	1,012	1,086	1,012
Investments	11	4,548	4,205	4,548	4,205
		<u>5,634</u>	<u>5,217</u>	<u>5,634</u>	<u>5,217</u>
CURRENT ASSETS					
Stock	12	180	240	180	240
Debtors	13	929	716	914	691
Cash at bank and in hand		2,484	4,832	2,245	4,566
		<u>3,593</u>	<u>5,788</u>	<u>3,339</u>	<u>5,497</u>
CREDITORS – Amounts falling due within one year	14	<u>(4,299)</u>	<u>(4,675)</u>	<u>(4,045)</u>	<u>(4,384)</u>
NET CURRENT ASSETS		(706)	1,113	(706)	1,113
NET ASSETS – excluding pension liability		4,928	6,330	4,928	6,330
Defined benefit pension liability	20	(18)	(38)	(18)	(38)
		<u>4,910</u>	<u>6,292</u>	<u>4,910</u>	<u>6,262</u>
TOTAL NET ASSETS		4,910	6,292	4,910	6,262
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		2,950	4,400	2,950	4,400
Pension reserve		(18)	(38)	(18)	(38)
Designated fund		1,142	1,077	1,142	1,077
	15	4,074	5,439	4,074	5,439
Restricted funds	16	<u>836</u>	<u>853</u>	<u>836</u>	<u>853</u>
TOTAL CHARITY FUNDS	17	<u>4,910</u>	<u>6,292</u>	<u>4,910</u>	<u>6,292</u>

The deficit for the parent undertaking alone amounted to £2,040,000 (2023: £1,524,000 deficit). Income for the parent undertaking alone amounted to £24,696,000 (2023: £24,593,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 25 September 2024 and signed on its behalf by



Sarah Presswood
Chair

The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £'000	2023 £'000
Net cash (used in)/from operating activities	19(a)	(2,303)	(1,157)
Cash flows from investing activities:			
Interest from investments		180	138
Purchase of equipment		(246)	(142)
Proceeds from sale of investments		21	-
Net cash used in investing activities		<u>(45)</u>	<u>(4)</u>
Change in cash and cash equivalents in the reporting period		(2,348)	(1,161)
Cash and cash equivalents at the beginning of the reporting period		4,832	5,993
Cash and cash equivalents at the end of the reporting period	19(b)	<u>2,484</u>	<u>4,832</u>

The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

The charity is a private limited company (registered number 4539003), which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the principal place of business is 50 Featherstone Street, London EC1Y 8RT. The financial statements include those of the charity's subsidiary company Pre-school Learning Alliance Trading Limited (registered number 2417619) which has been consolidated on a line-by-line basis.

The legal ownership of the freehold property occupied by the charity vests in the Pre-school Learning Alliance Property Trust Corporation, a nominee company limited by guarantee.

After reviewing the circumstances that led to financial losses in the last two financial years and taking action to address budgeting assumptions around occupancy growth, the trustees have approved a budget which reflects current operating challenges and takes advantage of new funding streams. The trustees consider that it is reasonable to expect that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date that the financial statements were approved. The trustees therefore continue to adopt the going concern basis in the preparation of its consolidated financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key source of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements is the pension liability for two schemes. The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 20. The Local Government Pension Scheme liability for one person has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet as disclosed in notes 1(j) and 7.

(c) Recognition of income and expenditure

All income and expenditure has been recognised on the accruals basis except donations from member settings which are accounted for on a receipts basis and donated items and facilities. Membership subscriptions are recognised when they are received. Subscriptions received for renewal dates in the next financial year are deferred at year end.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

Grants and contracts received are recognised in line with service delivery when the conditions for receipt have been met. Where amounts received are made for service delivery in future accounting periods, they are deferred and recognised in those future periods. Grants for immediate financial support and receipts to reimburse costs previously incurred, are recognised immediately. Government grants which constitute exchange agreements are accounted for as unrestricted.

Donated services are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, ie what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as expenditure under the appropriate heading in the Statement of Financial Activities. No amounts are included for services donated by volunteers.

Grants awarded to institutions by the charity are recognised in the year in which the grant is formally approved and communicated in writing to the recipient, provided all conditions of award have been met.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All individual assets costing more than £500 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. No depreciation is charged in the year of acquisition. Land is not depreciated. The principal estimated useful lives for this purpose are:

Freehold buildings	50 years
Leasehold building adaptations	Life of lease
CRM system	10 years
Equipment and vehicles	5 years
Computer equipment	3 years

(e) Investments

Investments held as fixed assets are stated at their mid-market value at the balance sheet date. Gains or losses on revaluation are taken to the statement of financial activities.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and cash and bank balances are initially recognised at transaction value. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss is charged to the Statement of Financial Activities. Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £3,083,000 (2023: £5,216,000), financial assets at fair value of £4,548,000 (2023 £4,205,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £2,489,000 (2023 £2,265,000).

(h) Funds

- (i) Unrestricted general funds are those funds available for the general purposes of the charity. The trustees consider that core grants received should be treated as unrestricted as their funding terms reflect the primary objects of the charity.
- (ii) Designated funds are funds transferred from the unrestricted fund for particular purposes or projects at the discretion of the trustees.
- (iii) Restricted funds are funds subject to specific conditions imposed by the donor and are binding on the trustees. Those funds, which are fundamental to the running of the charity, are disclosed separately on the face of the Statement of Financial Activities.

(i) Cost allocation

Costs are allocated to their functional categories on the following bases:

- (i) Provision of care and education services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (ii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Sector support, membership and policy development include staff costs and development of resources plus training delivery, e-learning software, helpline costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (iv) Governance costs are allocated in line with the level of activity undertaken.
- (v) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

(j) Pension costs

Contributions payable to the charity's defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. No liability has been included on the balance sheet for this scheme on the basis that it is immaterial. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

In addition, the charity participates in the Pension Trust's Growth Plan. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, the financial statements treat the scheme as a defined contribution scheme. Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

(l) Taxation

No taxation is payable due to the charitable status and nature of activities of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(m) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred on a straight-line basis.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2024		2023	
	Unrestricted funds £'000	Restricted funds £'000	Unrestricted funds £'000	Restricted funds £'000
Local government grants and contracts	3,460	-	3,637	-
Department for Education	385	-	344	-
DHSC Health and Wellbeing Fund	-	-	230	-
Big Lottery Fund	-	5,538	-	4,222
Other grant funding	-	506	11	516
Children's Centre funding	1,301	-	1,358	-
Nursery education and two-year-old funding	6,768	-	7,802	-
Fees for care and education	4,348	-	4,711	-
Training funding and fees	305	-	277	-
Services to early years providers	1,669	-	1,464	-
	18,236	6,044	19,834	4,738

3. INCOME FROM TRADING SUBSIDIARIES

The charity has a wholly owned trading subsidiary, Pre-school Learning Alliance Trading Limited (PLAT), which is registered in England and Wales. The charity has a holding of 7 ordinary shares of £1 each in PLAT (company number 2417619).

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 23. At 31 March 2024, PLAT was owed £169,000 by the charity (2023 – the charity owed £64,000 to PLAT).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

3. INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

Profit and loss account	Total 2024 £'000	<i>Total 2023 £'000</i>
Turnover	1,030	<i>1,059</i>
Cost of sales	<u>(218)</u>	<u><i>(250)</i></u>
Gross profit	812	<i>809</i>
Administrative expenses	<u>(174)</u>	<u><i>(172)</i></u>
Operating profit	638	<i>637</i>
Gift aid payment	<u>(638)</u>	<u><i>(637)</i></u>
Retained in subsidiary	<u>-</u>	<u><i>-</i></u>
 Balance sheet		
Total assets	472	<i>404</i>
Total liabilities	<u>(422)</u>	<u><i>(354)</i></u>
Total net assets	<u>50</u>	<u><i>50</i></u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

4. ANALYSIS OF EXPENDITURE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2024 £'000
Provision of care and education services		10,653	1,039	1,769	287	13,748
Outreach services for children and families		5,459	4,408	231	245	10,343
Sector support, membership and policy development		1,838	713	225	172	2,948
Restructure costs		453	-	-	-	453
TOTAL		18,403	6,160	2,225	704	27,492

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2023 £'000
<i>Provision of care and education services</i>		11,321	954	1,800	431	14,506
<i>Outreach services for children and families</i>		5,676	3,475	188	178	9,517
<i>Sector support, membership and policy development</i>		1,616	584	235	189	2,624
TOTAL		18,613	5,013	2,223	798	26,647

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

	Activities undertaken directly £'000	Support costs £'000	Total 2024 £'000
Provision of care and education services	11,882	1,866	13,748
Outreach services for children and families	9,075	1,268	10,343
Sector support, membership and policy development	1,157	1,791	2,948
TOTAL	<u>22,114</u>	<u>4,925</u>	<u>27,039</u>

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	<i>Activities undertaken directly £'000</i>	<i>Support costs £'000</i>	Total 2023 £'000
<i>Provision of care and education services</i>	12,946	1,560	14,506
<i>Outreach services for children and families</i>	8,309	1,208	9,517
<i>Sector support, membership and policy development</i>	1,152	1,472	2,624
TOTAL	<u>22,407</u>	<u>4,240</u>	<u>26,647</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

6. ALLOCATION OF SUPPORT COSTS

	Provision of care and education services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2024 £'000	Basis of allocation
Operational management	232	712	1,150	2,094	Level of activity
Finance and insurance	348	84	95	527	Level of activity
Governance	89	44	70	203	Level of activity
HR, training and recruitment	433	118	133	684	Level of activity
IT and premises	679	204	249	1,132	Level of activity
Irrecoverable VAT	85	106	94	285	Non-taxable income
Total	1,866	1,268	1,791	4,925	

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	<i>Provision of care and education services £'000</i>	<i>Outreach services for children and families £'000</i>	<i>Sector support, membership and policy development £'000</i>	Total 2023 £'000	<i>Basis of allocation</i>
<i>Operational management</i>	264	765	954	1,983	<i>Level of activity</i>
<i>Finance and insurance</i>	159	38	43	240	<i>Level of activity</i>
<i>Governance</i>	61	24	51	136	<i>Level of activity</i>
<i>HR, training and recruitment</i>	406	111	125	642	<i>Level of activity</i>
<i>IT and premises</i>	598	180	219	997	<i>Level of activity</i>
<i>Irrecoverable VAT</i>	72	90	80	242	<i>Non-taxable income</i>
Total	1,560	1,208	1,527	4,240	

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

7. STAFF COSTS

Total staff costs comprised:

	2024	<i>2023</i>
	£'000	<i>£'000</i>
Wages and salaries	15,829	<i>16,288</i>
Social security costs	1,242	<i>1,242</i>
Pension contributions	505	<i>510</i>
Agency staff	827	<i>573</i>
	<u>18,403</u>	<i><u>18,613</u></i>

The charity operates a money purchase pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. This scheme has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet. Therefore, the scheme has been accounted for as a defined contribution scheme and contributions have been charged to the Statement of Financial Activities in the period to which they relate. In addition, the charity participates in the Pension Trust's Growth Plan. See note 20 for further details.

The average number of employees during the year and analysed by activity, was:

	2024	<i>2023</i>
	Number	<i>Number</i>
Provision of care and education services	507	<i>731</i>
Outreach services for children and families	241	<i>147</i>
Membership, sector support and campaigning	56	<i>64</i>
Operational support	39	<i>42</i>
	<u>843</u>	<i><u>984</u></i>

The average number of staff calculated on a full-time equivalent basis was 648 (2023: 802).

The number of employees who received emoluments greater than £60,000 in the following ranges were:

	2024	<i>2023</i>
	Number	<i>Number</i>
£60,001 - £70,000	3	<i>2</i>
£70,001 - £80,000	-	<i>3</i>
£80,001 - £90,000	3	<i>-</i>
£100,001 - £110,000 *	-	<i>1</i>
£110,001 - £120,000 *	1	<i>-</i>

* This employee receives no salary or pension from the charity. This is a donated service accounted for in line with the policy as set out in note 1(c).

Pension contributions of £19,144 (2023: £16,515) were made by the charity in respect of the remaining seven (2023: six) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to eight key personnel (2023: eight) who were part of the Operational Management Group during the year was £690,000 (2023: £664,000). This figure includes one salary that has been accounted for as a donated service.

Total redundancy payments of £302,000 (2023: £93,000) were made in the year to 81 members of staff. Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2024 £302,000 (2023: £87,000) was paid in the year and none was accrued (2023: £6,000 accrued).

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £7,843 (2023 – £10,295).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £1,766,000 is after charging:

	2024	2023
	£'000	£'000
Operating lease expense	685	579
Depreciation	170	140
Statutory audit	45	43
Tax accounting	4	3

9. TRUSTEES' REMUNERATION AND EXPENSES

No remuneration was paid directly or indirectly out of the funds of the charity to any trustee or to any person or persons known to be connected with any of them.

During the year, eight (2023: 8) of the charity's trustees received reimbursement of travel and subsistence costs of £725 (2023: £1,349).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

10. TANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings £'000	Leasehold building adaptations £'000	Equipment, vehicles & furniture £'000	Computer software £'000	Computer equipment £'000	Total £'000
Cost						
At 1 April 2023	419	1,768	309	622	223	3,341
Additions	-	28	6	124	88	246
Disposals	-	(317)	(41)	(3)	(4)	(365)
At 31 March 2024	419	1,479	274	743	307	3,222
Accumulated depreciation						
At 1 April 2023	126	1,755	286	84	78	2,329
Charge for the year	8	41	7	62	52	170
Disposals	-	(317)	(41)	(1)	(4)	(363)
At 31 March 2024	134	1,479	252	145	126	2,136
Net book value						
At 31 March 2024	285	-	22	598	181	1,086
<i>At 31 March 2023</i>	<i>293</i>	<i>13</i>	<i>23</i>	<i>538</i>	<i>145</i>	<i>1,012</i>

All the tangible fixed assets are principally used for direct charitable purposes.

At the year end the charity had capital commitments of £233,000 in relation to the implementation of the digital transformation project.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

11. FIXED ASSET INVESTMENTS

Group and charity

	2024	2023
Market value	£'000	£'000
At 1 April 2023	4,205	4,457
Purchases	-	-
Sales	(21)	-
Gain/(loss) on revaluation	364	(252)
	<u>4,548</u>	<u>4,205</u>

The charity's investments are analysed as follows:

Unit trusts (Milton Keynes Fund, note 16)	-	23
COIF Charities Property Fund	551	581
COIF Charities Investment Fund	2,681	2,458
COIF Charities Global Equity Fund	1,309	1,136
Accumulation shares	7	7
	<u>4,548</u>	<u>4,205</u>

12. STOCK

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Publications and resource centre goods	<u>180</u>	<u>240</u>	<u>180</u>	<u>240</u>

13. DEBTORS – Due within one year

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	16	14	6	3
Other debtors	46	48	46	48
Prepayments	330	332	330	332
Accrued income	537	322	537	308
	<u>929</u>	<u>716</u>	<u>914</u>	<u>691</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	821	665	821	665
Amounts due to group undertakings	-	-	169	64
Taxation and social security	532	488	532	488
Deferred income	1,278	1,925	855	1,570
Accruals	1,467	1,476	1,467	1,476
Other creditors	201	121	201	121
	4,299	4,675	4,045	4,384

Total deferred income comprised:

	<i>1 April</i>	Released	Income	31 March
	<i>2023</i>	during the	deferred	2024
	£'000	year	£'000	£'000
		£'000		
Subscriptions received in advance	514	(514)	74	74
Grants and service level agreements	1,012	(1,012)	731	731
Other sundry deferred income	399	(399)	473	473
	1,925	(1,925)	1,278	1,278

Agency funds received and paid in the year were:

	<i>1 April</i>	Received	Paid	31 March
	<i>2023</i>	during the	during the	2024
	£'000	year	year	£'000
		£'000	£'000	
Payroll services	(3)	(2,675)	2,607	(71)
Other agency	12	(5)	1	8
	9	(2,680)	2,608	(63)

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	19,571	-	-	19,571
Expenditure	(21,138)	(182)	-	(21,320)
Investment gains	364	-	-	364
Net expenditure before transfers	(1,203)	(182)	-	(1,385)
Gains on pension fund	-		20	20
Transfers between funds	(247)	247	-	-
Net (expenditure)/income for the year	(1,450)	65	20	(1,365)
Fund balances brought forward at 1 April 2023	4,400	1,077	(38)	5,439
Fund balances carried forward at 31 March 2024	2,950	1,142	(18)	4,074

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

	<i>Balance at 1 April 2023 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2024 £'000
Nursery redecoration fund	65	(12)	3	56
Fixed asset reserve	1,012	(170)	244	1,086
	<u>1,077</u>	<u>(182)</u>	<u>247</u>	<u>1,142</u>

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2023 £'000</i>	Income £'000	Expenditure/ unrealised loss £'000	Balance carried forward at 31 March 2024 £'000
A Better Start Southend	144	5,538	(5,552)	130
Luton Flying Start	129	170	(203)	96
Flying Start Community Link Worker	137	191	(202)	126
Luton Safe at Home	-	72	(72)	-
Foundation Economy Innovation fund	-	10	(10)	-
Suffolk Play & Learn	-	2	(2)	-
James Reckitt Foundation	30	-	(2)	28
Parental Engagement	337	111	(93)	355
Other funds to support early years	27	10	(6)	31
Milton Keynes Community Hub	26	51	(30)	47
Milton Keynes Endowment Fund	23	-	-	23
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	853	6,155	(6,172)	836

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) A Better Start Southend is funded by the National Lottery Community Fund. The A Better Start programme works with Southend City Council and partner organisations to help parents in Southend give their children a better start in life. [Reference - ABS/1/10086648]
- (ii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iii) The National Lottery Community Fund is funding the Flying Start Community Link Worker project to offer all children in Luton a range of early years interventions, via innovative co-production models based on early learning emerging from A Better Start Southend - the Your Family programme model.
- (iv) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (v) Foundation Economy Innovation Fund enabled the Alliance to deliver the 'Play to Learn' project in Oldham, which gave families an insight into the power of play with the aim to inspire their learning journey down the qualification pathway.
- (vi) Suffolk Play & Learn is funded by Community Action Suffolk to support baby and toddler groups within the Babergh and Mid Suffolk area to raise awareness of best practice, child development and working with families, through virtual CPD and access to Alliance resources.
- (vii) The James Reckitt Foundation provides funding to the Alliance to make a positive difference to families in the Hull area through family learning opportunities.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

- (vi) The Parental Engagement project is funded by donations to provide resources and professional development for early years professionals and to promote the importance of parents' engagement in their child's learning.
- (vii) The Milton Keynes Community Hub is funded by the Milton Keynes Charity Shop (Kingston) Ltd and supports direct services to the Milton Keynes Early Years Community. This includes a support package for Stay and Play groups and Early Years groups, telephone support and advice, access to network events, training and workshops. Families in Milton Keynes have access to online support, advice and training.
- (viii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (ix) Other funds to support early years pay for projects where the donor has specified the geographical location of the targeted support.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2024 £'000	<i>Total 2023 £'000</i>
Tangible fixed assets	-	1,086	-	-	1,086	<i>1,012</i>
Investments	4,548	-	-	-	4,548	<i>4,205</i>
Current assets	2,701	56	-	836	3,593	<i>5,788</i>
Current liabilities	(4,299)	-	-	-	(4,299)	<i>(4,675)</i>
Pension liability	-	-	(18)	-	(18)	<i>(38)</i>
	<u>2,950</u>	<u>1,142</u>	<u>(18)</u>	<u>836</u>	<u>4,910</u>	<i><u>6,292</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

18. OTHER FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases:

Land and buildings	2024	2023
	£'000	£'000
Expiry date:		
Within 1 year	659	558
Between 2 and 5 years	479	684
In more than 5 years	97	-
	<u>1,235</u>	<u>1,242</u>
Hire of plant and machinery:		
Expiry date:		
Within 1 year	26	21
Between 2 and 5 years	9	48
	<u>35</u>	<u>69</u>

19. CASH FLOW STATEMENT

(a) Reconciliation of net expenditure to net cash flow from operating activities

	2024	2023
	£'000	£'000
Net expenditure for the reporting period	(1,402)	(887)
Adjustments for:		
Depreciation charges	170	140
(Gains)/losses on investments	(364)	252
Loss on disposal of tangible fixed assets	2	-
Interest from investments	(180)	(138)
Decrease/(increase) in stocks	60	36
(Increase)/decrease in debtors	(213)	(171)
(Decrease)/increase in creditors	(376)	(389)
Net cash (used in)/generated by operating activities	<u>(2,303)</u>	<u>(1,157)</u>

(b) Analysis of cash and cash equivalents

Cash in hand	-	12
Notice deposits (less than three months)	<u>2,484</u>	<u>4,820</u>
	<u>2,484</u>	<u>4,832</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

20. PENSION OBLIGATIONS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
---------------------------------------	----------------------	-------------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---	-----------------------	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31-Mar-24 (£'000s)	31-Mar-23 (£'000s)	31-Mar-22 (£'000s)
Present value of provision	18	38	59

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Year Ending 31 March 2024 (£'000s)	Year Ending 31 March 2023 (£'000s)
Provision at start of period	38	59
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(21)	(21)
Remeasurements - impact of any change in assumptions	-	(1)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	18	38

Income and expenditure impact

	Year Ending 31 March 2024 (£'000s)	Year Ending 31 March 2023 (£'000s)
Interest expense	1	1
Remeasurements – impact of any change in assumptions	-	(1)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2024 % per annum	31 March 2023 % per annum	31 March 2022 % per annum
Rate of discount	5.31	5.52	2.35

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

For details of the charity's other pension obligations, see note 7 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £19,000 (2023: £20,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £nil (2023: £4,000). During the year the charity incurred total costs of £187,000 (2023: £185,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £174,000 (2023: £159,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £638,000 (2023: £637,000) was also paid. At the year end, a balance of £169,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2023: £64,000 owed by the Pre-school Learning Alliance).

During the year the charity received £51,000 (2023: £33,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2023: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000
Income from:				
Donations		127	116	243
Investments		138	-	138
Charitable activities:	2			
Provision of care and education services		12,705	-	12,705
Outreach services for children and families		5,183	4,698	9,881
Sector support, membership and policy development		1,946	40	1,986
Other trading activities	3	1,059	-	1,059
Total Income		21,158	4,854	26,012
Expenditure on:				
Charitable activities:				
Provision of care and education services		14,506	-	14,506
Outreach services for children and families		4,871	4,646	9,517
Sector support, membership and policy development		2,511	113	2,624
Restructure costs				
Total Expenditure	4	21,888	4,759	26,647
Unrealised (loss)/gain on investments	11	(249)	(3)	(252)
Net (expenditure)/income		(979)	92	(887)
Actuarial gains on defined benefit pension schemes	20	21	-	21
Net movement in funds		(958)	92	(866)

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	21,158	-	-	21,158
Expenditure	(21,745)	(143)	-	(21,888)
Investment losses	(249)	-	-	(249)
Net expenditure before transfers	(836)	(143)	-	(979)
Gains on pension fund	-	-	21	21
Transfers between funds	(147)	147	-	-
Net (expenditure)/income for the year	(983)	4	21	(958)
Fund balances brought forward at 1 April 2021	5,383	1,073	(59)	6,397
Fund balances carried forward at 31 March 2023	4,400	1,077	(38)	5,439

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

	<i>Balance at 1 April 2022</i> £'000	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2023 £'000
Nursery redecoration fund	63	(3)	5	65
Fixed asset reserve	1,010	(140)	142	1,012
	1,073	(143)	147	1,077

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2022 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2023 £'000
A Better Start Southend	227	4,222	(4,305)	144
Community Connections North	-	34	(34)	-
Luton Flying Start	133	171	(175)	129
Flying Start Community Link Worker	-	196	(59)	137
Luton Safe at Home	-	72	(72)	-
James Reckitt Foundation	34	7	(11)	30
Parental Engagement	292	98	(53)	337
Other funds to support early years	33	21	(27)	27
Milton Keynes Community Hub	16	33	(23)	26
Milton Keynes Endowment Fund	26	-	(3)	23
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	761	4,854	(4,762)	853

(a) Purpose of funds

The purpose of each fund is set out in note 16.

PRE-SCHOOL LEARNING ALLIANCE

England & Wales - Charity number 1096526

Accounts

Charity number: 1096526
Company number: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023**

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YEAR ENDED 31 MARCH 2023**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2023**

The charity is known as the Early Years Alliance. The legal entity's name remains the Pre-school Learning Alliance.

BOARD OF TRUSTEES

The trustees of the Pre-school Learning Alliance are the charity's trustees under charity law and the directors of the charitable company. The members of the Board of Trustees who have held office during the year and to the date of signing this report are as follows:

Keith Appleyard (treasurer) **
Joanne Blank
Christine Cheshire * **
Emma Comer (appointed 12 April 2023)
David Gilbert (resigned 28 February 2023)
Sathushen Kukapalan (appointed 29 March 2023)
Lisa Maidment (resigned 28 February 2023)
Graham McMillan
Lorna Pendred (vice chair) **
Laura Perfetti (appointed 1 March 2023) *
Sarah Presswood (chair) *
Sophie Ross (resigned 28 February 2023)
Raymond Smith *
Claire Stebbings (resigned 15 September 2023)
Emma Wohl (appointed 1 March 2023)
Anna Wright (appointed 1 August 2023)

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:	Chief executive Director of people and technology Director of quality improvement Director of finance	Neil Leitch Paul Donaldson Michael Freeston Katharine Heeps
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BANKERS: National Westminster Bank plc
280 Bishopsgate
London, W1U 2AR

STATUTORY AUDITOR: Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

PRE-SCHOOL LEARNING ALLIANCE TRUSTEES' ANNUAL REPORT YEAR ENDED 31 MARCH 2023

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2023 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 18 to 21 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Charities SORP FRS102.

Objectives and activities

Our values and vision

The charity's core values guide our work:

The child - putting the child first to enhance the quality of education and care and family service delivery.

The parents - empowering parents and carers to be the foundation of and foster the development of their children.

We believe that the wellbeing and achievement of children should be a key priority for society. We will work with policy makers, parents, early years educators and children to achieve this end. We will support the early years workforce to carry out their vital work and gain the recognition they deserve.

Our charitable objects for the public benefit

Our charitable objects for the public benefit are set out in our Articles of Association. These include the promotion of the care, safety, education, health and wellbeing of children and young people; promotion of parental involvement in their education; provision of services to support children, young people and their families and carers; and provision of services to support organisations and individuals holding membership of the charity.

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in early years education and care. The charity's beneficiaries are the children and families who access our services and those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered online and in the workplace allowing students to earn and learn.

The trustees have given due regard to the guidance issued by the Charity Commission on public benefit principles and have reviewed all activities and plans outlined in this report to ensure that they comply with those principles. The trustees set objectives based on their assessment of the public need for early years education and care and the support needs of those caring for and working with young children and their families.

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering services for families, support and training programmes for our members and representing the wider early years sector.

We utilise our experience, expertise and authority to advocate on behalf of children and families to government agencies to secure policies that place children's needs at their core. We work in partnership with a range of organisations, our members and the wider sector to advocate for improvements in early years policy and provision.

We deliver affordable, flexible and high-quality early years provision through a portfolio of nurseries and pre-schools. These all operate around a core belief that parents are the first and foremost educators of their

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Objectives and activities (continued)

Our activities (continued)

children. Our parent partnership work empowers families and carers and gives them a greater involvement in their children's care and education.

The charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Achievement and performance

"The way we develop, through our experiences, relationships, and surroundings during our early childhood, fundamentally shapes our whole lives. It affects everything from our ability to form relationships and thrive at work, to our mental and physical well-being as adults and the way we parent our own children. These are the most preventative years. By focusing our collective time, energy, and resources to build a supportive, nurturing world around the youngest members of our society and those caring for them, we can make a huge difference to the health and happiness of generations to come". (Shaping Us, The Royal Foundation, 2023)

In January 2023 Her Royal Highness, the Princess of Wales, launched her Shaping Us campaign to raise public understanding of the crucial importance of the first five years of a child's life. We share the view that our society as a whole is responsible for building a more compassionate world in which our children can grow, learn and live. We work closely with the Foundation to extend awareness of the campaign and its aims. This collaboration included a visit from HRH the Princess of Wales to our Foxcubs Nursery in April 2023. The media interest generated supported our strategic plan objective to raise awareness of our high quality provision for children and families.

Our activities contribute to this agenda through the provision of care and education predominantly in disadvantaged areas and outreach support, often delivered in partnership with local authorities. Support for our members to lobby and advocate for change with local and national policy makers is also a key function.

Our achievements have been delivered despite continued sustainability concerns across the early years sector. In 2022 the Institute for Fiscal Studies found that prices facing early years providers have increased by 32% between 2018 and 2023, whilst funding for childcare offers is set to fall by 8% over the next two years.

Provision of care and education services

This year our nurseries delivered 1.46 million hours of funded early years care and education. 21.7% of three- and four-year-olds accessing our settings are eligible for Early Years Pupil Premium this is compared to the national average of 9.6%. To support staff wellbeing and retention we introduced a 100% discount for childcare for staff working in settings. Fifty staff are currently accessing this benefit.

A focus in all settings has been communication and language. This reflects national concern that children's communication continues to be impacted by the COVID-19 pandemic. The WellComm Tool is being used in our settings to identify and address children's communication needs. The focus on Communication and Language is reflected in The Woodside Centre's Ofsted Inspection report:

"The curriculum focuses on the importance of communication and early reading skills. Staff use books at every opportunity to complement specific learning. Staff sing and read at every opportunity. They model speaking and listening well, exposing children to new vocabulary and concepts. For example, children learn about 'over', 'under' and 'through'. Children demonstrate high levels of engagement and enjoyment during story sessions. A book-borrowing system supports reading at home." Woodside Centre December 2022

We were awarded DayNurseries.co.uk Top 20 Nursery Group 2023, based on the reviews given by families about the settings. Five of the settings achieved a top score of ten and our overall score as a group is 9.7.

"Ladywell Preschool has been an absolute gem for our child. The nurturing environment, dedicated teachers and enriching curriculum have exceeded our expectations. Our child has blossomed academically, socially and emotionally under the guidance of the outstanding staff. The individualised attention and strong parent-teacher communication have made us feel involved and supported."

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Achievement and performance (continued)

Outreach services for children and families

The cost-of-living crisis has impacted on many of the families who use our services. The Joseph Rowntree Foundation in 2022 reported, “*The pandemic added to existing uncertainties in the lives of families who could already find it hard to achieve [work and benefit] stability. These uncertainties are now compounded by the cost-of-living crisis, with rising prices, fear about how they can be managed, and feeling helpless to do anything about it.*”

To achieve our strategic objective to build on the successes we achieved in parent engagement developed during the pandemic, our staff have developed further the innovative and responsive approaches to children and family support.

The Best Start Early Years and Family Service in Lincolnshire delivered 12,622 sessions to 85,441 families. Support focused on parental confidence building and training and engagement with social and welfare benefits. For example, one colleague supported a family to use a benefit calculator which identified they were entitled to further support. Mum was overjoyed and said with that extra money she can now “*buy the children a couple of extra items and put the heating on a little bit more.*” Evaluation from parents benefiting from the children’s learning and development elements of the programme include:

“It has taught me how to interact with my baby with different sensory items. Also, understanding what ability and how my baby can see and what level she can understand play time. It has been a lovely group and exceeded my expectations as in the past I didn’t enjoy groups as I felt left out with other parents. This group everyone interacts together and makes you feel welcome!”

The impact of the A Better Start Southend (ABSS) programme, supported over ten years by The National Lottery Community Fund, was recognised in the Children and Young People Now Awards 2022. ABSS won both the Early Years Award, for its Talking Transitions project, helping children’s language and communication as they move into school and the Partnership Working Award. The latter award recognises the strong relationships and shared vision for local families that enables parents, community groups and statutory organisations to work together to create change through ABSS.

In 2022-23, the ABSS programme reached a total of 2,083 beneficiaries, an increase of 6.7% on the previous year. The proportion of those eligible to take part in ABSS activities who did take part has continued to rise year on year, and in 2022-23 reached 47.3%.

The programme’s YourFamily workers provide support to families across Southend. Group activities around topics such as childhood illnesses, oral health, antenatal support, and parental wellbeing have been delivered. One-to-one support helps families to achieve goals such as breastfeeding, weaning and establishing sleep routines, and helps parents identify and develop their strengths and skills. Since its inception in October 2021, some 1,084 families have joined YourFamily.

“I am a single mother to 3 children, one of whom has special needs. I have been in connection with YourFamily for a while now and they have helped me so much... from helping to fill in forms to helping with things for my son when I need and cannot afford to get them. Open ears and open hearts, these people are truly amazing.”

Our Flying Start team in Luton led the Starting Well Programme Pathway, funded by the Department of Health and Social Care. It had the overarching aim of reducing health inequalities for families in diverse communities and areas of high deprivation. 1,800 expectant mothers, mothers and their families were supported with the wider social detriments of health and wellbeing. A further 900 black or minoritised families and families from deprived areas, participated in targeted interventions of support in a baby’s critical first 1001 days.

The Birmingham Forward Steps report from Birmingham City Council (2023) demonstrated the value of our £100,000 Stay and Play support programme: “*We have completed an analysis of the contribution of the Community Stay and Plays to the Early Years system in Birmingham. The Community Stay and Plays make a huge contribution to children and families across Birmingham, equating to £2 million of provision.*”

Through our work in Birmingham children’s centres, and with support from Toys4Birmingham, we provided additional support for families in the run up to Christmas. We identified families most in need of support and distributed 200 toys and gifts through our stay and play sessions across the city.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Achievement and performance (continued)

Outreach services for children and families (continued)

Three family learning projects have been delivered in Durham focusing on healthy lifestyle choices. 265 children and their families have attended sessions, either in person or online. Evaluations showed over 90% of attendees said the programme had made a difference to their family. *"I have an autistic son and it is really difficult to get him to have healthier snack choices, but the sessions have given me lots of ideas to make fruit more interesting to him."*

Our Play and Learn project is working directly with 100 community-based baby and toddler groups in Bradford. This service offers support to reflect on current practice, maintain and improve quality and plan for the future developments. During 2022-23 over 780 visits and contacts to groups were made with 159 group leaders and volunteers being supported. 88 leaders/volunteers have accessed one or more training sessions.

The Department for Education (DfE) supported a programme which helped parents engage with their children's learning at home. 1,935 parents/carers attended sessions including *Getting Ready for School, Supporting Young Children's Personal, Social and Emotional Development* and *Making the Most of the Outdoors*. A highpoint was the online Family Learning Festival. 341 families attended across three days with sessions focused on communication and language, money-saving cookery ideas, baby massage and 50 things to do before you are five'. The DfE also supported workforce capacity building, developing skill and confidence of 114 educators to screen children for speech, language, and communication needs.

Sector support, membership and policy development

We are uniquely situated in the early years environment as a strategic partner with government, a nursery operator, training provider and membership organisation. We use this expertise, experience and reach to represent the early years sector to policy makers. Our campaign and policy work has focused on using research-based activity to highlight the impact of both long-term challenges and the ongoing cost-of-living crisis on England's early years sector.

In December 2022, shortly before the government announced the end of the Energy Bill Relief Scheme, we surveyed members on the impact of rising energy costs in settings. Seven in 10 nurseries and pre-schools said they would have no option but to increase parental fees while over one in 10 said these rising costs would likely force the permanent closure of their setting.

In February, we published a survey exploring the overall impact of the cost-of-living crisis on the sector. Of 1,156 respondents more than four in five (83%) stated that the level of government funding they receive for the three-and-four-year-old early entitlement offer is less than the cost of delivering places, while nearly three quarters (73%) said the same about the two-year-old offer.

Minds Still Matter, an update of our 2019 mental health survey Minds Matter, was published in May 2023. It explored the mental toll of Ofsted inspections and the overall mental health of the sector. More than eight in ten (81%) early educators reported being stressed about a work-related issue in the previous month. In February 2023, we launched the Fair Funding campaign to help early years providers lobby local politicians about the need for government to significantly increase sector funding.

Our work-based training provision offers tutor-support, blended, and on-line delivery offering career progression opportunities to achieve our strategic objective to promote early years as a rewarding career with a clear path of progression and development. 175 learners undertook courses to gain full and relevant early years qualification. 55 were apprentices, of which 44 apprentices were employed in our nurseries in the year following qualification programmes. Achievement rates are consistently high across all programmes; 94% success for education and training and 100% for apprenticeship End Point Assessment, with 62% gaining distinction grades. In total 284 online sessions were delivered to 2,690 attendees; (increases of 65% and 59% respectively on last year). The most popular events were Safeguarding designated person, Let's Talk the Learning Walk and Makaton Level 1.

56,932 online courses were accessed by early years educators through our partnership with Educare. These are free of charge to our members, covering a range of topics on all aspects of provision. The most popular courses were *Effective Safeguarding Practice, The Prevent Duty in the Early Years Environment* and *Understanding and addressing behaviour in the Early Years*.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Achievement and performance (continued)

Plans for the future

Our strengthened team of Children's Services Managers will support nursery teams to constantly improve the quality of our provision. We will ensure that every nursery is able to optimise income generation as the government expands financial support for nursery provision for children from the age of nine months.

We will use our position on the Government's SEND and Alternative Provision Implementation Plan working group to ensure the emerging SEND framework acknowledges and resources the key role played by early years educators in identifying and supporting children with additional learning needs.

As part of our 2021-24 strategic plan commitment to support children and vulnerable families' engagement with effective learning and development in the home we will deliver a Parental Engagement Project. Resources and support will be offered to parents and educators will be supported to engage positively with parents in settings. The project will set targets for practitioner and parental participation and evaluate its impact through the Alliance's outcome wheel self-assessment framework.

We will launch our first virtual reality training sessions, developed in collaboration with Metaverse limited. These allow practitioners to learn skills and knowledge on potential sensitive topics such as safeguarding, managing unwanted behaviour and child protection in simulated virtual environments. An initial suite of programmes will include simulations of the Ofsted Learning Walk, Nursery daily risk assessments and a successful first visit to a setting.

The pandemic and the cost-of-living crisis has refocused many nursery managers' and childminders' attention on the importance of providing a healthy, nutritious diet for children. Our Early Years Nutrition Support Programme will offer menu checks and consultancies, advice on providing a positive food environment and how food can be an excellent vehicle to deliver all seven areas of the EYFS curriculum.

As part of our commitment to give attention to securing racial and ethnic equality across our structures and activities, the training programme we have developed to ensure our staff are confident to become actively anti-racist will be made available to the wider early years sector.

These plans are set in the context of our commitment to sustainability and environmental protection. Trustees have contributed to the advancement of our Environmental, Sustainability and Governance agenda. They have undertaken training and led policy formulation in each area. They have championed the securing of ISO 14001 accreditation for our management system, evidencing our progress towards reducing the environmental impact of our activities.

Structure, governance and management

Governing document and membership

The charity is a company limited by guarantee governed by its Articles of Association. The charity's members undertake to pay no more than £1 towards the charity's assets in the event of the charity being wound up.

Board of Trustees

The Board of Trustees is the governing body of the Pre-school Learning Alliance. The Board of Trustees is the board of directors under company law. The trustees of the charity are also members of the charity.

The Board of Trustees is made up of between eight and twelve Elected Trustees and up to four Appointed Trustees. Elected Trustees are elected by the members and their names are presented at the annual general meeting (AGM) of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. Trustees are given a governance handbook and attend an induction training programme to introduce the responsibilities of their role including governance, policies and procedures. This is followed by training sessions throughout a trustee's term based on a skills audit.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Committees of the Board

The Nominations and Procedures Committee is responsible for ensuring that the charity's governing document and bye-laws are regularly reviewed and complied with. The committee identifies individuals on behalf of the Board of Trustees to stand as Appointed Trustees.

The Audit Committee ensures that there is an effective and transparent framework of accountability within the charity and monitors control and risk management systems. The Audit Committee and Nominations and Procedures Committee have agreed terms of reference and minutes are made available to the Board of Trustees. Co-opted members who are not themselves trustees serve on some of our committees and the trustees are grateful for the expertise, skills and experience that they bring.

The Board of Trustees is represented on the charity's Safeguarding Group. This group is responsible for oversight of all policies and procedures to ensure that the charity keeps all children and vulnerable adults safe and can respond to all safeguarding concerns.

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's governance structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in is compliant with the Code and that by monitoring their ways of working against each of the Code's seven principles, they are compliant. The Code is integral to the charity's governance handbook which is regularly reviewed and included in the trustee training programme. Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the Charity's continued improvement. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

The Board of Trustees appoints the Chief Executive who is given delegated authority to implement strategy and to run the charity efficiently. The Chief Executive and Strategic Management Team lead a consultation process that feeds into the charity's policy making, budgets and strategic plan. Once approved, trustees monitor implementation and progress against target at their quarterly meetings.

Remuneration of the charity's key management personnel is agreed by trustees with reference to the charity's Employment and Remuneration Policy.

STRATEGIC REPORT

Key risks and uncertainties

The Board of Trustees' risk management process identifies key events or incidents that could affect the charity's ability to achieve its aims. This process results in a record of the most significant internal and external risks facing the charity, the possible impact or consequence of each risk and the required action to mitigate it. The Board of Trustees seeks reasonable assurance that these risks have been adequately managed, and that appropriate procedures and controls are in place to identify, manage and mitigate the key risks as far as possible. Scrutiny of risk management is delegated by the Board of Trustees to the Audit Committee which reports to the Board after every meeting.

As a charity providing care for children, the trustees recognise that the key risk relates to injury or death of children whilst in our care. Strong safeguarding controls have been implemented and are regularly reviewed to ensure they mitigate the likelihood of this risk. Training and vetting of staff and clear policies create an effective safeguarding culture.

The increasing cost of employing staff, at a time of chronic underfunding in early years, is a risk both to the financial viability of the charity and to the strength of the early years sector. Continued challenges with the recruitment and retention of suitably qualified staff increases the risk to staff mental and physical wellbeing and has, in some instances, required reduction in delivery hours and temporary closures in order to ensure quality is maintained. We have reviewed the financial viability of each setting and developed a new framework.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Key risks and uncertainties (continued)

for maintaining high quality provision that can respond to expected changes to early years policy. This will result in improved leadership and management, sufficiently qualified, competent and confident staff teams, effective ongoing professional development and healthy work environments.

Financial review

Financial results

The consolidated Statement of Financial Activities for 2022-23 shows a net decrease in funds of £866,000 in the year. The decrease in funds is after unrealised investment losses of £252,000 and actuarial gains on the defined benefit pension scheme of £21,000.

Revenue for care and education places was £1 million less than the previous year. Staffing shortages have limited the number of early years places that we have been able to offer in some areas. This has resulted in financial margins being eroded. Funding rates have not kept pace with the cost of employing staff. This has led to financial losses across a number of settings.

Overall, local government grant and contract funding has increased by £375,000. A contract in Bradford which was new in 2022 has had a full year of delivery in 2023. We have been able to increase project delivery in Southend, Luton and Lewisham with new or increased contract funding.

The unrestricted deficit, before unrealised investment losses and actuarial gains, was £730,000 in the year. In the year, restricted funds increased by £92,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new donations of £116,000.

Financial health

The 2022-23 accounts reflect a strong performance from project delivery and services to support families and the charity's members. However, they also show the impact of reduced operating hours and temporary closures which resulted from recruitment challenges in our care and education settings. As the majority of the charity's care and education settings are in areas of deprivation and rely on early years funding to cover the cost of places, there is little opportunity to raise additional funds through the provision of additional places. The charity has taken the decision to cease to operate 12 settings in 2023-24. Steps have been taken to restructure operations to focus on those activities which have the potential to remain sustainable over the medium-term and a key consideration has been capacity of a setting to respond to the increased need for one- and two-year-old places when the government's 30 hour offer is introduced in September 2024. As outlined in the reserves policy, the charity's general fund is 5% below target.

Taking account of the charity's response to this year's results, cash balances at the signing date and the overall financial health of the charity, the trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Therefore, we have continued to adopt the going concern basis in preparing these financial statements.

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £4.4 million at 31 March 2023. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held at 31 March 2023 totalled £1 million. One other designated fund totalled £65,000. The negative designated pension reserve of £38,000 represents the shortfall in funding of The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2023. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Policies (continued)

Reserves policy (continued)

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors. At 31 March 2023 restricted funds held totalled £853,000. The movements on restricted funds are set out in note 16.

The reserves policy reflects the need to respond to changes to the major risks and to be able to meet the commitment of providing early years services to children and their families. The aim of the reserves policy is to hold adequate general funds to sustain charitable activities in the event of future income variation or increases in operational costs and to allow a managed review of operations and investment in development activities.

The reserves are reviewed annually to reassess the risks and reflect changes in activities, obligations and funding levels. The trustees recognise that the key income risks for the charity are linked to the long-term stability of the early years sector that makes up its membership and the continuation of funded early education places for two, three and four year olds. The Board of Trustees has established a policy which states that the most appropriate level of the general fund should be 25% of budgeted staff costs plus a provision against financial risks and pension liabilities.

The general reserves are currently £4,400,000 which is £260,000 below the target set by trustees of £4,660,000. Plans are in place to generate reserves that will meet the target level.

Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. The trustees' investment policy is to minimise risk to those assets because they largely represent working capital. Therefore, these funds are invested in low-risk cash deposits which are pooled and placed on overnight and term deposits. These funds are managed internally.

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2022-23 76% was held in equities and 24% in property/infrastructure. Return on investment was 1.4% (2022: 1.2%). Interest rates on bank deposits in 2022-23 was 0.15%. Average income earned from Common Investment Funds is 3.1% (2022: 2.9%).

During the year, the investment portfolio made unrealised losses of £252,000. Property valuations were impacted by high bond yields following the September 2022 fiscal statements. Equities recovered the losses experienced in a volatile first half of the year.

Employment and remuneration policy

The charity is a major employer within the early years sector. It is an equal opportunities employer and all employment related policies are developed in line with our vision and strategy. The charity provides a range of development opportunities, including coaching and mentoring to ensure that the talents of the workforce are fully utilised to support the achievement of the Alliance's goals. Regular policy and procedure reviews take place to ensure that the charity is able to meet its goals and employment law requirements.

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other training and development policies and activities within the organisation.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Policies (continued)

Employment and remuneration policy (continued)

After a rigorous process of assessment reviewed by Investors in People (IiP), the Alliance was awarded silver level *We Invest in People* accreditation and *We Invest in Wellbeing* accreditation. Achieving the IiP silver award recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. The wellbeing award recognises the work undertaken by the Alliance to promote a culture of wellbeing. Reassessment will take place in 2023. The Alliance introduced new healthy living and employee assistance programmes in 2022.

906 staff are employed by the charity within community projects, in the charity's early years settings, in support roles and as tutors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to encourage employees to provide ideas and suggestions. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are included in note 9 and related party transactions are disclosed in note 21 to the financial statements. The pay of the senior staff is reviewed annually, and any adjustments are subject to the performance of the charity overall. A pay review is conducted annually whereby salary levels are benchmarked against similar sized not for profit organisations.

Environmental policy

As a charity committed to supporting the futures of young children and families, the trustees are aware that the human causes of climate change pose a threat to children's livelihood and wellbeing. The charity promotes sustainable citizenship and ecological awareness through the early years curriculum and promotes active engagement of families in projects to raise environmental awareness. The charity has taken advice from external advisers to set new strategic targets to increase positive environmental impact and minimise the negative environmental footprint of the charity's activities and those of its supply chain.

Subsidiary companies

The financial statements included in this report represent the consolidated results of the charity and its subsidiary company, Pre-school Learning Alliance Trading Limited (PLAT).

The objective of PLAT is to promote the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £637,000 (2022: £650,000) was made in the year.

A summary of the company's trading results is set out in note 3 of the attached financial statements.

In July 2013, the charity made a subordinated loan of £50,000 to its trading subsidiary, PLAT, to ensure that the company fulfilled Financial Conduct Authority capital resource requirements. The loan was unsecured and does not bear interest and there were no set repayment terms in place.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under 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 the group and of the group's net incoming/outgoing resources for that period.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2023**

Statement of Trustees' Responsibilities (continued)

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 Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Financial statements and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The following statements have been affirmed by each of the trustees of the charitable company in office at the date of this report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 13 November 2023 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Sarah Presswood
Chair

Independent Auditor's Report to the Members of Pre-school Learning Alliance

Opinion

We have audited the financial statements of Pre-school Learning Alliance for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, 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 group 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 trustee's 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 or the group'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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 10 and 11 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 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 group and charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures

on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations included General Data Protection Regulation (GDPR), employment legislation, Health and Safety legislation, Ofsted standards and the Financial Conduct Authority (FCA) regulations in relation to the insurance business.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, agreeing income to contracts or other supporting evidence on a sample basis, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Ofsted and the FCA and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Julia Poulter
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

22 November 2023

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	<i>Total 2022 £'000</i>
Income from:					
Donations		127	116	243	179
Investments		138	-	138	115
Charitable activities:	2				
Provision of care and education services		12,705	-	12,705	13,797
Outreach services for children and families		5,183	4,698	9,881	9,210
Sector support, membership and policy development		1,946	40	1,986	1,983
Other trading activities	3	<u>1,059</u>	<u>-</u>	<u>1,059</u>	<u>1,062</u>
Total Income		<u>21,158</u>	<u>4,854</u>	<u>26,012</u>	<u>26,346</u>
Expenditure on:					
Charitable activities:					
Provision of care and education services		14,506	-	14,506	13,806
Outreach services for children and families		4,871	4,646	9,517	9,034
Sector support, membership and policy development		2,511	113	2,624	3,112
Total Expenditure	4	<u>21,888</u>	<u>4,759</u>	<u>26,647</u>	<u>25,952</u>
Unrealised (loss)/gain on investments	11	<u>(249)</u>	<u>(3)</u>	<u>(252)</u>	<u>334</u>
Net income/(expenditure)		<u>(979)</u>	<u>92</u>	<u>(887)</u>	<u>728</u>
Actuarial gains on defined benefit pension schemes	20	21	-	21	203
Net movement in funds		<u>(958)</u>	<u>92</u>	<u>(866)</u>	<u>931</u>
Reconciliation of funds:					
Fund balances brought forward at 1 April 2022		<u>6,397</u>	<u>761</u>	<u>7,158</u>	<u>6,227</u>
Fund balances carried forward at 31 March 2023		<u>5,439</u>	<u>853</u>	<u>6,292</u>	<u>7,158</u>

Included in restricted funds are endowment funds brought forward of £23,000 and carried forward of £26,000 (note 16).

The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2023**

	Notes	Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	10	1,012	1,010	1,012	1,010
Investments	11	4,205	4,457	4,205	4,457
		<u>5,217</u>	<u>5,467</u>	<u>5,217</u>	<u>5,467</u>
CURRENT ASSETS					
Stock	12	240	276	240	276
Debtors	13	716	545	691	534
Cash at bank and in hand		4,832	5,993	4,566	5,756
		<u>5,788</u>	<u>6,814</u>	<u>5,497</u>	<u>6,566</u>
CREDITORS – Amounts falling due within one year	14	<u>(4,675)</u>	<u>(5,064)</u>	<u>(4,384)</u>	<u>(4,816)</u>
NET CURRENT ASSETS		1,113	1,750	1,113	1,750
NET ASSETS – excluding pension liability		6,330	7,217	6,330	7,217
Defined benefit pension liability	20	(38)	(59)	(38)	(59)
		<u>6,292</u>	<u>7,158</u>	<u>6,262</u>	<u>7,158</u>
TOTAL NET ASSETS					
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		4,400	5,383	4,400	5,383
Pension reserve		(38)	(59)	(38)	(59)
Designated fund		1,077	1,073	1,077	1,073
	15	5,439	6,397	5,439	6,397
Restricted funds	16	<u>853</u>	<u>761</u>	<u>853</u>	<u>761</u>
TOTAL CHARITY FUNDS	17	<u>6,292</u>	<u>7,158</u>	<u>6,292</u>	<u>7,158</u>

The deficit for the parent undertaking alone amounted to £1,524,000 (2022: £79,000 surplus). Income for the parent undertaking alone amounted to £24,953,000 (2022: £25,284,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 13 November 2023 and signed on its behalf by



Sarah Presswood
Chair

The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	<i>2022</i> <i>£'000</i>
Net cash (used in)/from operating activities	19(a)	(1,157)	<i>1,478</i>
Cash flows from investing activities:			
Interest from investments		138	<i>115</i>
Purchase of equipment		(142)	<i>(164)</i>
Cash invested in year		<u>-</u>	<u>(610)</u>
Net cash used in investing activities		<u>(4)</u>	<u><i>(659)</i></u>
Change in cash and cash equivalents in the reporting period		(1,161)	<i>819</i>
Cash and cash equivalents at the beginning of the reporting period		5,993	<i>5,174</i>
Cash and cash equivalents at the end of the reporting period	19(b)	<u>4,832</u>	<u><i>5,993</i></u>

The notes on pages 18 to 41 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

The charity is a private limited company (registered number 4539003), which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the principal place of business is 50 Featherstone Street, London EC1Y 8RT. The financial statements include those of the charity's subsidiary company Pre-school Learning Alliance Trading Limited [registered number 2417619] which has been consolidated on a line-by-line basis.

The legal ownership of the freehold property occupied by the charity vests in the Pre-school Learning Alliance Property Trust Corporation, a nominee company limited by guarantee.

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date that the financial statements were approved. The trustees therefore continue to adopt the going concern basis in the preparation of its consolidated financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements is summarised below:

- Pension liabilities – The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 20.

(c) Recognition of income and expenditure

All income and expenditure has been recognised on the accruals basis except donations from member settings which are accounted for on a receipts basis and donated items and facilities. Membership subscriptions are recognised across the period in which membership services are provided.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

Grants and contracts received are recognised in line with service delivery when the conditions for receipt have been met. Where amounts received are made for service delivery in future accounting periods, they are deferred and recognised in those future periods. Grants for immediate financial support and receipts to reimburse costs previously incurred, are recognised immediately. Government grants which constitute exchange agreements are accounted for as unrestricted.

Donated services are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, ie what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as expenditure under the appropriate heading in the Statement of Financial Activities. No amounts are included for services donated by volunteers.

Grants awarded to institutions by the charity are recognised in the year in which the grant is formally approved and communicated in writing to the recipient, provided all conditions of award have been met.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All individual assets costing more than £500 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. No depreciation is charged in the year of acquisition. The principal estimated useful lives for this purpose are:

Freehold buildings	50 years
Leasehold building adaptations	Life of lease
CRM system	10 years
Equipment and vehicles	5 years
Computer equipment	3 years

(e) Investments

Investments held as fixed assets are stated at their mid-market value at the balance sheet date. Gains or losses on revaluation are taken to the statement of financial activities.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and cash and bank balances are initially recognised at transaction value. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss is charged to the Statement of Financial Activities. Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £5,216,000 (2022: £6,438,000), financial assets at fair value of £4,205,000 (2022 £4,457,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £2,265,000 (2022 £2,533,000).

(h) Funds

- (i) Unrestricted general funds are those funds available for the general purposes of the charity. The trustees consider that core grants received should be treated as unrestricted as their funding terms reflect the primary objects of the charity.
- (ii) Designated funds are funds transferred from the unrestricted fund for particular purposes or projects at the discretion of the trustees.
- (iii) Restricted funds are funds subject to specific conditions imposed by the donor and are binding on the trustees. Those funds, which are fundamental to the running of the charity, are disclosed separately on the face of the Statement of Financial Activities.

(i) Cost allocation

Costs are allocated to their functional categories on the following bases:

- (i) Provision of care and education services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (ii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Sector support, membership and policy development include staff costs and development of resources plus training delivery, e-learning software, helpline costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (iv) Governance costs are allocated in line with the level of activity undertaken.
- (v) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

(j) Pension costs

Contributions payable to the charity's defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. No liability has been included on the balance sheet for this scheme on the basis that it is immaterial. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

In addition, the charity participates in the Pension Trust's Growth Plan. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, the financial statements treat the scheme as a defined contribution scheme. Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

(l) Taxation

No taxation is payable due to the charitable status and nature of activities of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(m) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred on a straight-line basis.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2023		2022	
	Unrestricted funds £'000	Restricted funds £'000	Unrestricted funds £'000	Restricted funds £'000
Local government grants and contracts	3,637	-	3,262	-
Department for Education	344	-	281	-
DHSC Health and Wellbeing Fund	230	-	238	-
Big Lottery Fund	-	4,222	-	4,404
Other grant funding	11	516	-	318
Children's Centre funding	1,358	-	1,304	-
Nursery education and two-year-old funding	7,802	-	8,678	-
Fees for care and education	4,711	-	4,754	-
Training funding and fees	277	-	271	-
Services to early years providers	1,464	-	1,480	-
	19,834	4,738	20,268	4,722

The DHSC Health and Wellbeing Fund - Starting Well funds delivery of a perinatal pathway of targeted support for families, from diverse communities and areas of high deprivation in Luton. Income in the year was £230,000 and expenditure was £230,000.

3. INCOME FROM TRADING SUBSIDIARIES

The charity has a wholly owned trading subsidiary, Pre-school Learning Alliance Trading Limited (PLAT), which is registered in England and Wales. The charity has a holding of 7 ordinary shares of £1 each in PLAT (company number 2417619).

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 23. At 31 March 2023, PLAT was owed £64,000 by the charity (2022 – the charity owed £87,000 to PLAT).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

3. INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

Profit and loss account	Total 2023 £'000	<i>Total 2022 £'000</i>
Turnover	1,059	1,062
Cost of sales	<u>(250)</u>	<u>(253)</u>
Gross profit	809	809
Administrative expenses	<u>(172)</u>	<u>(159)</u>
Operating profit	637	650
Gift aid payment	<u>(637)</u>	<u>(650)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
 Balance sheet		
Total assets	404	384
Total liabilities	<u>(354)</u>	<u>(334)</u>
	<u>50</u>	<u>50</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

4. ANALYSIS OF EXPENDITURE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2023 £'000
Provision of care and education services		11,321	954	1,800	431	14,506
Outreach services for children and families		5,676	3,475	188	178	9,517
Sector support, membership and policy development		1,616	584	235	189	2,624
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL		18,613	5,013	2,223	798	26,647

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	Notes	<i>Staff costs (note 7) £'000</i>	<i>Resources and service delivery £'000</i>	<i>Premises, depreciation and IT £'000</i>	<i>Other £'000</i>	Total 2022 £'000
<i>Provision of care and education services</i>		<i>10,811</i>	<i>907</i>	<i>1,494</i>	<i>594</i>	13,806
<i>Outreach services for children and families</i>		<i>5,054</i>	<i>3,525</i>	<i>248</i>	<i>207</i>	9,034
<i>Sector support, membership and policy development</i>		<i>1,614</i>	<i>991</i>	<i>288</i>	<i>219</i>	3,112
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL		17,479	5,423	2,030	1,020	25,952

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

	Activities undertaken directly £'000	Support costs £'000	Total 2023 £'000
Provision of care and education services	12,946	1,560	14,506
Outreach services for children and families	8,309	1,208	9,517
Sector support, membership and policy development	1,152	1,472	2,624
	<u>22,407</u>	<u>4,240</u>	<u>26,647</u>

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	<i>Activities undertaken directly £'000</i>	<i>Support costs £'000</i>	Total 2022 £'000
<i>Provision of care and education services</i>	12,354	1,452	13,806
<i>Outreach services for children and families</i>	7,901	1,133	9,034
<i>Sector support, membership and policy development</i>	1,586	1,526	3,112
	<u>21,841</u>	<u>4,111</u>	<u>25,952</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

6. ALLOCATION OF SUPPORT COSTS

	Provision of care and education services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2023 £'000	Basis of allocation
Operational management	264	765	954	1,983	Level of activity
Finance and insurance	159	38	43	240	Level of activity
Governance	61	24	51	136	Level of activity
HR, training and recruitment	406	111	125	642	Level of activity
IT and premises	598	180	219	997	Level of activity
Irrecoverable VAT	72	90	80	242	Non-taxable income
Total	1,560	1,208	1,527	4,240	

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	<i>Provision of care and education services £'000</i>	<i>Outreach services for children and families £'000</i>	<i>Sector support, membership and policy development £'000</i>	Total 2022 £'000	<i>Basis of allocation</i>
<i>Operational management</i>	297	616	892	1,805	<i>Level of activity</i>
<i>Finance and insurance</i>	293	71	80	444	<i>Level of activity</i>
<i>Governance</i>	40	15	48	103	<i>Level of activity</i>
<i>HR, training and recruitment</i>	378	103	117	598	<i>Level of activity</i>
<i>IT and premises</i>	368	233	304	905	<i>Level of activity</i>
<i>Irrecoverable VAT</i>	76	95	85	256	<i>Non-taxable income</i>
Total	1,452	1,133	1,526	4,111	

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

7. STAFF COSTS

Total staff costs comprised:

	2023	<i>2022</i>
	£'000	<i>£'000</i>
Wages and salaries	16,288	<i>15,483</i>
Social security costs	1,242	<i>1,082</i>
Pension contributions	510	<i>511</i>
Agency staff	573	<i>403</i>
	<u>18,613</u>	<i><u>17,479</u></i>

The charity operates a money purchase pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. This scheme has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet. Therefore, the scheme has been accounted for as a defined contribution scheme and contributions have been charged to the Statement of Financial Activities in the period to which they relate. In addition, the charity participates in the Pension Trust's Growth Plan. See note 20 for further details.

The average number of employees during the year and analysed by activity, was:

	2023	<i>2022</i>
	Number	<i>Number</i>
Provision of care and education services	731	<i>752</i>
Outreach services for children and families	147	<i>177</i>
Membership, sector support and campaigning	64	<i>113</i>
Operational support	42	<i>41</i>
	<u>984</u>	<i><u>1,083</u></i>

The average number of staff calculated on a full-time equivalent basis was 641 (2022: 633).

The number of employees who received emoluments greater than £60,000 in the following ranges were:

	2023	<i>2022</i>
	Number	<i>Number</i>
£60,001 - £70,000	2	<i>-</i>
£70,001 - £80,000	3	<i>4</i>
£80,001 - £90,000	-	<i>-</i>
£100,001 - £110,000 *	1	<i>1</i>

* This employee receives no salary or pension from the charity. This is a donated service accounted for in line with the policy as set out in note 1(c).

Pension contributions of £16,515 (2022: £13,269) were made by the charity in respect of the remaining six (2022: four) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to eight key personnel (2022: eight) who were part of the Operational Management Group during the year was £664,000 (2022: £612,000). This figure includes one salary that has been accounted for as a donated service.

Total redundancy payments of £93,000 (2022: £88,000) were made in the year to 26 members of staff. Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2023 £87,000 (2022: £68,000) was paid in the year and £6,000 was accrued (2022: £20,000 accrued).

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £10,295 (2022 – £8,328).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £635,000 is after charging:

	2023	<i>2022</i>
	£'000	<i>£'000</i>
Operating lease expense	579	<i>607</i>
Depreciation	140	<i>121</i>
Statutory audit	43	<i>32</i>
Tax accounting	3	<i>6</i>

9. TRUSTEES' REMUNERATION AND EXPENSES

No remuneration was paid directly or indirectly out of the funds of the charity to any trustee or to any person or persons known to be connected with any of them.

During the year, eight (2022: 0) of the charity's trustees received reimbursement of travel and subsistence costs of £1,349 (2022: £nil).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

10. TANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings £'000	Leasehold building adaptations £'000	Equipment, vehicles & furniture £'000	CRM system £'000	Computer equipment £'000	Total £'000
Cost						
At 1 April 2022	419	1,768	467	546	364	3,564
Additions	-	-	6	76	60	142
Disposals	-	-	(164)	-	(201)	(365)
At 31 March 2023	419	1,768	309	622	223	3,341
Accumulated depreciation						
At 1 April 2022	118	1,696	450	38	252	2,554
Charge for the year	8	59	-	46	27	140
Disposals	-	-	(164)	-	(201)	(365)
At 31 March 2023	126	1,755	286	84	78	2,329
Net book value						
At 31 March 2023	293	13	23	538	145	1,012
<i>At 31 March 2022</i>	<i>301</i>	<i>72</i>	<i>17</i>	<i>508</i>	<i>112</i>	<i>1,010</i>

All of the tangible fixed assets are principally used for direct charitable purposes.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

11. FIXED ASSET INVESTMENTS

Group and charity

Market value	2023	2022
	£'000	£'000
At 1 April 2022	4,457	3,513
Purchases	-	610
(Loss)/gain on revaluation	<u>(252)</u>	<u>334</u>
At 31 March 2023	<u>4,205</u>	<u>4,457</u>

The charity's investments are analysed as follows:

Unit trusts (Milton Keynes Fund, note 16)	23	26
COIF Charities Property Fund	581	690
COIF Charities Investment Fund	2,458	2,555
COIF Charities Global Equity Fund	1,136	1,178
Accumulation shares	<u>7</u>	<u>8</u>
	<u>4,205</u>	<u>4,457</u>

12. STOCK

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Publications and resource centre goods	<u>240</u>	<u>276</u>	<u>240</u>	<u>275</u>

13. DEBTORS – Due within one year

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	14	67	3	67
Other debtors	48	111	48	100
Prepayments	332	99	332	99
Accrued income	<u>322</u>	<u>268</u>	<u>308</u>	<u>268</u>
	<u>716</u>	<u>545</u>	<u>691</u>	<u>534</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2023	<i>2022</i>	2023	<i>2022</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	665	<i>570</i>	665	<i>570</i>
Amounts due to group undertakings	-	-	64	<i>87</i>
Taxation and social security	488	<i>494</i>	488	<i>494</i>
Deferred income	1,925	<i>2,037</i>	1,570	<i>1,702</i>
Accruals	1,476	<i>1,952</i>	1,476	<i>1,952</i>
Other creditors	121	<i>11</i>	121	<i>11</i>
	<u>4,675</u>	<i><u>5,064</u></i>	<u>4,384</u>	<i><u>4,816</u></i>

Total deferred income comprised:

	<i>1 April</i>	Released	Income	31 March
	<i>2022</i>	during the	deferred	2023
	<i>£'000</i>	year	£'000	£'000
		<i>£'000</i>		
Subscriptions received in advance	735	(735)	514	514
Grants and service level agreements	923	(927)	1,012	1,012
Other sundry deferred income	379	(379)	399	399
	<u>2,037</u>	<i><u>(2,037)</u></i>	<u>1,925</u>	<u>1,925</u>

Agency funds received and paid in the year were:

	<i>1 April</i>	Received	Paid	31 March
	<i>2022</i>	during the	during the	2023
	<i>£'000</i>	year	year	£'000
		<i>£'000</i>	<i>£'000</i>	
Payroll services	35	(2,269)	2,231	(3)
Other agency	4	(193)	201	12
	<u>39</u>	<i><u>(2,462)</u></i>	<u>2,432</u>	<u>9</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	21,158	-	-	21,158
Expenditure	(21,745)	(143)	-	(21,888)
Investment gains	(249)	-	-	(249)
Net expenditure before transfers	(836)	(143)	-	(979)
Gains on pension fund	-	-	21	21
Transfers between funds	(147)	147	-	-
Net (expenditure)/income for the year	(983)	4	21	(958)
Fund balances brought forward at 1 April 2022	5,383	1,073	(59)	6,397
Fund balances carried forward at 31 March 2023	4,400	1,077	(38)	5,439

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

	<i>Balance at 1 April 2022 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2023 £'000
Nursery redecoration fund	63	(3)	5	65
Fixed asset reserve	1,010	(140)	142	1,012
	1,073	(143)	147	1,077

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2022 £'000</i>	Income £'000	Expenditure/ unrealised loss £'000	Balance carried forward at 31 March 2023 £'000
A Better Start Southend	227	4,222	(4,305)	144
Community Connections North	-	34	(34)	-
Luton Flying Start	133	171	(175)	129
Flying Start Community Link Worker	-	196	(59)	137
Luton Safe at Home	-	72	(72)	-
James Reckitt Foundation	34	7	(11)	30
Parental Engagement	292	98	(53)	337
Other funds to support early years	33	21	(27)	27
Milton Keynes Community Hub	16	33	(23)	26
Milton Keynes Endowment Fund	26	-	(3)	23
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	761	4,854	(4,762)	853

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) A Better Start Southend is funded by the National Lottery Community Fund. The A Better Start programme works with Southend City Council and partner organisations to help parents in Southend give their children a better start in life. [Reference - ABS/1/10086648]
- (ii) The Community Connections North programme is funded as part of Building Better Opportunities by the European Social Fund and the National Lottery Community Fund. Support is tailored specifically to individual needs, whatever and however complex they may be. Outcomes for individuals are to develop their confidence, gain experience and feel connected to their community, with the ultimate goal to help them find employment.
- (iii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iv) The National Lottery Community Fund is funding the Flying Start Community Link Worker project to offer all children in Luton a range of early years interventions, via innovative co-production models based on early learning emerging from A Better Start Southend - the Your Family programme model.
- (v) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (vi) The James Reckitt Foundation provides funding to the Alliance to make a positive difference to families in the Hull area through family learning opportunities.
- (vi) The Parental Engagement project is funded by donations to provide resources and professional development for early years professionals and to promote the importance of parents' engagement in their child's learning.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

- (vii) The Milton Keynes Community Hub is funded by the Milton Keynes Charity Shop (Kingston) Ltd and provides direct support services to the Milton Keynes Early Years Community. This includes: telephone support and advice, access to network events, training and workshops for PVI settings and families. Alliance representation on Milton Keynes Schools Forum means that early years matters locally that are of concern to PVI settings are raised.
- (viii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (ix) Other funds to support early years pay for projects where the donor has specified the geographical location of the targeted support.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2023 £'000	<i>Total 2022 £'000</i>
Tangible fixed assets	-	1,012	-	-	1,012	<i>1,010</i>
Investments	4,182	-	-	23	4,205	<i>4,457</i>
Current assets	4,394	65	-	1,329	5,788	<i>6,814</i>
Current liabilities	(4,176)	-	-	(499)	(4,675)	<i>(5,064)</i>
Pension liability	-	-	(38)	-	(38)	<i>(59)</i>
	<u>4,400</u>	<u>1,077</u>	<u>(38)</u>	<u>853</u>	<u>6,292</u>	<i><u>7,158</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

18. OTHER FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases:

	2023	2022
	£'000	£'000
Land and buildings		
Expiry date:		
Within 1 year	558	600
Between 2 and 5 years	684	1,286
In more than 5 years	-	145
	<u>1,242</u>	<u>2,031</u>
Hire of plant and machinery:		
Expiry date:		
Within 1 year	21	7
Between 2 and 5 years	48	17
	<u>69</u>	<u>24</u>

19. CASH FLOW STATEMENT

(a) Reconciliation of net expenditure to net cash flow from operating activities

	2023	2022
	£'000	£'000
Net income/(expenditure) for the reporting period	(887)	728
Adjustments for:		
Depreciation charges	140	121
Losses/(gains) on investments	252	(334)
Loss on disposal of tangible fixed assets	-	10
Interest from investments	(138)	(115)
Decrease/(increase) in stocks	36	(16)
(Increase)/decrease in debtors	(171)	111
(Decrease)/increase in creditors	(389)	973
Net cash (used in)/generated by operating activities	<u>(1,157)</u>	<u>1,478</u>

(b) Analysis of cash and cash equivalents

Cash in hand	12	14
Notice deposits (less than three months)	4,820	5,978
	<u>4,832</u>	<u>5,992</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

20. PENSION OBLIGATIONS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
---------------------------------------	----------------------	-------------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---	-----------------------	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31-Mar-23 (£'000s)	31-Mar-22 (£'000s)	31-Mar-21 (£'000s)
Present value of provision	38	59	262

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Year Ending 31 March 2023 (£'000s)	Year Ending 31 March 2022 (£'000s)
Provision at start of period	59	262
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(21)	(66)
Remeasurements - impact of any change in assumptions	(1)	(2)
Remeasurements - amendments to the contribution schedule	-	(136)
Provision at end of period	38	59

Income and expenditure impact

	Year Ending 31 March 2023 (£'000s)	Year Ending 31 March 2022 (£'000s)
Interest expense	1	1
Remeasurements – impact of any change in assumptions	(1)	(2)
Remeasurements – amendments to the contribution schedule	-	(136)
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

For details of the charity's other pension obligations, see note 7 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £20,000 (2022: £18,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £4,000 (2022: £2,000). During the year the charity incurred total costs of £185,000 (2022: £185,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £159,000 (2022: £144,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £637,000 (2022: £650,000) was also paid. At the year end, a balance of £64,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2022: £87,000 owed by the Pre-school Learning Alliance).

During the year the charity received £33,000 (2022: £15,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2022: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
Income from:				
Donations		132	47	179
Investments		115	-	115
Charitable activities:	2			
Provision of care and education services		13,797	-	13,797
Outreach services for children and families		4,504	4,706	9,210
Sector support, membership and policy development		1,967	16	1,983
Other trading activities	3	1,062	-	1,062
Total Income		21,577	4,769	26,346
Expenditure on:				
Charitable activities:				
Provision of care and education services		13,806	-	13,806
Outreach services for children and families		4,377	4,657	9,034
Sector support, membership and policy development		3,053	59	3,112
Restructure costs				
Total Expenditure	4	21,236	4,716	25,952
Unrealised (loss)/gain on investments	11	334	-	334
Net (expenditure)/income		675	53	728
Actuarial gains on defined benefit pension schemes	20	203	-	203
Net movement in funds		878	53	931

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	21,577	-	-	21,577
Expenditure	(21,098)	(138)	-	(21,236)
Investment losses	334	-	-	334
Net expenditure before transfers	813	(138)	-	675
Gains on pension fund	-	-	203	203
Transfers between funds	(184)	184	-	-
Net (expenditure)/income for the year	629	46	203	878
Fund balances brought forward at 1 April 2021	4,754	1,027	(262)	5,519
Fund balances carried forward at 31 March 2022	5,383	1,073	(59)	6,397

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

	<i>Balance at 1 April 2020 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2021 £'000
Nursery redecoration fund	50	(17)	30	63
Fixed asset reserve	977	(121)	154	1,010
	<u>1,027</u>	<u>(138)</u>	<u>184</u>	<u>1,073</u>

Nursery redecoration fund – reserves set aside to cover the cost of redecorating early years settings owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2021 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2022 £'000
A Better Start Southend	140	4,404	(4,317)	227
Community Connections North	-	39	(39)	-
Luton Flying Start	173	185	(225)	133
Luton Safe at Home	-	77	(77)	-
James Reckitt Foundation	14	20	-	34
Parental Engagement	274	28	(10)	292
Other funds to support early years	65	-	(32)	33
Milton Keynes Community Hub	16	16	(16)	16
Milton Keynes Endowment Fund	26	-	-	26
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	708	4,769	(4,716)	761

(a) Purpose of funds

The purpose of each fund is set out in note 16.

PRE-SCHOOL LEARNING ALLIANCE

England & Wales - Charity number 1096526

Accounts

Charity number: 1096526
Company number: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022**

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YEAR ENDED 31 MARCH 2022**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2022**

The charity is known as the Early Years Alliance. The legal entity's name remains the Pre-school Learning Alliance.

BOARD OF TRUSTEES

The trustees of the Pre-school Learning Alliance are the charity's trustees under charity law and the directors of the charitable company. The members of the Board of Trustees who have held office during the year and to the date of signing this report are as follows:

Keith Appleyard
Joanne Blank*
Christine Cheshire *
David Gilbert * (Vice Chair)
Lisa Maidment
Graham McMillan
Lorna Pendred **
Sarah Presswood **
Sophie Ross (Chair) * **
Raymond Smith
Claire Stebbings

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:

Chief executive	Neil Leitch
Director of people and technology	Paul Donaldson
Director of quality improvement	Michael Freeston
Director of finance	Katharine Heeps

BANKERS: National Westminster Bank plc
280 Bishopsgate
London, W1U 2AR

STATUTORY AUDITOR: Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2022**

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2022 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Charities SORP FRS102.

Objectives and activities

Our values and vision

The charity's core values guide our work:

The child - putting the child first to enhance the quality of education and care and family service delivery.

The parents - empowering parents to be the foundation of and foster the development of their children.

We believe that the wellbeing and achievement of children should be a key priority for society. We will work with policy makers, parents, early years educators and children to achieve this end. We will support the early years workforce to carry out their vital work and gain the recognition they deserve.

Our charitable objects for the public benefit

Our charitable objects for the public benefit are set out in our Articles of Association. These include the promotion of the care, safety, education, health and wellbeing of children and young people; promotion of parental involvement in their education; provision of services to support children, young people and their families and carers; and provision of services to support organisations and individuals holding membership of the charity.

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in early years education and care. The charity's beneficiaries are the children and families who access our services and those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered online and in the workplace allowing students to earn and learn. As we emerge from the COVID-19 pandemic we have taken steps to ensure our services help address the learning and development impacts of the restrictions of the last two years.

The trustees have given due regard to the guidance issued by the Charity Commission on public benefit principles and have reviewed all activities and plans outlined in this report to ensure that they comply with those principles. The trustees set objectives based on their assessment of the public need for early years education and care and the support needs of those caring for and working with young children and their families.

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering early intervention and family services programmes, supporting, advising and representing our members and through high quality provision in our own nurseries and pre-schools.

We utilise our experience, expertise and authority to advocate on behalf of children and families to government agencies working to secure policies that place children's needs at their core. We work in partnership with a range of organisations, our members and the wider sector to advocate for improvements in early years policy and provision.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Objectives and activities (continued)

Our activities (continued)

Our vocational, literacy and other skill-based training courses provide opportunities for young people and adults to undertake or develop careers in early years and many wider roles.

The Alliance delivers affordable, flexible and high-quality early years provision through its portfolio of nurseries and pre-schools. These all operate around a core belief that parents are the first and foremost educators of their children. Our parent partnership work empowers parents and gives them a greater involvement in their children's care and education.

The charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Achievement and performance

Two is too late! We spend billions on challenges in society from lack of school readiness to bullying to poor mental health to addictions and criminality; and further billions on conditions such as obesity, diabetes, and congenital heart disease. Yet, the building blocks for lifelong emotional and physical health are laid down in the period from conception to the age of two and we don't give this critical period the focus it deserves. Prevention isn't only kinder, but it's also much cheaper than cure – what happens to an infant in the 1,001 critical days is all about prevention, and a strong, supportive policy framework in this area can truly change our society for the better, while saving billions for taxpayers (Rt Hon Andrea Leadsom MP. The Best Start for Life (March 2021)

This foreword to Ms Leadsom's report to parliament, on behalf of the Secretary of State for Health and Social Care, outlines the moral and economic case for government to prioritise support for children in their earliest years. The Alliance endorses this view and focusses its strategic and operational objectives to support children and families during this critical period of a child's life.

We contribute to this vital agenda through the provision of care and education in predominantly disadvantaged areas, outreach support, often delivered in partnership with local authorities, consultation with our members, and lobbying of local and national policy makers. The charity's activities and achievements have been delivered despite continued sustainability concerns across the early years sector.

Provision of care and education services

The Alliance manages 64 registered early years settings, mostly in areas of economic and/or social disadvantage. We are currently providing 3,060 funded places for children at our settings, which amounts to 1.8 million hours of funded delivery out of a total of 2.8 million hours delivered. All settings are rated as good or outstanding by Ofsted, outperforming the sector average of 97%. The COVID-19 pandemic continued to disrupt nursery provision throughout most of the year.

We are proud of the commitment and dedication shown by our early years educators. They provided services for children as infection rates peaked and staff infection levels were high. Staff across our settings have focused on the personal, social and emotional development of children, knowing the impact that the pandemic has had on this cohort of children. Reviews left by parents during this time highlight how important it was for parents to see how happy and settled their children were and how much the support offered to parents was appreciated. For example:

"My daughter has been attending Seashells for a year now, and we have nothing but praise for the nursery and staff. My child is on the autism spectrum, and the level of support she receives is excellent. Staff are kind and knowledgeable, and I know she is in safe and caring hands."

"I am so happy we decided to send our little boy to Little Palms. He has additional needs and finds it so hard to adapt to change. Little Palms have been amazing on every level. The support that Little Palms provides me as a parent is amazing, I suffer myself from anxiety and I feel so comfortable talking to them about situations that may have happened without feeling judged at all."

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Provision of care and education services (continued)

95% of our settings are rated 9/10 or higher based on reviews by parents and carers on *daynurseries.co.uk*, the leading early years providers website.

All of our settings place a strong emphasis on engaging parents to support their children's learning and development. For example, Happitots and Arbury nurseries have successfully engaged parents and children in tree planting activities with the support of the Woodland Trust. These activities help parents to meet each other and develop their own friendship/support networks whilst also encouraging parents to try planting activities with their children at home. The manager at Puddlebrook has set up a weekly baby and toddler group for local parents which provides informal support for parents and acts as a feeder to formal pre-school provision.

Projects which link our settings to the community are becoming ever more essential as the cost of living crisis intensifies. Examples of support include the continued use of the Fair Share scheme to provide food and toiletries to families, children's clothes swaps and book and toy libraries.

Outreach services for children and families

Our staff have identified that many of the new services introduced during the pandemic will have lasting benefits for families beyond the period of lockdown restrictions, particularly for those with multiple challenges. Our Children's Centre staff and outreach workers now routinely blend in-person support with on-line provision, extending access to services and ensuring they meet families' needs and circumstances. The Alliance has seen demand for its support services increase as the pressure on families intensify.

This increase reflects the findings of the Nuffield Foundation, who in May 2022 reported that:

'Pressures on many parents of young children have been increasing over the last 20 years and have intensified during the pandemic. Some of these pressures are financial and will be increased further by the cost of living crisis, putting young children's well-being and development at risk. (Time for parents. Nuffield Foundation 2022 part of the Changing face of early childhood in Britain series)

12,826 early years support sessions were provided to families through our Best Start Early Years and Family Service in Lincolnshire. There was an increase in the number of families accessing outreach provision from 55.3% to 58.2% showing the need of services for families. Parents reported that:

"My son loves his sessions, smiling beginning to giggle, can tell he can recognise the songs in the sessions with his facial reactions, he also recognises other children and the centre lead [name withheld] is fab, she is so friendly and helpful with ideas.[She] keeps the sessions really engaging for the children."

"[The educator] has been a great help and I really like working with her. I feel able to be very, very honest about my whole situation. She has started working with me to help me bond with my child. We spend a lot more 'mummy and child time', playing and going to the park. He smiles a lot more. The support I have had from the [staff] has given me the confidence to book a train for myself and my child to go and visit my nanna."

The project's skills development officers supported 352 parents on a bespoke pathway in supporting parents with children age 0-5 years to access confidence building programmes, access training, receive support with CV writing and applying for job vacancies.

"I am not sure where I would be today if it wasn't for the advice and kindness that you showed me, you have never once judge me or made me feel less of a mum or a person. All you ladies really do not know the support you give to so many, even by being yourselves"

"I don't know how I would have coped at times without the support of the other parents and staff. [The Educator] has been incredible."

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Outreach services for children and families (continued)

Across the year the Alliance made on average 350 a month Keep In Touch contacts to parents. Communication was via phone calls, emails and texts, any route necessary to sustain engagement and ensure families were provided support and advice at the time they needed it outside of session provision.

Our A Better Start Southend (ABSS) programme, supported over 10 years by National Lottery Community Fund has seen a variety of impacts arising from the pandemic and cost of living crisis.

The ABSS programme reached a total of 1,953 beneficiaries, a 13% increase on the previous year. The 8.4% drop in new beneficiaries, experienced during the pandemic is now recovering, with a total of 1,040 new beneficiaries attending activities in 2021/22, an increase of 10.1% on the previous year.

The programme's *YourFamily* workers attend local food banks to offer support to families in urgent need, with concerns about finances frequently mentioned alongside specific child-focused topics. They co-facilitate a monthly project which provides clothes and other essentials for 0-4year olds, and attendance has increased significantly over the last two months.

"I feel more confident in myself and in my ability to parent my children well now and I believe a large part of this is because of the opportunities I've had through ABSS."

"I'm really grateful to ABSS for everything they've helped me and my family learn and achieve and I am so proud to have this in my community."

DfE support funded the First and Foremost programme's support for parents to engage in their children's learning and development. 62 parents attended Let's Learn Together@Home on-line courses of 5 weekly sessions and 296 attended one off sessions. Parents reported:

"Thank you for all the super great ideas and knowledge on the course. I'm currently training to be a childminder and it's been such a great way of extending my learning and has given me awesome ideas for activities I could do with the children."

The programme also continued to train and support early years educators to screen children for speech and language communication delay. 51 educators in total were training who went on to screen 374 children, of which 162 needed targeted support. This model of in-setting identification and meeting of needs is increasingly necessary as specialist referral services such as Speech and Language Therapists are evermore stretched.

"This has been an amazing opportunity to really define children's levels of need within communication and language, the programme is invaluable, we feel much more confident in using the tools, to make more accurate assessments, that are backed up with outcomes."

Sector support, membership and policy development

The Alliance is uniquely situated in the early years environment as a strategic partner with government, a nursery operator, training provider and membership organisation. We use this expertise, experience and reach to represent the early years sector to policy makers.

Our campaign and policy work has focused on using research-based activity to highlight the scale of the financial and practical challenges facing the early years sector. In December 2021, we published *Breaking Point*, reporting on the early years recruitment and retention crisis. More than eight in ten settings reported finding it difficult to recruit staff, over a third of respondents were actively considering leaving the sector, and one in six believed that staffing shortages are likely to force their setting to close permanently within a year.

Our 2022 Week of Play focused on 'Playing for the Planet' demonstrating how educators and families can teach sustainability to children through play. The programme, supported by a range of partners, including Lego and Froebel Trust, provided resources to 1,621 beneficiaries.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Sector support, membership and policy development (continued)

Too Little Too Late Launched in March 2022 to coincide with the publication of the government's SEND Green Paper, focused on the financial challenges faced by providers supporting children with special educational needs and disabilities (SEND). It found that 92% of providers have had to fund additional support for children with SEND out of their own pockets, with 53% saying they do so 'regularly', while 40% said they don't receive funding specifically to support SEND provision.

In June 2022, the Alliance launched the #WeAreEducators campaign: a positive, empowering campaign that aims to help those working in the early years highlight to parents, local communities and policymakers the unique importance of the early years, and the role that our workforce plays in shaping children's lives. 1,000 early years professionals signed up for the campaign in the first week and it has received support from the Duchess of Cambridge's Royal Foundation Centre for Early Childhood.

Comments from members and the wider sector in support of our campaigning activities include:

"Thank you to the Early Years Alliance for using your powerful voice to raise awareness of issues early years settings face in giving the right support to children with SEND at the right time,"

"Thank you for your ongoing voice of reason and endeavour to bring fairness for the early years sector".

We provide a range of services to support early years and family practitioners, ensuring that they are operating within statutory and regulatory frameworks. This includes free policy updates and information guides, a specialist early years information service, legal helpline, training, and tailored professional development support packages.

The Strong Early Years London programme commissioned by Mayor of London delivered business development advice and consultancy to 1,606 practitioners from 1,344 settings and childminder provisions across the capital. 93 % of those accessing support said they had learned something new and 90% said they would take actions as a result of the session. Independent feedback evaluation was positive:

"We accessed support about moving from an unincorporated charity. The information gained was clear and helped us to identify where to start and the process step by step, which means we will be able to do this by ourselves and save us money."

"It's definitely given us the tools to be able to get our finances in order and see where we are losing money."

The Alliance's work-based training provision offers tutor-support, blended, and on-line delivery. 130 learners undertook courses with the Alliance to gain full and relevant early years qualification. 56 apprentices were enrolled on Alliance training programmes of which 45 apprentices were employed in our nurseries in the year, following qualification programmes to further their careers. 15 apprentices successfully completed their learning programme at either level 2 or 3. Of these 9 completed the new Standards apprenticeship which includes End Point Assessment, requiring them to evidence how their new knowledge and skills will improve their practice. All have achieved distinction in their end point assessment. The Alliance supported the government's Kickstart initiative, offering 64 young people internships in our settings. On completion of their placements, 8 stayed with us to become apprentices. On-line training for early educators has developed dramatically through free to attend Connect sessions and more in-depth, paid for, Spotlights and Virtual Classrooms.

In total 180 sessions were delivered to 2,690 attendees. The most popular events were *Looking forward to the new EYFS, Let's Talk, The Learning Walk, and The Language of Feeling: how to support emotional literacy*

Our partnership with Educare made available, free of charge, online courses on a range of topics, including those designed to help managers and staff cope with the additional stresses of the pandemic. 49,441 practitioners accessed the training materials between April 2021 to March 2022, including 2,830 who accessed the wellbeing courses. The most popular courses were *Effective Safeguarding Practice, The Prevent Duty in the Early Years Environment* and *Getting to Grips with the EYFS*.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Plans for the future

As part of our 2021-24 strategic plan commitment to support children and vulnerable families' engagement with effective learning and development in the home we will launch a Parental Engagement Project. Over three years it will develop and deliver resources and support direct to parents and develop practitioners' ability to engage positively with parents in settings. The project will set targets for practitioner and parental participation and evaluate its impact through the Alliance's outcome wheel self-assessment framework.

We will launch our first virtual reality training sessions, developed in collaboration with Metaverse limited. These allow practitioners to learn skills and knowledge on potential sensitive topics such as safeguarding, managing unwanted behaviour and child protection in safe, virtual environments. Training resources and materials will also be developed to help early years practitioners ensure their provision is inclusive and actively anti-racist.

The pandemic and the cost of living crisis has refocused many nursery managers' and childminders' attention on the importance of a healthy, nutritious diet. Our Early Years Nutrition Partnership programme will offer menu checks and consultancies, advice on providing a positive food environment and how food can be an excellent vehicle to deliver all seven areas of the EYFS curriculum.

These plans are all set in the context of our commitment to sustainability and environmental protection, revitalising the work paused during the pandemic. Greater attention will also be paid to securing racial and ethnic equality across our structures, activities and the wider sector.

Structure, governance and management

Governing document and membership

The charity is a company limited by guarantee governed by its Articles of Association. The charity's members undertake to pay no more than £1 towards the charity's assets in the event of the charity being wound up.

Board of Trustees

The Board of Trustees is the governing body of the Pre-school Learning Alliance. The Board of Trustees is the board of directors under company law. The trustees of the charity are also members of the charity.

The Board of Trustees is made up of between eight and twelve Elected Trustees and up to four Appointed Trustees. Elected Trustees are elected by the members and their names are presented at the annual general meeting (AGM) of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. New trustees are given an induction pack on election or appointment. This is followed by an induction and training programme based on a skills audit which is carried out every three years between the election and commencement of office.

Committees of the Board

The Nominations and Procedures Committee is responsible for ensuring that the charity's governing document and bye-laws are regularly reviewed and complied with. The committee identifies individuals on behalf of the Board of Trustees to stand as Appointed Trustees.

The Audit Committee ensures that there is an effective and transparent framework of accountability within the charity and monitors control and risk management systems. The Audit Committee and Nominations and Procedures Committee have agreed terms of reference and minutes are made available to the Board of Trustees. Co-opted members who are not themselves trustees serve on some of our committees and the trustees are grateful for the expertise, skills and experience that they bring.

The Board of Trustees is represented on the charity's Safeguarding Group. This group is responsible for oversight of all policies and procedures to ensure that the charity keeps all children and vulnerable adults safe and can respond to all safeguarding concerns.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in the Articles of Association, bye laws, code of conduct and terms of reference are compliant with the Code. Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the Charity's continued improvement. The trustees recognise the importance of the Code and will introduce a programme of continuous review. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

The Board of Trustees appoints the Chief Executive who is given delegated authority to implement strategy and to run the charity efficiently. The Chief Executive and Senior Management Team lead a consultation process that feeds into the charity's policy making, budgets and strategic plan. Once approved, trustees monitor implementation and progress against target at their quarterly meetings.

Remuneration of the charity's key management personnel is agreed by trustees with reference to the charity's Employment and Remuneration Policy.

STRATEGIC REPORT

Key risks and uncertainties

The Board of Trustees' risk management process identifies key events or incidents that could affect the charity's ability to achieve its aims. This process results in a record of the most significant internal and external risks facing the charity, the possible impact or consequence of each risk and the required action to mitigate it. The Board of Trustees seeks reasonable assurance that these risks have been adequately managed, and that appropriate procedures and controls are in place to identify, manage and mitigate the key risks as far as possible. Scrutiny of risk management is delegated by the Board of Trustees to the Audit Committee which reports to the Board after every meeting.

As a charity providing care for children, the trustees recognise that the key risk relates to injury or death of children whilst in our care. Strong safeguarding controls have been implemented and are regularly reviewed to ensure they mitigate the likelihood of this risk. Training and vetting of staff and clear policies create an effective safeguarding culture.

The increasing cost of employing staff, at a time when income from funded places is failing to keep pace, is a risk both to the financial viability of the charity and to the strength of the early years sector. This comes at a time when morale in the sector is low following the pandemic and recruitment and retention of staff has become an increasing risk. The charity is reviewing and refreshing how it engages with and rewards staff in a number of ways to seek to mitigate this risk.

A growing area of risk is cybersecurity threats to early years settings. Internally, the charity has introduced new cyber-attack prevention measures and testing and has developed a cyber-attack response plan. We are working with the Department for Education to consider how the wider early years sector can be supported to counter this threat.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Financial review

Financial results

The consolidated Statement of Financial Activities for 2021-22 shows a net increase in funds of £931,000 in the year. The increase in funds is after unrealised investment gains of £334,000 and actuarial gains on the defined benefit pension scheme of £203,000.

Revenue for care and education places was £1.58 million more than the previous year as the sector started to recover from the period of pandemic closures. While the overall financial recovery was stronger than anticipated, in some areas, staffing shortages have limited the number of places in early years provision that we have been able to offer.

The grant income for the A Better Start programme in Southend increased by £1.7 million. Of this, £1 million represents a return to pre-pandemic face-to-face programme delivery. The remaining increase reflects growth of the programme with new projects. Overall, local government grant and contract funding has remained consistent. A new contract in Bradford has resulted in an increase of contract funding. Grant funding has decreased because we received some one-off grants and furlough support in 2020-21 to help the charity to manage the pandemic.

Unrestricted surplus, before unrealised investment gains, was £341,000 in the year. The 2020-21 financial year included an operational restructure and this has put the charity in a stronger financial position to face the current economic challenges.

In the year, restricted funds increased by £53,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new donations of £47,000.

Financial health

The 2021-22 accounts show the impact of measures that the charity took in the previous year to respond to the pandemic with a new structure that is able to operate in a difficult funding environment. The majority of the charity's early years settings are in areas of deprivation and rely on early years funding to cover the cost of places as there is little opportunity to raise additional funds through the provision of additional places or levying fees. During the pandemic, the charity demonstrated its ability to adapt and adopt new, remote delivery models. Face-to-face delivery is returning in most areas of family support but remote delivery of training for and engagement with the early years sector has resulted in new funding streams in 2021-22. As outlined in the reserves policy, the charity's general fund is 7% above target.

Taking account of this year's results, cash balances at the signing date and the overall financial health of the charity following the incredibly challenging pandemic period, the trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Therefore, we have continued to adopt the going concern basis in preparing these financial statements.

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £5.4 million at 31 March 2022. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held at 31 March 2022 totalled £1 million. One other designated fund totalled £63,000. The negative designated pension reserve of £59,000 represents the shortfall in funding of The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2022. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Policies (continued)

Reserves policy (continued)

At 31 March 2022 restricted funds held totalled £761,000. The movements on restricted funds are set out in note 16.

The reserves policy reflects the need to respond to changes to the major risks and to be able to meet the commitment of providing early years services to children and their families. The aim of the reserves policy is to hold adequate general funds to sustain charitable activities in the event of future income variation or increases in operational costs and to allow a managed review of operations and investment in development activities.

The reserves are reviewed annually to reassess the risks and reflect changes in activities, obligations and funding levels. The trustees recognise that the key income risks for the charity link to the long-term stability of the early years sector that makes up its membership and the continuation of funded early education places for two, three and four year olds. The Board of Trustees has established a policy which states that the most appropriate level of the general fund should be 25% of budgeted staff costs plus a provision against financial risks and pension liabilities.

The general reserves are currently £5,383,000 which is £364,000 above the target set by trustees of £5,019,000.

Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. The trustees' investment policy is to minimise risk to those assets because they largely represent working capital. Therefore, these funds are invested in low-risk cash deposits which are pooled and placed on overnight and term deposits. These funds are managed internally.

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2021-22 76% was held in equities and 24% in property/infrastructure. Return on investment was 1.2% (2021: 1.1%). Interest rates on bank deposits in 2021-22 was 0.03%. Average income earned from Common Investment Funds is 2.9% (2021: 3.2%).

During the year, the investment portfolio made unrealised gains of £334,000 despite a fall in value in the fourth quarter of £179,000 as events in Ukraine became the dominant factor in market movement.

Employment and remuneration policy

The charity is a major employer within the early years sector. It is an equal opportunities employer and all employment related policies are developed in line with our vision and strategy. The charity provides a range of development opportunities, including coaching and mentoring to ensure that the talents of the workforce are fully utilised to support the achievement of the Alliance's goals. Regular policy and procedure reviews take place to ensure that the charity is able to meet its goals and employment law requirements.

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other training and development policies and activities within the organisation. After a rigorous process of assessment reviewed by Investors in People (IIP), the Alliance has been awarded silver level We Invest in People accreditation and We Invest in Wellbeing accreditation. Achieving the IIP silver award recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. The wellbeing award recognises the work undertaken by the Alliance to promote a culture of wellbeing.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Employment and remuneration policy (continued)

The charity appointed 64 nursery trainees through the Governments Kickstart Scheme. Following completion of the scheme several participants entered an apprenticeship programme with the Alliance to obtain their early years qualification. Some participants have been retained either as permanent staff member or on our flexible staff bank list.

1,050 staff are employed by the charity at its national and training centres, within community projects, in the charity's children's centres and nurseries and as tutors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to encourage employees to provide ideas and suggestions. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are included in note 9 and related party transactions are disclosed in note 21 to the financial statements. The pay of the senior staff is reviewed annually, and any adjustments are subject to performance of the charity overall. A pay review is conducted periodically whereby salary levels are benchmarked against similar sized not for profit organisations.

Environmental policy

As a charity committed to supporting the futures of young children and families, the trustees are aware that the human causes of climate change pose a threat to children's livelihood and wellbeing. The charity promotes sustainable citizenship and ecological awareness through the early years curriculum and promotes active engagement of families in projects to raise environmental awareness. The charity has taken advice from external advisers to set new strategic targets to increase positive environmental impact and minimise the negative environmental footprint of the charity's activities and those of its supply chain.

Subsidiary companies

The financial statements included in this report represent the consolidated results of the charity and its subsidiary company, Pre-school Learning Alliance Trading Limited (PLAT).

The objective of PLAT is to promote of the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £650,000 (2021: £388,000) was made in the year. In 2020-21, there was a change to the way in which commission income is accounted for which resulted in a one-off reduction in the commission income in the subsidiary company's results.

A summary of the company's trading results is set out in note 3 of the attached financial statements.

In July 2013, the charity made a subordinated loan of £50,000 to its trading subsidiary, PLAT, to ensure that the company fulfilled Financial Conduct Authority capital resource requirements. The loan was unsecured and does not bear interest and there were no set repayment terms in place.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under 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 the group and of the group's net incoming/outgoing resources for that period.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Statement of Trustees' Responsibilities (continued)

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 Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Financial statements and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The following statements have been affirmed by each of the trustees of the charitable company in office at the date of this report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 22 September 2022 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

Sophie Ross
Chair

Independent Auditor's Report to the Members of Pre-school Learning Alliance

Opinion

We have audited the financial statements of Pre-school Learning Alliance for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, 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 group 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 trustee's 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 or the group'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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial

- statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 11 and 12 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 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 group and charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we

considered in this context for the UK operations included General Data Protection Regulation (GDPR), employment legislation, Health and Safety legislation, Ofsted standards and the Financial Conduct Authority (FCA) regulations in relation to the insurance business.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, agreeing income to contracts or other supporting evidence on a sample basis, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Ofsted and the FCA and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Julia Poulter
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

29 September 2022

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	<i>Total 2021 £'000</i>
Income from:					
Donations		132	47	179	253
Investments		115	-	115	105
Charitable activities:	2				
Provision of care and education services		13,797	-	13,797	12,217
Outreach services for children and families		4,504	4,706	9,210	7,427
Sector support, membership and policy development		1,967	16	1,983	2,094
Other trading activities	3	<u>1,062</u>	<u>-</u>	<u>1,062</u>	<u>751</u>
Total Income		<u>21,577</u>	<u>4,769</u>	<u>26,346</u>	<u>22,847</u>
Expenditure on:					
Charitable activities:					
Provision of care and education services		13,806	-	13,806	13,177
Outreach services for children and families		4,377	4,657	9,034	7,257
Sector support, membership and policy development		3,053	59	3,112	3,240
Total Expenditure	4	<u>21,236</u>	<u>4,716</u>	<u>25,952</u>	<u>23,674</u>
Unrealised gain on investments	11	<u>334</u>	<u>-</u>	<u>334</u>	<u>527</u>
Net income/(expenditure)		675	53	728	(300)
Actuarial gains on defined benefit pension schemes	20	203	-	203	48
Net movement in funds		<u>878</u>	<u>53</u>	<u>931</u>	<u>(252)</u>
Reconciliation of funds:					
Fund balances brought forward at 1 April 2021		<u>5,519</u>	<u>708</u>	<u>6,227</u>	<u>6,479</u>
Fund balances carried forward at 31 March 2022		<u>6,397</u>	<u>761</u>	<u>7,158</u>	<u>6,227</u>

Included in restricted funds are endowment funds brought forward of £26,000 and carried forward of £26,000 (note 16).

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2022**

	Notes	Group		Charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	10	1,010	977	1,010	977
Investments	11	4,457	3,513	4,457	3,513
		<u>5,467</u>	<u>4,490</u>	<u>5,467</u>	<u>4,490</u>
CURRENT ASSETS					
Stock	12	276	260	276	259
Debtors	13	545	656	534	640
Cash at bank and in hand		5,993	5,174	5,756	4,947
		<u>6,814</u>	<u>6,090</u>	<u>6,566</u>	<u>5,846</u>
CREDITORS – Amounts falling due within one year	14	<u>(5,064)</u>	<u>(4,091)</u>	<u>(4,816)</u>	<u>(3,847)</u>
NET CURRENT ASSETS		1,750	1,999	1,750	1,999
NET ASSETS – excluding pension liability		7,217	6,489	7,217	6,489
Defined benefit pension liability	20	(59)	(262)	(59)	(262)
		<u>7,158</u>	<u>6,227</u>	<u>7,158</u>	<u>6,227</u>
TOTAL NET ASSETS		<u>7,158</u>	<u>6,227</u>	<u>7,158</u>	<u>6,227</u>
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		5,383	4,754	5,383	4,754
Pension reserve		(59)	(262)	(59)	(262)
Designated fund		1,073	1,027	1,073	1,027
	15	<u>6,397</u>	<u>5,519</u>	<u>6,397</u>	<u>5,519</u>
Restricted funds	16	<u>761</u>	<u>708</u>	<u>761</u>	<u>708</u>
TOTAL CHARITY FUNDS	17	<u>7,158</u>	<u>6,227</u>	<u>7,158</u>	<u>6,227</u>

The surplus for the parent undertaking alone amounted to £79,000 (2021: £688,000 deficit). Income for the parent undertaking alone amounted to £25,284,000 (2021: £22,096,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 22 September 2022 and signed on its behalf by

Sophie Ross
Chair

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £'000	2021 £'000
Net cash (used in)/from operating activities	19(a)	1,478	<i>(1,673)</i>
Cash flows from investing activities:			
Interest from investments		115	<i>105</i>
Purchase of equipment		(164)	<i>(221)</i>
Cash invested in year		(610)	<i>(134)</i>
Net cash generated used in investing activities		(659)	<i>(250)</i>
Change in cash and cash equivalents in the reporting period		819	<i>(1,923)</i>
Cash and cash equivalents at the beginning of the reporting period		5,174	<i>7,097</i>
Cash and cash equivalents at the end of the reporting period	19(b)	<u>5,993</u>	<i><u>5,174</u></i>

The notes on pages 19 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the revaluation of investments, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

The charity is a private limited company (registered number 4539003), which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the principal place of business is 50 Featherstone Street, London EC1Y 8RT. The financial statements include those of the charity's subsidiary company Pre-school Learning Alliance Trading Limited [registered number 2417619] which has been consolidated on a line-by-line basis.

The legal ownership of the freehold property occupied by the charity vests in the Pre-school Learning Alliance Property Trust Corporation, a nominee company limited by guarantee.

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date that the financial statements were approved. The trustees therefore continue to adopt the going concern basis in the preparation of its consolidated financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements is summarised below:

- Pension liabilities – The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 20.

(c) Recognition of income and expenditure

All income and expenditure has been recognised on the accruals basis except donations from member settings which are accounted for on a receipts basis and donated items and facilities. Membership subscriptions are recognised across the period in which membership services are provided.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

Grants and contracts received are recognised in line with service delivery when the conditions for receipt have been met. Where amounts received are made for service delivery in future accounting periods, they are deferred and recognised in those future periods. Grants for immediate financial support and receipts to reimburse costs previously incurred, are recognised immediately. Government grants which constitute exchange agreements are accounted for as unrestricted.

Donated services are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, ie what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as expenditure under the appropriate heading in the Statement of Financial Activities. No amounts are included for services donated by volunteers.

Grants awarded to institutions by the charity are recognised in the year in which the grant is formally approved and communicated in writing to the recipient, provided all conditions of award have been met.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All individual assets costing more than £500 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. No depreciation is charged in the year of acquisition. The principal estimated useful lives for this purpose are:

Freehold buildings	50 years
Leasehold building adaptations	Life of lease
CRM system	10 years
Equipment and vehicles	5 years
Computer equipment	3 years

(e) Investments

Investments held as fixed assets are stated at their mid-market value at the balance sheet date. Gains or losses on revaluation are taken to the statement of financial activities.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and cash and bank balances are initially recognised at transaction value. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss is charged to the Statement of Financial Activities. Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £6,438,000 (2021: £5,604,000), financial assets at fair value of £4,457,000 (2021 £3,513,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £2,533,000 (2021 £1,736,000).

(h) Funds

- (i) Unrestricted general funds are those funds available for the general purposes of the charity. The trustees consider that core grants received should be treated as unrestricted as their funding terms reflect the primary objects of the charity.
- (ii) Designated funds are funds transferred from the unrestricted fund for particular purposes or projects at the discretion of the trustees.
- (iii) Restricted funds are funds subject to specific conditions imposed by the donor and are binding on the trustees. Those funds, which are fundamental to the running of the charity, are disclosed separately on the face of the Statement of Financial Activities.

(i) Cost allocation

Costs are allocated to their functional categories on the following bases:

- (i) Training and policy development costs comprise staff costs, course costs and attributable overheads in line with the level of activity undertaken.
- (ii) Provision of care and education services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iv) Membership, sector support and campaigning include staff costs and resources plus conference costs, printing and distribution costs, helpline costs, public relations costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (v) Governance costs are allocated in line with the level of activity undertaken.
- (vi) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

(j) Pension costs

Contributions payable to the charity's defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. This scheme has been treated as multi-employer schemes for the purposes of FRS 102 as it is not possible to identify the charity's share of assets and liabilities. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

In addition, the charity participates in the Pension Trust's Growth Plan. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore the financial statements treat the scheme as a defined contribution scheme. Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

(l) Taxation

No taxation is payable due to the charitable status and nature of activities of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(m) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred on a straight-line basis.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2022		2021	
	Unrestricted funds £'000	Restricted funds £'000	Unrestricted funds £'000	Restricted funds £'000
Local government grants and contracts	3,262	-	3,281	-
Department for Education	281	-	472	-
DHSC Health and Wellbeing Fund	238	-	-	-
Big Lottery Fund	-	4,404	-	2,685
Other grant funding	-	318	122	360
Children's Centre funding	1,304	-	1,601	-
Nursery education and two-year-old funding	8,678	-	8,744	-
Fees for care and education	4,754	-	2,785	-
Training funding and fees	271	-	256	-
Services to early years providers	1,480	-	1,426	6
	20,268	4,722	18,687	3,051

The DHSC Health and Wellbeing Fund - Starting Well funds delivery of a perinatal pathway of targeted support for families, from diverse communities and areas of high deprivation in Luton.

3. INCOME FROM TRADING SUBSIDIARIES

The charity has a wholly owned trading subsidiary, Pre-school Learning Alliance Trading Limited (PLAT), which is registered in England and Wales. The charity has a holding of 7 ordinary shares of £1 each in PLAT (company number 2417619).

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 25. At 31 March 2022, PLAT was owed £87,000 by the charity (2021 – the charity owed £2,000 to PLAT).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

3. INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

Profit and loss account	Total 2022 £'000	<i>Total 2021 £'000</i>
Turnover	1,062	751
Cost of sales	<u>(253)</u>	<u>(195)</u>
Gross profit	809	556
Administrative expenses	<u>(159)</u>	<u>(168)</u>
Operating profit	650	388
Gift aid payment	<u>(650)</u>	<u>(388)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
 Balance sheet		
Total assets	384	295
Total liabilities	<u>(334)</u>	<u>(295)</u>
	<u>50</u>	<u>50</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

4. ANALYSIS OF EXPENDITURE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2022 £'000
Provision of care and education services		10,811	907	1,494	594	13,806
Outreach services for children and families		5,054	3,525	248	207	9,034
Sector support, membership and policy development		1,614	991	288	219	3,112
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL		17,479	5,423	2,030	1,020	25,952

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2021 £'000
<i>Provision of care and education services</i>		10,356	695	1,555	571	13,177
<i>Outreach services for children and families</i>		4,489	2,287	447	34	7,257
<i>Sector support, membership and policy development</i>		1,980	476	375	409	3,240
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL		16,825	3,458	2,377	1,014	23,674

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2022 £'000
Provision of care and education services	12,354	-	1,452	13,806
Outreach services for children and families	7,901	-	1,133	9,034
Sector support, membership and policy development	1,586	-	1,526	3,112
	<u>21,841</u>	<u>-</u>	<u>4,111</u>	<u>25,952</u>

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	<i>Activities undertaken directly £'000</i>	<i>Grant funding of activities £'000</i>	<i>Support costs £'000</i>	Total 2021 £'000
<i>Provision of care and education services</i>	11,647	-	1,530	13,177
<i>Outreach services for children and families</i>	5,788	-	1,469	7,257
<i>Sector support, membership and policy development</i>	1,554	33	1,653	3,240
	<u>18,989</u>	<u>33</u>	<u>4,652</u>	<u>23,674</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

6. ALLOCATION OF SUPPORT COSTS

	Provision of care and education services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2022 £'000	Basis of allocation
Operational management	297	616	892	1,805	Level of activity
Finance and insurance	293	71	80	444	Level of activity
Governance	40	15	48	103	Level of activity
HR, training and recruitment	378	103	117	598	Level of activity
IT and premises	368	233	304	905	Level of activity
Irrecoverable VAT	76	95	85	256	Non-taxable income
Total	1,452	1,133	1,526	4,111	

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	<i>Provision of care and education services £'000</i>	<i>Outreach services for children and families £'000</i>	<i>Sector support, membership and policy development £'000</i>	Total 2021 £'000	Basis of allocation
<i>Operational management</i>	<i>204</i>	<i>725</i>	<i>827</i>	<i>1,756</i>	<i>Level of activity</i>
<i>Finance and insurance</i>	<i>348</i>	<i>136</i>	<i>146</i>	<i>630</i>	<i>Level of activity</i>
<i>Governance</i>	<i>26</i>	<i>19</i>	<i>17</i>	<i>62</i>	<i>Level of activity</i>
<i>HR, training and recruitment</i>	<i>410</i>	<i>113</i>	<i>127</i>	<i>650</i>	<i>Level of activity</i>
<i>IT and premises</i>	<i>403</i>	<i>358</i>	<i>443</i>	<i>1,204</i>	<i>Level of activity</i>
<i>Irrecoverable VAT</i>	<i>139</i>	<i>118</i>	<i>93</i>	<i>350</i>	<i>Non-taxable income</i>
Total	1,530	1,469	1,653	4,652	

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

7. STAFF COSTS

Total staff costs comprised:

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Wages and salaries	15,483	<i>15,218</i>
Social security costs	1,082	<i>1,070</i>
Pension contributions	511	<i>453</i>
Agency staff	403	<i>84</i>
	<u>17,479</u>	<i><u>16,896</u></i>

The charity operates a money purchase pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. This scheme has been treated as a multi-employer scheme for the purposes of FRS 102 as the charity's share of assets and liabilities are immaterial to the charity's balance sheet. Therefore, the scheme has been accounted for as a defined contribution scheme and contributions have been charged to the Statement of Financial Activities in the period to which they relate. In addition, the charity participates in the Pension Trust's Growth Plan. See note 20 for further details.

The average number of employees during the year and analysed by activity, was:

	2022	<i>2021</i>
	Number	<i>Number</i>
Provision of care and education services	752	<i>762</i>
Outreach services for children and families	177	<i>173</i>
Membership, sector support and campaigning	113	<i>175</i>
Operational support	41	<i>40</i>
	<u>1,083</u>	<i><u>1,150</u></i>

The average number of staff calculated on a full-time equivalent basis was 633 (2021: 681).

The number of employees who received emoluments greater than £60,000 in the following ranges were:

	2022	<i>2021</i>
	Number	<i>Number</i>
£60,001 - £70,000	-	<i>1</i>
£70,001 - £80,000	4	<i>4</i>
£100,001 - £110,000 *	1	<i>1</i>

* This employee receives no salary or pension from the charity. This is a donated service accounted for in line with the policy as set out in note 1(c).

Pension contributions of £13,269 (2021: £13,269) were made by the charity in respect of the remaining four (2021: five) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to eight key personnel (2021: seven) who were part of the Operational Management Group during the year was £612,000 (2021: £577,000). This figure includes one salary that has been accounted for as a donated service.

The total redundancy payments made in the year were £88,000 (2021: £244,000). Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2022 £68,000 (2021: £216,000) was paid in the year and £20,000 (2021: £28,000) was accrued.

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £8,328 (2021 – £8,812).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £827,000 is after charging:

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Operating lease expense	607	<i>629</i>
Depreciation	121	<i>98</i>
Statutory audit	32	<i>31</i>
Tax accounting	6	<i>3</i>

9. TRUSTEES' REMUNERATION AND EXPENSES

No remuneration was paid directly or indirectly out of the funds of the charity to any trustee or to any person or persons known to be connected with any of them.

During the year, none (2021: 0) of the charity's trustees received reimbursement of travel and subsistence costs (2021: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

10. TANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings £'000	Leasehold building adaptations £'000	Equipment, vehicles & furniture £'000	CRM system £'000	Computer equipment £'000	Total £'000
Cost						
At 1 April 2021	419	1,768	518	471	509	3,685
Additions	-	-	1	75	88	164
Disposals	-	-	(52)	-	(233)	(285)
At 31 March 2022	419	1,768	467	546	364	3,564
Accumulated depreciation						
At 1 April 2021	111	1,628	499	-	470	2,708
Charge for the year	7	68	3	38	5	121
Disposals	-	-	(52)	-	(223)	(275)
At 31 March 2022	118	1,696	450	38	252	2,554
Net book value						
At 31 March 2022	301	72	17	508	112	1,010
<i>At 31 March 2021</i>	<i>308</i>	<i>140</i>	<i>19</i>	<i>471</i>	<i>39</i>	<i>977</i>

All of the tangible fixed assets are principally used for direct charitable purposes.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

11. FIXED ASSET INVESTMENTS

Group and charity

Market value	2022	2021
	£'000	£'000
At 1 April 2021	3,513	2,852
Purchases	610	134
Gain/(loss) on revaluation	334	527
	<u>4,457</u>	<u>3,513</u>
At 31 March 2022	<u>4,457</u>	<u>3,513</u>

The charity's investments are analysed as follows:

Unit trusts (Milton Keynes Fund, note 16)	26	26
COIF Charities Property Fund	690	601
COIF Charities Investment Fund	2,555	1,791
COIF Charities Global Equity Fund	1,178	1,087
Accumulation shares	8	8
	<u>4,457</u>	<u>3,513</u>

12. STOCK

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Publications and resource centre goods	<u>276</u>	<u>260</u>	<u>275</u>	<u>259</u>

13. DEBTORS – Due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	67	-	67	-
Other debtors	111	84	100	68
Prepayments	99	226	99	226
Accrued income	268	346	268	346
	<u>545</u>	<u>656</u>	<u>534</u>	<u>640</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	570	<i>258</i>	570	<i>258</i>
Amounts due to group undertakings	-	-	87	<i>2</i>
Taxation and social security	494	<i>737</i>	494	<i>737</i>
Deferred income	2,037	<i>1,618</i>	1,702	<i>1,366</i>
Accruals	1,952	<i>1,361</i>	1,952	<i>1,361</i>
Other creditors	11	<i>117</i>	11	<i>123</i>
	<u>5,064</u>	<i><u>4,091</u></i>	<u>4,816</u>	<i><u>3,847</u></i>

Total deferred income comprised:

	<i>1 April</i>	Released during the year	Income deferred	31 March
	<i>2021</i>	<i>£'000</i>	<i>£'000</i>	2022
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	£'000
Subscriptions received in advance	<i>648</i>	<i>(648)</i>	<i>735</i>	735
Grants and service level agreements	<i>687</i>	<i>(687)</i>	<i>923</i>	923
Other sundry deferred income	<i>283</i>	<i>(283)</i>	<i>379</i>	379
	<i><u>1,618</u></i>	<i><u>(1,618)</u></i>	<i><u>2,037</u></i>	<u>2,037</u>

Agency funds received and paid in the year were:

	<i>1 April</i>	Received during the year	Paid during the year	31 March
	<i>2021</i>	<i>£'000</i>	<i>£'000</i>	2022
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	£'000
Payroll services to early years providers	<i>(55)</i>	<i>(2,213)</i>	<i>2,303</i>	35
Other agency	<i>(3)</i>	<i>(192)</i>	<i>199</i>	4
	<i><u>(58)</u></i>	<i><u>(2,405)</u></i>	<i><u>2,502</u></i>	<u>39</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	21,577	-	-	21,577
Expenditure	(21,098)	(138)	-	(21,236)
Investment gains	334	-	-	334
Net expenditure before transfers	813	(138)	-	675
Gains on pension fund	-	-	203	203
Transfers between funds	(184)	184	-	-
Net (expenditure)/income for the year	629	46	203	878
Fund balances brought forward at 1 April 2021	4,754	1,027	(262)	5,519
Fund balances carried forward at 31 March 2022	5,383	1,073	(59)	6,397

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

	<i>Balance at 1 April 2021 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2022 £'000
Nursery redecoration fund	50	(17)	30	63
Fixed asset reserve	977	(121)	154	1,010
	<u>1,027</u>	<u>(138)</u>	<u>184</u>	<u>1,073</u>

Nursery redecoration fund – reserves set aside to cover the cost of redecorating nurseries and pre-schools owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2021 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2022 £'000
A Better Start Southend	140	4,404	(4,317)	227
Community Connections North	-	39	(39)	-
Luton Flying Start	173	185	(225)	133
Luton Safe at Home	-	77	(77)	-
James Reckitt Foundation	14	20	-	34
Parental Engagement	274	28	(10)	292
Other funds to support early years	65	-	(32)	33
Milton Keynes Community Hub	16	16	(16)	16
Milton Keynes Endowment Fund	26	-	-	26
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	708	4,769	(4,716)	761

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) A Better Start Southend is funded by the National Lottery Community Fund. The A Better Start programme works with Southend Borough Council and partner organisations to help parents in Southend give their children a better start in life. [Reference - ABS/1/10086648]
- (ii) The Community Connections North programme is funded as part of Building Better Opportunities by the European Social Fund and the National Lottery Community Fund. Support is tailored specifically to individual needs, whatever and however complex they may be. Outcomes for individuals are to develop their confidence, gain experience and feel connected to their community, with the ultimate goal to help them find employment.
- (iii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iv) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (v) The James Reckitt Foundation provides funding to the Alliance to make a positive difference to families in the Hull area through family learning opportunities.
- (vi) The Parental Engagement project is funded by donations to provide resources and professional development for early years professionals and to promote the importance of parents' engagement in their child's learning.
- (vii) The Milton Keynes Community Hub is funded by the Milton Keynes Charity Shop (Kingston) Ltd and provides direct support services to the Milton Keynes Early Years Community. This includes: telephone support and advice, access to network events, training and workshops for PVI settings and families. Alliance representation on Milton Keynes Schools Forum means that early years matters locally that are of concern to PVI settings are raised.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

- (viii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (ix) Other funds to support early years pay for projects where the donor has specified the geographical location of the targeted support.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2022 £'000	<i>Total 2021 £'000</i>
Tangible fixed assets	-	1,010	-	-	1,010	977
Investments	4,431	-	-	26	4,457	3,513
Current assets	6,016	63	-	735	6,814	6,090
Current liabilities	(5,064)	-	-	-	(5,064)	(4,091)
Pension liability	-	-	(59)	-	(59)	(262)
	<u>5,383</u>	<u>1,073</u>	<u>(59)</u>	<u>761</u>	<u>7,158</u>	<u>6,227</u>

18. OTHER FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases:

Land and buildings	2022 £'000	2021 £'000
Expiry date:		
Within 1 year	600	617
Between 2 and 5 years	1,286	1,412
In more than 5 years	145	59
	<u>2,031</u>	<u>2,088</u>
Hire of plant and machinery:		
Expiry date:		
Within 1 year	7	12
Between 2 and 5 years	17	20
In more than 5 years	-	-
	<u>24</u>	<u>32</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

19. CASH FLOW STATEMENT

(a) Reconciliation of net expenditure to net cash flow from operating activities

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Net income/(expenditure) for the reporting period	728	<i>(300)</i>
Adjustments for:		
Depreciation charges	121	<i>98</i>
Gains on investments	(334)	<i>(527)</i>
Loss on disposal of tangible fixed assets	10	<i>-</i>
Interest from investments	(115)	<i>(105)</i>
(Increase)/decrease in stocks	(16)	<i>89</i>
Decrease in debtors	111	<i>417</i>
Increase/(decrease)/ in creditors	973	<i>(1,345)</i>
Net cash generated/(used) in operating activities	<u>1,478</u>	<i><u>(1,673)</u></i>

(b) Analysis of cash and cash equivalents

Cash in hand	14	<i>13</i>
Notice deposits (less than three months)	<u>5,978</u>	<i><u>5,161</u></i>
	<u>5,992</u>	<i><u>5,174</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

20. PENSION OBLIGATIONS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---------------------------------------	----------------------	--

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
---	-----------------------	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31-Mar-22	31-Mar-21	31-Mar-20
	(£s)	(£s)	(£s)
Present value of provision	59,261	261,487	309,827

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	261,487	309,827
Unwinding of the discount factor (interest expense)	1,508	6,962
Deficit contribution paid	(66,171)	(64,244)
Remeasurements - impact of any change in assumptions	(1,362)	8,942
Remeasurements - amendments to the contribution schedule	(136,201)	-
Provision at end of period	59,261	261,487

Income and expenditure impact

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	1,508	6,962
Remeasurements – impact of any change in assumptions	(1,362)	8,942
Remeasurements – amendments to the contribution schedule	(136,201)	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

For details of the charity's other pension obligations, see note 7 to the financial statements.

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £18,000 (2021: £16,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £2,000 (2021: £2,000). During the year the charity incurred total costs of £185,000 (2021: £185,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £144,000 (2021: £168,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £650,000 (2021: £586,000) was also paid. At the year end, a balance of £2,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2021: £2,000 owed by the Pre-school Learning Alliance).

During the year the charity received £15,000 (2021: £14,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2021: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
Income from:				
Donations		139	114	253
Investments		105	-	105
Charitable activities:	2			
Provision of care and education services		12,217	-	12,217
Outreach services for children and families		4,376	3,051	7,427
Sector support, membership and policy development		2,094	-	2,094
Other trading activities	3	751	-	751
Total Income		19,682	3,165	22,847
Expenditure on:				
Charitable activities:				
Provision of care and education services		13,177	-	13,177
Outreach services for children and families		4,157	3,100	7,257
Sector support, membership and policy development		3,181	59	3,240
Restructure costs				
Total Expenditure	4	20,515	3,159	23,674
Unrealised (loss)/gain on investments	11	524	3	527
Net (expenditure)/income		(309)	9	(300)
Actuarial gains on defined benefit pension schemes	20	48	-	48
Net movement in funds		(261)	9	(252)

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	19,682	-	-	19,682
Expenditure	(20,417)	(98)	-	(20,515)
Investment losses	524	-	-	524
Net expenditure before transfers	(211)	(98)	-	(309)
Gains on pension fund	-	-	48	48
Transfers between funds	(271)	271	-	-
Net (expenditure)/income for the year	(482)	173	48	(261)
Fund balances brought forward at 1 April 2020	5,236	854	(310)	5,780
Fund balances carried forward at 31 March 2021	4,754	1,027	(262)	5,519

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

	<i>Balance at 1 April 2020 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2021 £'000
Nursery redecoration fund	-	-	50	50
Fixed asset reserve	854	(98)	221	977
	854	(98)	271	1,027

Nursery redecoration fund – reserves set aside to cover the cost of redecorating nurseries and pre-schools owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2020 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2021 £'000
Small Grants Big Difference	32	1	(33)	-
Community Fund	133	2,685	(2,678)	140
Building Better Opportunities	15	28	(43)	-
Luton Flying Start	187	226	(240)	173
Bedfordshire & Luton Community Foundation	-	80	(80)	-
Fonds Danone pour l'Ecosysteme	25	-	(25)	-
Other small grants and donations	284	145	(60)	369
Milton Keynes Fund	23	3	-	26
Total funds	699	3,168	(3,159)	708

(a) Purpose of funds

The purpose of each fund is set out in note 16.

PRE-SCHOOL LEARNING ALLIANCE

England & Wales - Charity number 1096526

Accounts

Charity number: 1096526
Company number: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021**

**PRE-SCHOOL LEARNING ALLIANCE
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YEAR ENDED 31 MARCH 2021**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2021**

The charity is known as the Early Years Alliance. The legal entity's name remains the Pre-school Learning Alliance.

BOARD OF TRUSTEES

The trustees of the Pre-school Learning Alliance are the charity's trustees under charity law and the directors of the charitable company. The members of the Board of Trustees who have held office during the year and to the date of signing this report are as follows:

Keith Appleyard
Joanne Blank*
Christine Cheshire *
David Gilbert * (Vice Chair)
Lisa Maidment
Graham McMillan
Lorna Pendred **
Sarah Presswood
Sophie Ross (Chair) * **
Raymond Smith
Claire Stebbings

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:

Chief Executive	Neil Leitch
Director of People & Technology	Paul Donaldson
Director of Quality Improvement	Michael Freeston
Director of Finance	Katharine Heeps

BANKERS: National Westminster Bank plc
280 Bishopsgate
London, W1U 2AR

STATUTORY AUDITOR: Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 8EH

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 7JW

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2021**

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2021 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Charities SORP FRS102.

Objectives and activities

Our values and vision

The charity's core values guide our work:

The child - putting the child first to enhance the quality of childcare and family service delivery.

The parents - empowering parents to be the foundation of and foster the development of their children.

We believe that the wellbeing and achievement of children should be a key priority for society. We will work with policy makers, parents, early years educators and children to achieve this end. We will support the early years workforce to carry out their vital work and gain the recognition they deserve.

Our charitable objects for the public benefit

Our charitable objects for the public benefit, as set out in our Articles of Association, include the promotion of the care, safety, education, health and wellbeing of children and young people; promotion of parental involvement in their education; provision of services to support children, young people and their families and carers; and provision of services to support organisations and individuals holding membership of the charity.

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in childcare. The charity's beneficiaries are the children and families who access our own services and also those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered in a range of formats to make it accessible to all who wish to attend. During the COVID-19 pandemic we have taken steps to ensure that children and families continue to have access to the charity's support services and have developed new services to ensure that the charity remained relevant in a rapidly changing environment.

The trustees have given due regard to the guidance issued by the Charity Commission on public benefit principles and have reviewed all activities and plans outlined in this report to ensure that they comply with those principles. The trustees set objectives based on their assessment of the childcare public need and the support needs of those caring for and working with young children and their families.

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering early intervention and family services programmes, advising and representing our members and developing the charity's own nurseries and pre-schools.

We combine experience, expertise, integrity, and authority to support and speak on behalf of children to government agencies and other organisations that make decisions affecting children. We work in partnership with voluntary and commercial organisations to bring about change in early years provision in collaboration with our membership and the wider early years sector to inform policy and broaden debate. The COVID-19 pandemic has resulted in a period of unprecedented challenges for the early years sector and our members have looked to us for support, guidance, resources, and training tailored to their changing needs. We have been at the forefront of campaigning for recognition of the challenges faced by the early years sector and

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Objectives and activities (continued)

Our activities (continued)

bringing about significant policy changes to benefit our members and the wider sector.

Our commitment to the development of adults' vocational, literacy and other skills is demonstrated through accredited training courses and non-accredited skills development courses for early years educators, volunteers and families.

The Alliance delivers affordable, flexible and high-quality early years provision. Our nurseries and pre-schools are established around a core belief that parents are the first and foremost educators of their children. Our parent partnership work empowers parents and gives them a greater involvement in their children's care and education.

The charity has no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Achievement and performance

"The first five years of children's lives are crucial to their development. During this period, children learn at a faster rate than at any other time in their lives, developing basic cognitive and socio-emotional skills that are fundamental for their future achievements in school and later on as an adult. These skills are also the foundation for their general well-being – how they cope with future successes and setbacks, professionally and in their personal lives." OECD Early Learning Matters – 2018.

The charity focusses its strategic and operational objectives to support children and families during this critical period of a child's life. Our provision of childcare in predominantly disadvantaged areas, outreach support delivered in partnership, consultation with our members, and lobbying of local and national policy makers to improve services, all contribute to this vital agenda. Achievement of these aims has been made more challenging by the sustainability concerns of the early years sector caused by increasing costs at a time when revenue has been severely restricted. The COVID-19 pandemic has further threatened the financial viability of many in the early years sector.

Provision of childcare services

The COVID-19 pandemic placed early years educators on the front line of supporting families through the crisis. Many settings remained open for the children of keyworkers and those children who were considered vulnerable, putting themselves at considerable personal risk.

The Alliance manages 65 registered early years settings giving children the best possible learning experience to improve their life chances. It is our aim to deliver childcare where there is a recognised need and most of the charity's settings deliver services in the most socially and economically deprived areas of England. We are currently providing 3,100 funded places for children at our settings, which amounts to 2 million hours of funded childcare out of a total of 3.2 million hours delivered. Ofsted ratings for Alliance settings are 99% good or outstanding which is ahead of the sector average of 97%.

When nurseries and pre-schools were only able to open to provide care for vulnerable children and the children of critical workers, our staff continued to provide support for the home learning environment. For example, Seashells Nursery in Mablethorpe provided additional support for the mother of child B. B's mother was pregnant and suffered with anxiety, so he did not attend for 7 months during the Covid pandemic. B is starting school in September and his speech is significantly delayed. Staff sent three home learning activity packs per week. Assessment of B's speech development between September and March showed that this support helped him develop from babbling, using single words, to using short sentences, joining in with signing, counting and ordering to 10 and correctly naming colours and shapes.

During the pandemic the charity reacted quickly and effectively to support parents and children during periods when many pre-schools and nurseries were closed. For example, our staff at Langley Mill in Derbyshire made home learning bags for the children who were unable to attend. Each week parents were encouraged to call in to collect the learning bag and a book bag for the week ahead. The activities helped progress children's language and communication development.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Achievement and performance (continued)

Provision of childcare services (continued)

Projects which link the setting to the community have continued. This year we have supported vulnerable families through ongoing support for local foodbanks. Some settings signed up for the Fare Share scheme, which also contributes to a reduction in food waste. William Gladstone continues to work in partnership with the Local Authority Community Relations Officer to provide childcare support and donations to refugee families in the area. Many of the environmental activities that were paused during lockdowns have resumed to help new children begin to understand the effect of plastics on our oceans. From March 2021, our Skegness setting developed weekly beach visits to give children hands on experience of their local environment.

Outreach services for children and families

Our work providing support for families, particularly those with multiple problems, had to adapt to meet the challenges presented by the pandemic. Early intervention and early help services which are usually delivered within Children's Centres had to be offered remotely using online platforms. For families without access to computers, telephone support was provided.

The Joseph Rowntree Foundation (January 2021) reported that the "*poorest families have been worst affected by the coronavirus pandemic's economic fallout and are likely to find it harder to recover as society rebuilds*". Our outreach teams revised their services and delivery patterns quickly and effectively to ensure support was provided to families in need.

90% of all A Better Start Southend (ABSS) services were available within a month of the first lockdown by adopting a digital or mixed mode of delivery. As a result, the programme reached 1,601 beneficiaries from 1 April 2020 to 31 March 2021. Whilst this represents a drop of 11% compared to the previous year, it is still 2.7% higher than the 2019 financial year, demonstrating the long-term upward trajectory of the programme's reach. In Lewisham, our service's revamped website received 139,000 views, with 15,000 of those for the online family learning programme, and over 5,000 for our domestic abuse support page. There was an increase of 37% in male users of the website, reflecting the increase in fathers based at home wishing to engage with their child's learning and development. We produced videos and blogs covering subjects including the home learning environment, parenting tips, child safety in the home and personal finance. Our commissioner at Lewisham Council told us "*Every time I engage with EYA teams I see examples of risk factors being mitigated or turned into protective factors by the nurture and scaffold building, or specialist interventions for children and families, that you are all so good at delivering. EYA performance since 2017 has been really strong, you have hit (and often exceeded) your reach targets and have also managed to maintain an 85% success rate achieving outcomes. This is whilst developing a really unique and innovative set of specialist skills.*"

Through the Best Start Early Years and Family service in Lincolnshire we increased the percentage of sustained attendance of families by 25.8% by the end of the year compared to 6.7% in early 2020 and for under 5's 26.3% compared to 6.5%. In Best Start early years sessions, the target is for 50% attendance by children from vulnerable groups. The average we achieved for 2020/2021 was 54.6%. One parent said that it has given her child "*the chance to see other babies and to learn and recognise the songs. I have been incorporating more songs into our day and have also been reading more books from the library. I now understand the need for repetition for babies and have also ordered some stuffed animals to use when reading which is something I picked up during the session. I think the facilitators really include everyone and encourage information sharing. I felt welcome from my session and it really made me want to return - thank you!*".

The Active Families on Skills project in Lincolnshire is delivered in partnership with the Department for Work and Pensions and aims to improve the employability and prospects of parents with young children. 80% of the 87 participants have achieved a positive soft outcome which include gaining skills and confidence needed to leave the house to get the children to school on time or to call the local college for information on training. 55% of the cohort achieved a hard outcome of achieving employment or moving into further education. One parent who gained employment after taking the Opening Doors to Employment course as part of the Active Families scheme said "*I'm actually very proud to have been one of the first on the Opening Doors to Employment course and look what I achieved from following their advice and guidance. I would recommend it to anyone who is serious about getting back into employment.*"

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Achievement and performance (continued)

Outreach services for children and families (continued)

Our Safe at Home Scheme in Luton provided a telephone home safety risk assessment for 350 households with 0-5's to help improve safety around the home. 542 under 5's now live in a safer home environment with home safety equipment provided by the scheme. 100% of the parents who had a home safety risk assessment told us that the scheme has helped them to keep their child safe. Virtual workshops were offered to 65 antenatal parents to support with keeping their baby safe and buying compliant nursery equipment.

Our First and Foremost project, funded by the Department for Education (DfE), was extended with additional funding in response to the COVID-19 crisis. This supported the extension of the weekly SMS messaging service, Weekend Talk Tips, to be extended to a daily operation. It sent direct to parents' mobile phones. The daily Family Time Tips messages suggested activities across all areas of children's learning, development, speech, and physical and mental wellbeing. Over 2,000 parents received the Family Time Tips suggestions. The messaging service acts as a gateway, giving parents the confidence to engage with other Alliance family learning programmes. Parents' responses to the service are very positive.

"Thank you so much for all your daily tips and activities. I have shared with family and friends and would not have managed through this last year without you."

"Been amazing. Having a message pop up in WhatsApp meant more likely to read it, have massively appreciated a daily reminder to do something for the little ones. You have created special family memories for us with some of the suggestions. Thank you so much :)"

Research by the Education Endowment Foundation (EEF) published in April 2021 found that of 58 primary schools surveyed, 76 per cent said pupils starting school in September 2020 needed more support with communication than in previous years, and 96 per cent were concerned about pupils' speech and language development.

The First and Foremost project also introduced an approach to speech and language assessment and support that trained and empowered nursery practitioners to identify and respond to language development delay. The target number of 20 setting staff were trained to screen and support children and 224 children were screened (target 200). 116 children whose screening indicated they needed additional support were identified and helped to address their communication delay (target 100). External commissions also enabled the Alliance to develop and deliver online family learning programmes for parents supporting their child's development at home during lockdown. 32 Let's Learn Together@Home sessions were delivered to a total of 192 families. Each programme was six sessions in length and covered topics including growing through music, physical and emotional wellbeing and bringing the outdoors indoors.

Sector support, membership and policy development

We use the knowledge, skills and experience it has as a strategic partner with government, an experienced nursery operator and a training provider to represent the early years sector to policy makers. We also provide a range of services to support care and education providers in ensuring that they are operating within statutory and regulatory frameworks. This includes free policy updates and information guides, a specialist early years information service, legal helpline, training, and tailored professional development support packages. We have experienced increases ranging from 51% to 172% in web and social media visitors and followers over the past two years as members and other stakeholders have looked to the Alliance to inform and represent the sector.

We developed a series of webinars and resource packs under the title of Welcome Back to support practitioners to reopen their settings after the first lockdown and throughout the year. In total we delivered eight webinars, keeping practitioners updated on policy developments, government requirements and research into the impact of the pandemic on children and families. Five resource packs were developed: *Supporting practitioners, children and families to return to your setting, Preparing your premises and the early years environment, Welcome Back Childminders, Welcome Back Family Services and Meeting the needs of children from day one.*

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Achievement and performance (continued)

Sector support, membership and policy development (continued)

In total, 13,000 packs were downloaded from the website. Over 5,600 practitioners either attended the webinars or downloaded the recordings. Our partnership with Educare made available, free of charge, online courses on a range of well-being topics to help managers and staff cope with the additional stresses of the pandemic. 12,709 practitioners accessed the training materials. The wellbeing modules contributed to an overall take up figure for our on-line courses of 176,000 between April 2020 and March 2021. These provide vital professional development for early years practitioners working in busy settings.

The Mayor of London commissioned the charity to research and respond to the business development needs of the capital's nurseries, pre-schools and childminders. The success of these initiatives, with all targets and milestones delivered on time and within budget, led to a larger programme of support to be delivered between May 2021 and March 2022.

Feedback to the range of services provided by the Alliance during the COVID-19 pandemic include:

"Thank you for your continued lobbying on our behalf. It is very much appreciated to know that you have our backs at all times."

"Just wanted to thank you for working around the clock to support the sector. Nursery owners are working long hours to keep things ticking over in very difficult circumstances. It's reassuring to know that we are not working into the night alone. Thank you for being our voice."

"Thank you for all that you are doing to support us in the sector. It has been impressive how quickly we are informed by you as to the latest Government guidance."

Over recent years our qualification training programme has focused on tutor-supported, blended, and on-line delivery. This ensured the training team was well prepared to respond to the impact that lockdown had on learners' ability to study. Online and telephone monitoring and support to learners helped ensure that progress was maintained. 219 learners undertook courses with the Alliance to gain full and relevant early years qualifications. This includes 38 candidates on Apprenticeship programmes, 32 of which are within Alliance early years settings. Our non-accredited workshop programme of events was truncated due to the pandemic with sessions only taking place between October and March. Delivery was online in the form of on-line classrooms. 32 courses were delivered to 343 learners. The most popular courses were Let's Talk the Learning Walk, Cultural Capital, and Exploring the EIF. Alliance Connect on-line sessions were hugely popular. 107 sessions were delivered to 2,449 practitioners. The most popular topics were Preparing for inspections post COVID-19 and Let's Talk.

We partnered with 16 other early years organisations, higher education institutions and sector experts to produce guidance and resources supporting the new 2021 version of the Early Years Foundation Stage. The publication Birth to Five Matters is 'guidance for the sector by the sector', created on a voluntary and collaborative basis. It supports practitioners to approach the new regulatory framework from a child-centred perspective, helping create a curriculum that is response to their needs, inclusive and ambitious. 5,110 copies of Birth to Five Matters were sold between March and July 2021.

Plans for the future

Our 2021-24 strategic plan targets focus on support for vulnerable families, effective early intervention provision and supporting children's language and communication development in settings and in the home. The plan includes revised targets for supporting the early years sector through the wake of the pandemic. The plan has been set in the context of a renewed commitment to sustainability and environmental protection and greater attention to racial and ethnic equality. The plan also recognises that many of the innovations developed in response to the pandemic have been so effective they will be continued as the crisis recedes. These will increase efficiency, support a healthy work-life balance for staff and have a positive impact on our cost base.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Plans for the future (continued)

In Luton, we have been successful in securing two-year funding to expand the 'Flying Start' antenatal and post-natal pathway. The Department of Health & Social Care - Health and Wellbeing Starting Well Fund, focusses on boosting mental health for new and expectant mothers, improving the development of babies and children and giving people the best chance for a healthy start by preventing obesity and diabetes. The funding will enhance service delivery to increase engagement from diverse communities where health inequalities are most prevalent and areas of highest deprivation. A Working Together co-production group has been established which is providing valuable insights into how communities will access services which will inform service delivery.

In Southend, attention will focus on recruiting new beneficiaries into the ABSS programme. Whilst parents already engaged with the initiative have continued to attend services, COVID-19 has impacted negatively on new parent enrolment. The launch of our YourFamily initiative, which was delayed by the pandemic, will be a key driver in promoting ABSS to new beneficiaries. YourFamily links antenatal, neo-natal, and early years interventions through an integrated approach to commissioning and delivering services through Children's Centres, GP surgeries and other community venues. The Alliance has taken over management of the Centre Place Nursery in the Kursaal ward of Southend. This nursery is in one of the A Better Start target wards and the ABSS programme team will work with Centre Place staff to showcase the programme's innovative, integrated service provision for young families.

With funding from the Mayor of London, we will establish a one-stop shop of support on the London Business Hub website for early years providers and a triage service to identify providers' business needs. Local authority and partner training providers will deliver webinars, on-line training sessions and a bespoke consultancy service to settings most in need of support. A key success factor will be to secure the sustainability of the framework of support created through this project beyond its formal end date of March 2022.

The #togetherwecan initiative was paused due to the pandemic. This will be developed further in the coming years to encourage settings to understand their environmental impact and promote children's understanding of social responsibility. Our programme will demonstrate how families can collaborate with those around them to minimise negative impacts and collectively bring about change. We will support local projects which help young children to focus on their relationships and the environment.

The pandemic has refocused many nursery managers' and childminders' attention on the importance of a healthy, nutritious diet. Our Early Years Nutrition Partnership programme will offer menu checks and consultancies, advice on providing a positive food environment and how food can be an excellent vehicle to deliver all seven areas of the EYFS curriculum.

Grants payable

No central government support was provided to nurseries and pre-schools to prepare for their reopening after the first lockdown in 2020. The Alliance established the COVID-19 Recovery fund to provide small grants of up to £750 to settings to purchase additional cleaning equipment, divide spaces into bubbles and waterproof coveralls so children could play outside in all weathers. In total, 168 applications were received, and 52 awards were made to providers in the 50% most deprived ward levels. In total £33,359.70 has been awarded at an average of £641 per award.

The following are examples of the many comments received from awardees:

"Thank you once again for this grant which has certainly contributed to the well-being of the staff and children and helped us in opening up again this Term." Beverley Cross, Victoria Playgroup

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Grants payable (continued)

"This was a massive boost for our voluntary run Baby/Toddler group. The funding provided us with the necessary items that were very much needed in readiness for opening up our group. It took pressure off our own funds even though we would have had to buy the items in order to reopen, we have a small amount left which will enable us to buy a little more PPE. Myself and the group's Committee were so appreciative for this we are based in a very rural Cornish Community whereby the group is a very strong link for local families, re opening again very steadily as meant so much to our families, and they welcome how organised we are and all the necessary covid hygiene steps are being followed. Thank you so very much for the opportunity to gain this particular funding." Sandra Pipe, Ladybirds.

Structure, governance and management

Governing document and membership

The charity is a company limited by guarantee governed by its Articles of Association. The charity's members undertake to pay no more than £1 towards the charity's assets in the event of the charity being wound up.

Board of Trustees

The Board of Trustees is the governing body of the Pre-school Learning Alliance. The Board of Trustees is the board of directors under company law. The trustees of the charity are also members of the charity.

The Board of Trustees is made up of between eight and twelve Elected Trustees and up to four Appointed Trustees. Elected Trustees are elected by the members and their names are presented at the annual general meeting (AGM) of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. New trustees are given an induction pack on election or appointment. This is followed by an induction and training programme based on a skills audit which is carried out every three years between the election and commencement of office.

Committees of the Board

The Nominations and Procedures Committee is responsible for ensuring that the charity's governing document and bye-laws are regularly reviewed and complied with. The committee identifies individuals on behalf of the Board of Trustees to stand as Appointed Trustees.

The Audit Committee ensures that there is an effective and transparent framework of accountability within the charity and monitors control and risk management systems. The Audit Committee and Nominations and Procedures Committee have agreed terms of reference and minutes are made available to the Board of Trustees. Co-opted members who are not themselves trustees serve on some of our committees and the trustees are grateful for the expertise, skills and experience that they bring.

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in the Articles of Association, bye laws, code of conduct and terms of reference are compliant with the Code. Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the Charity's continued improvement. The trustees recognise the importance of the Code and will introduce a programme of continuous review. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

The Board of Trustees appoints the Chief Executive who is given delegated authority to implement strategy and to run the charity efficiently. The Chief Executive and Senior Management Team lead a consultation process that feeds into the charity's policy making, budgets and strategic plan. Once approved, trustees monitor implementation and progress against target at their quarterly meetings.

Remuneration of the charity's key management personnel is agreed by trustees with reference to the charity's Employment and Remuneration Policy.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

STRATEGIC REPORT

Key risks and uncertainties

The Board of Trustees' risk management process identifies key events or incidents that could affect the charity's ability to achieve its aims. This process results in a record of the most significant internal and external risks facing the charity, the possible impact or consequence of each risk and the required action to mitigate it. The Board of Trustees seeks reasonable assurance that these risks have been adequately managed and that appropriate procedures and controls are in place to identify, manage and mitigate the key risks as far as possible. Scrutiny of risk management is delegated by the Board of Trustees to the Audit Committee which reports to the Board after every meeting.

As a charity providing care for children, the trustees recognise that the key risk relates to injury or death of children whilst in our care. Strong safeguarding controls have been implemented and are audited to mitigate the likelihood of this risk. Training and vetting of staff and clear policies create an effective safeguarding culture.

Other key risks are potential changes to government policy on early years provision and the increasing cost of employing staff at a time when income from funded places is static. This is a risk both to the financial viability of the charity and to the strength of the early years sector.

The economic impact of the COVID-19 pandemic has exacerbated the impact of these financial risks. Many childcare providers saw their income fall substantially, while many costs remained. Uncertainty around parental demand is expected to result in a further reduction in income for the sector. There has been no government support for the additional costs of operating during the coronavirus outbreak, such as staff absences, PPE and additional cleaning costs. The charity maintains dialogue with government to ensure that the sector is informed and that policy makers understand the impact of decisions.

Financial review

Financial results

The consolidated Statement of Financial Activities for 2020-21 shows a net decrease in funds of £252,000 in the year. The decrease in funds is after unrealised investment gains of £527,000 and actuarial gains on the defined benefit pension scheme of £48,000.

Revenue for childcare places was £2.9 million less than the previous year due to enforced closures in the summer term of 2020 and a slow recovery of demand. The charity received £614,000 funding from the Coronavirus Job Retention Scheme. The charity took the decision to pay furloughed staff 100% during the first lockdown when the majority of the claims were made. It was also possible for the charity to make short term cost savings during the year which limited some of the losses. The charity was in receipt of £156,000 of additional government funding to support new family support schemes which were developed in response to the pandemic.

The grant income for the A Better Start programme in Southend decreased by £1 million due to limitations on delivery of new programmes. The pandemic forced us to replace face-to face programme delivery with more limited remote services. The resulting cost savings meant that we claimed less funding from The National Lottery Community Fund during the year. Local government funded contracts for outreach services in London, Luton and Lincolnshire also continued to deliver services during the year.

Unrestricted losses, before unrealised investment gains, were £833,000 in the year. Recognising the difficult economic climate as the pandemic continues, the charity carried out an operational restructure, resulting in restructure costs of £244,000, which are included in the unrestricted losses.

In the year, restricted funds increased by £9,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new donations of £114,000.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Financial review (continued)

Financial health

The 2020-21 accounts show the impact of the COVID-19 pandemic on the charity. We operate in an incredibly challenging funding environment. The majority of the charity's early years settings are in areas of deprivation and rely on early years funding to cover the cost of places as there is little opportunity to raise additional funds through the provision of additional places or levying fees. However, the charity has demonstrated its ability to adapt and has been able to continue funded projects by adopting new, remote delivery models. Some face-to-face delivery has returned where appropriate and within government guidelines. This has resulted in some new funding streams in 2021-22. As outlined in the reserves policy, the charity's general fund is 1.8% below target.

Taking account of this year's results, cash balances at the signing date and the overall financial health of the charity following the incredibly challenging pandemic period, the trustees have a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Therefore, we have continued to adopt the going concern basis in preparing these financial statements.

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £4.8 million at 31 March 2021. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held at 31 March 2021 totalled £977,000. One other designated fund totalled £50,000. The negative designated pension reserve of £262,000 represents the shortfall in funding of The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2021. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors. At 31 March 2021 restricted funds held totalled £708,000. The movements on restricted funds are set out in note 16.

The reserves policy reflects the need to respond to changes to the major risks and to be able to meet the commitment of providing early years services to children and their families. The aim of the reserves policy is to hold adequate general funds to sustain charitable activities in the event of future income variation or increases in operational costs and to allow a managed review of operations and investment in development activities.

The reserves are reviewed annually to reassess the risks and reflect changes in activities, obligations and funding levels. The trustees recognise that the key income risks for the charity link to the long-term stability of the childcare sector that makes up its membership and the continuation of funded childcare places for two, three and four year olds. The Board of Trustees has established a policy which states that the most appropriate level of the general fund should be 25% of budgeted staff costs plus a provision against financial risks and pension liabilities.

The general reserves are currently £4,754,000 which is £88,000 below the target set by trustees of £4,842,000.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Investment policy

The trustees recognise the need to retain sufficient liquid assets to meet the charity's short-term obligations. The trustees' investment policy is to minimise risk to those assets because they largely represent working capital. Therefore, these funds are invested in low-risk cash deposits which are pooled and placed on overnight and term deposits. These funds are managed internally.

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2020-21 75% was held in equities and 25% in property/infrastructure. Return on investment was 1.1% (2020: 1.5%). Interest rates on bank deposits in 2020-21 was 0.01%. Average income earned from Common Investment Funds is 3.2% (2020: 4%).

During the year, the investment portfolio recovered the £284,000 lost in the final quarter of 2019-20 caused by global measures to tackle the Covid-19 pandemic. Further recovery resulted in total unrealised gains of £527,000.

Employment and remuneration policy

The charity is a major employer within the early years sector. It is an equal opportunities employer and all employment related policies are developed in line with our vision and strategy. The charity provides a range of development opportunities, including coaching and mentoring to ensure that the talents of the workforce are fully utilised to support the achievement of the charity's goals. Regular policy and procedure reviews take place to ensure that the charity is able to meet its goals and employment law requirements.

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other training and development policies and activities within the organisation. After a rigorous process of assessment reviewed by Investors in People (IIP), the Alliance has been awarded silver level We Invest in People accreditation and We Invest in Wellbeing accreditation, Achieving the IIP silver award recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. The wellbeing award recognises the work undertaken by the Alliance to promote a culture of wellbeing.

1,200 staff are employed by the charity at its national and training centres, within community projects, in the charity's children's centres and nurseries and as tutors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to encourage employees to provide ideas and suggestions. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

Specific guidance was issued to all staff working from home, furloughed or temporarily laid off due to the coronavirus outbreak. The charity's secure IT systems enabled staff to continue to deliver services from home. Risk assessments based on government guidance are in place where workplaces have reopened.

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses are included in note 9 and related party transactions are disclosed in note 21 to the financial statements. The pay of the senior staff is reviewed annually, and any adjustments are subject to performance of the charity overall. A pay review is conducted periodically whereby salary levels are benchmarked against similar sized not for profit organisations.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Environmental policy

As a charity committed to supporting the futures of young children and families, the trustees are aware that the human causes of climate change pose a threat to children's livelihood and wellbeing. The charity promotes sustainable citizenship and ecological awareness through the early years curriculum and promotes active engagement of families in projects to raise environmental awareness. The charity is also working with an external adviser to set new targets to increase positive environmental impact and minimise the negative environmental footprint of the charity's activities and those of its supply chain.

Subsidiary companies

The financial statements included in this report represent the consolidated results of the charity and its subsidiary company, Pre-school Learning Alliance Trading Limited (PLAT).

The objective of PLAT is to promote of the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £388,000 (2020: £718,000) was made in the year.

A summary of the company's trading results is set out in note 3 of the attached financial statements.

In July 2013, the charity made a subordinated loan of £50,000 to its trading subsidiary, PLAT, to ensure that the company fulfilled Financial Conduct Authority capital resource requirements. The loan was unsecured and does not bear interest and there were no set repayment terms in place.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under 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 the group and of the group's net incoming/outgoing resources for that period. 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 Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charitable company and the group will continue to operate.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021**

Statement of Trustees' Responsibilities (continued)

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Financial statements and Reports) Regulations 2008 and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group 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.

The following statements have been affirmed by each of the trustees of the charitable company in office at the date of this report:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 23 September 2021 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

Sophie Ross
Chair

Independent Auditor's Report to the Members of Pre School Learning Alliance

Opinion

We have audited the financial statements of Pre School Learning Alliance for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2020 and of the group's income and expenditure, 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 group 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 trustee's 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 or the group'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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial

- statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 12 and 13 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 and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we

considered in this context for the UK operations included General Data Protection Regulation (GDPR), employment legislation, Health and Safety legislation, Ofsted standards and the Financial Conduct Authority (FCA) regulations in relation to the insurance business.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, agreeing income to contracts or other supporting evidence on a sample basis, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Ofsted and the FCA and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Julia Poulter
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

29th September 2021

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	<i>Total 2020 £'000</i>
Income from:					
Donations		139	114	253	269
Investments		105	-	105	129
Charitable activities:	2				
Provision of childcare services		12,217	-	12,217	14,832
Outreach services for children and families		4,376	3,051	7,427	9,316
Sector support, membership and policy development		2,094	-	2,094	2,171
Other trading activities	3	751	-	751	1,097
Total Income		<u>19,682</u>	<u>3,165</u>	<u>22,847</u>	<u>27,814</u>
Expenditure on:					
Charitable activities:					
Provision of childcare services		13,177	-	13,177	15,698
Outreach services for children and families		4,157	3,100	7,257	9,489
Sector support, membership and policy development		3,181	59	3,240	3,189
Total Expenditure	4	<u>20,515</u>	<u>3,159</u>	<u>23,674</u>	<u>28,376</u>
Unrealised (loss)/gain on investments	11	524	3	527	(46)
Net (expenditure)/income		(309)	9	(300)	(608)
Actuarial gains on defined benefit pension schemes	20	48	-	48	66
Net movement in funds		<u>(261)</u>	<u>9</u>	<u>(252)</u>	<u>(542)</u>
Reconciliation of funds:					
Fund balances brought forward at 1 April 2020		5,780	699	6,479	7,021
Fund balances carried forward at 31 March 2021		<u>5,519</u>	<u>708</u>	<u>6,227</u>	<u>6,479</u>

Included in restricted funds are endowment funds brought forward of £23,000 and carried forward of £26,000 (note 16).

The notes on pages 20 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2021**

	Notes	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
FIXED ASSETS					
Tangible assets	10	977	854	977	854
Investments	11	3,513	2,852	3,513	2,852
		<u>4,490</u>	<u>3,706</u>	<u>4,490</u>	<u>3,706</u>
CURRENT ASSETS					
Stock	12	260	349	259	348
Debtors	13	656	1,073	640	1,060
Cash at bank and in hand		5,174	7,097	4,947	6,790
		<u>6,090</u>	<u>8,519</u>	<u>5,846</u>	<u>8,198</u>
CREDITORS – Amounts falling due within one year	14	<u>(4,091)</u>	<u>(5,436)</u>	<u>(3,847)</u>	<u>(5,132)</u>
NET CURRENT ASSETS		1,999	3,083	1,999	3,066
NET ASSETS – excluding pension liability		6,489	6,789	6,489	6,772
Defined benefit pension liability	20	(262)	(310)	(262)	(310)
		<u>6,227</u>	<u>6,479</u>	<u>6,227</u>	<u>6,462</u>
TOTAL NET ASSETS		<u>6,227</u>	<u>6,479</u>	<u>6,227</u>	<u>6,462</u>
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		4,754	5,236	4,754	5,219
Pension reserve		(262)	(310)	(262)	(310)
Designated fund		1,027	854	1,027	854
	15	<u>5,519</u>	<u>5,780</u>	<u>5,519</u>	<u>5,763</u>
Restricted funds	16	<u>708</u>	<u>699</u>	<u>708</u>	<u>699</u>
TOTAL CHARITY FUNDS	17	<u>6,227</u>	<u>6,479</u>	<u>6,227</u>	<u>6,462</u>

The deficit for the parent undertaking alone amounted to £688,000 (2020: £1,309,000). Income for the parent undertaking alone amounted to £22,096,000 (2020: £26,602,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 23 September 2021 and signed on its behalf by

Sophie Ross
Chair

The notes on pages 20 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £'000	2020 £'000
Net cash (used in)/from operating activities	19(a)	(1,673)	425
Cash flows from investing activities:			
Interest from investments		105	129
Purchase of equipment		(221)	(269)
Cash invested in year		(134)	-
Net cash generated from/(used in) investing activities		<u>(250)</u>	<u>(140)</u>
Change in cash and cash equivalents in the reporting period		(1,923)	285
Cash and cash equivalents at the beginning of the reporting period		7,097	6,812
Cash and cash equivalents at the end of the reporting period	19(b)	<u>5,174</u>	<u>7,097</u>

The notes on pages 20 to 42 form part of these financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements (accounts) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their financial statements in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

These financial statements set out the results and financial position of the national organisation as a whole for the year ended 31 March 2021 and have been prepared under the historical cost convention, as modified by the revaluation of investments. Surpluses or deficits arising on transactions between the national centre, divisions and sub-committees are eliminated on consolidation and all income and expenditure figures relate to external transactions only. Results from all sub-committees have been aggregated.

The charity is a private limited company (registered number 4539003), which is incorporated and domiciled in the UK and meets the definition of a public benefit entity under FRS102. The address of the principal place of business is 50 Featherstone Street, London EC1Y 8RT. The financial statements include those of the charity's subsidiary company Pre-school Learning Alliance Trading Limited [registered number 2417619] which has been consolidated on a line-by-line basis.

The legal ownership of the freehold property occupied by the charity vests in the Pre-school Learning Alliance Property Trust Corporation, a nominee company limited by guarantee.

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than twelve months from the date that the financial statements were approved. The trustees therefore continue to adopt the going concern basis in the preparation of its consolidated financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 20.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure

All income and expenditure has been recognised on the accruals basis except donations from member settings which are accounted for on a receipts basis and donated items and facilities which are, in as much as they are material and quantifiable, recognised as income when received, based on their estimated value to the charity.

Grants, including government grants, received are recognised when the conditions for receipt have been met. Where grants are restricted to future accounting periods, they are deferred and recognised in those future periods. Grants for immediate financial support and assistance, or to reimburse costs previously incurred, are recognised immediately.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. All individual assets costing more than £500 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. No depreciation is charged in the year of acquisition. The principal estimated useful lives for this purpose are:

Freehold buildings	50 years
Leasehold building adaptations	Life of lease
Equipment and vehicles	5 years
Computer equipment	3 years

Nursery equipment purchases are reviewed at year end and only material items are capitalised.

(e) Investments

Investments held as fixed assets are stated at their mid-market value at the balance sheet date. Gains or losses on revaluation are taken to the statement of financial activities.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and cash and bank balances are initially recognised at transaction value. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. Any impairment loss is charged to the Statement of Financial Activities. Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £5,604,000 (2020 £7,953,000), financial assets at fair value of £3,513,000 (2020 £2,852,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £1,736,000 (2020 £3,163,000).

(h) Funds

- (i) Unrestricted general funds are those funds available for the general purposes of the charity. The trustees consider that core grants received should be treated as unrestricted as their funding terms reflect the primary objects of the charity.
- (ii) Designated funds are funds transferred from the unrestricted fund for particular purposes or projects at the discretion of the trustees.
- (iii) Restricted funds are funds subject to specific conditions imposed by the donor and are binding on the trustees. Those funds, which are fundamental to the running of the charity, are disclosed separately on the face of the Statement of Financial Activities.

(i) Cost allocation

Costs are allocated to their functional categories on the following bases:

- (i) Training and policy development costs comprise staff costs, course costs and attributable overheads in line with the level of activity undertaken.
- (ii) Provision of childcare services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iv) Membership, sector support and campaigning include staff costs and resources plus conference costs, printing and distribution costs, helpline costs, public relations costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (v) Governance costs are allocated in line with the level of activity undertaken.
- (vi) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

(j) Pension costs

Contributions payable to the charity's defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Contributions are also made into defined benefit schemes for ten members of staff employed under a contract with Hertfordshire County Council in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006 and four members of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. These schemes have been treated as multi-employer schemes for the purposes of FRS 102 as it is not possible to identify the charity's share of assets and liabilities. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

In addition, the charity participates in the Pension Trust's Growth Plan. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it financial statements for the scheme as a defined contribution scheme. Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

(k) Grants payable

Grants awarded to institutions are recognised in the year in which the grant is formally approved and communicated in writing to the recipient, provided all conditions of award have been met.

(l) Taxation

No taxation is payable due to the charitable status and nature of activities of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(m) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities over the period in which the cost is incurred on a straight line basis.

(n) Donated services

Donated services are recognised as income where the benefit to the charity is reasonably quantifiable and measurable. They are valued at open market value, i.e. what it would have cost the organisation to acquire the same or similar products or services on the open market. An equivalent amount is also included as expenditure under the appropriate heading in the Statement of Financial Activities. No amounts are included for services donated by volunteers.

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2021		2020	
	Unrestricted funds £'000	Restricted funds £'000	Unrestricted funds £'000	Restricted funds £'000
Government contracts	2,410	-	2,565	-
Department for Education grant funding	472	-	315	-
Other government grants	871	-	264	-
Big Lottery Fund	-	2,685	-	3,736
Other grant funding	122	360	645	310
Children's Centre funding	1,601	-	1,930	-
Nursery education and two year old funding	8,744	-	9,462	-
Childcare fees	2,785	-	4,935	-
Crèche provision	-	-	283	-
Training funding and fees	256	-	451	-
Services to childcare providers	1,426	6	1,417	6
	18,687	3,051	22,267	4,052

Included in other governments grants is £614,000 relating to the Coronavirus Job Retention Scheme.

3. INCOME FROM TRADING SUBSIDIARIES

The charity has a wholly owned trading subsidiary, Pre-school Learning Alliance Trading Limited (PLAT), which is registered in England and Wales. The charity has a holding of 7 ordinary shares of £1 each in PLAT (company number 2417619).

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 25. At 31 March 2021, PLAT was owed £2,000 by the charity (2020 – the charity owed £13,000 to PLAT).

Profit and loss account	Total 2021 £'000	Total 2020 £'000
Turnover	751	1,210
Cost of sales	(195)	(344)
Gross profit	556	866
Administrative expenses	(168)	(165)
Operating profit	388	701
Gift aid payment	(388)	(718)
Retained in subsidiary	-	(17)
Balance sheet		
Total assets	295	379
Total liabilities	(245)	(320)
	50	76

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

4. ANALYSIS OF EXPENDITURE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2021 £'000
Provision of childcare services		10,356	695	1,555	571	13,177
Outreach services for children and families		4,489	2,287	447	34	7,257
Sector support, membership and policy development		1,980	476	375	409	3,240
TOTAL		16,825	3,458	2,377	1,014	23,674

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2020 £'000
<i>Provision of childcare services</i>		11,819	1,245	1,832	802	15,698
<i>Outreach services for children and families</i>		5,298	3,214	534	443	9,489
<i>Sector support, membership and policy development</i>		1,527	769	351	542	3,189
<i>Restructure costs</i>						
TOTAL		18,644	5,228	2,717	1,787	28,376

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000
Provision of childcare services	11,647	-	1,530	13,177
Outreach services for children and families	5,788	-	1,469	7,257
Sector support, membership and policy development	1,554	33	1,653	3,240
	<u>18,989</u>	<u>33</u>	<u>4,652</u>	<u>23,674</u>

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	<i>Activities undertaken directly £'000</i>	<i>Grant funding of activities £'000</i>	<i>Support costs £'000</i>	Total 2020 £'000
<i>Provision of childcare services</i>	13,431	-	2,267	15,698
<i>Outreach services for children and families</i>	8,139	-	1,350	9,489
<i>Sector support, membership and policy development</i>	2,106	71	1,012	3,189
	<u>23,676</u>	<u>71</u>	<u>4,629</u>	<u>28,376</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

6. ALLOCATION OF SUPPORT COSTS

	Provision of childcare services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2021 £'000	Basis of allocation
Operational management	204	725	827	1,756	Level of activity
Finance and insurance	348	136	146	630	Level of activity
Governance	26	19	17	62	Level of activity
HR, training and recruitment	410	113	127	650	Level of activity
IT and premises	403	358	443	1,204	Level of activity
Irrecoverable VAT	139	118	93	350	Non-taxable income
Total	1,530	1,469	1,653	4,652	

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	<i>Provision of childcare services £'000</i>	<i>Outreach services for children and families £'000</i>	<i>Sector support, membership and policy development £'000</i>	Total 2020 £'000	<i>Basis of allocation</i>
<i>Operational management</i>	730	552	256	1,538	<i>Level of activity</i>
<i>Finance and insurance</i>	296	142	153	591	<i>Level of activity</i>
<i>Governance</i>	32	20	27	79	<i>Level of activity</i>
<i>HR, training and recruitment</i>	395	110	130	635	<i>Level of activity</i>
<i>IT and premises</i>	590	400	347	1,337	<i>Level of activity</i>
<i>Irrecoverable VAT</i>	224	126	99	449	<i>Non-taxable income</i>
Total	2,267	1,350	1,012	4,629	

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

7. STAFF COSTS

Total staff costs comprised:

	2021	<i>2020</i>
	£'000	<i>£'000</i>
Wages and salaries	15,302	<i>17,071</i>
Social security costs	1,070	<i>1,099</i>
Pension contributions	453	<i>474</i>
	<u>16,825</u>	<i><u>18,644</u></i>

The charity operates a money purchase pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension charge represents contributions payable by the charity to the fund. Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. This scheme has been treated as multi-employer schemes for the purposes of FRS 102 as it is not possible to identify the charity's share of assets and liabilities. Therefore, the scheme has been accounted for as a defined contribution scheme and contributions have been charged to the Statement of Financial Activities in the period to which they relate. In addition, the charity participates in the Pension Trust's Growth Plan. See note 20 for further details.

The average number of employees during the year and analysed by activity, was:

	2021	<i>2020</i>
	Number	<i>Number</i>
Provision of childcare services	762	<i>890</i>
Outreach services for children and families	173	<i>194</i>
Membership, sector support and campaigning	175	<i>184</i>
Operational support	40	<i>54</i>
	<u>1,150</u>	<i><u>1,322</u></i>

The average number of staff calculated on a full-time equivalent basis was 681 (2020: 768).

The number of employees who received emoluments greater than £60,000 in the following ranges were:

	2021	<i>2020</i>
	Number	<i>Number</i>
£60,001 - £70,000	1	<i>-</i>
£70,001 - £80,000	4	<i>4</i>
£100,001 - £110,000 *	1	<i>1</i>

* This employee receives no salary or pension from the charity. This is a donated service accounted for in line with the policy as set out in note 1(n).

Pension contributions of £13,269 (2020: £13,269) were made by the charity in respect of the remaining five (2020: four) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to seven key personnel (2020: seven) who were part of the Operational Management Group during the year was £577,000 (2020: £547,000). This figure includes one salary that has been accounted for as a donated service.

The total redundancy payments made in the year were £244,000 (2020: £89,000). Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2021 £216,000 (2020, £89,000) was paid in the year and £28,000 (2020: £nil) was accrued.

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £8,812 (2020 – £8,356).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £827,000 is after charging:

	2021	<i>2020</i>
	£'000	<i>£'000</i>
Operating lease expense	629	<i>613</i>
Depreciation	98	<i>159</i>
Statutory audit	31	<i>37</i>
Tax accounting	3	<i>8</i>

9. TRUSTEES' REMUNERATION AND EXPENSES

No remuneration was paid directly or indirectly out of the funds of the charity to any trustee or to any person or persons known to be connected with any of them.

During the year, none (2020 – 9) of the charity's trustees received reimbursement of travel and subsistence costs (2020 – £8,000).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

10. TANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings £'000	Leasehold building adaptations £'000	Equipment, vehicles & furniture £'000	CRM system £'000	Computer equipment £'000	Total £'000
Cost						
At 1 April 2020	419	1,768	518	258	501	3,464
Additions	-	-	-	213	8	221
At 31 March 2021	419	1,768	518	471	509	3,685
Accumulated depreciation						
At 1 April 2020	104	1,552	491	-	463	2,610
Charge for the year	7	76	8	-	7	98
At 31 March 2021	111	1,628	499	-	470	2,708
Net book value						
At 31 March 2021	308	140	19	471	39	977
<i>At 31 March 2020</i>	<i>315</i>	<i>216</i>	<i>27</i>	<i>258</i>	<i>38</i>	<i>854</i>

All of the tangible fixed assets are principally used for direct charitable purposes. At the year-end the Charity had capital commitments of £47,000 in relation to the development of the CRM system (2020: £139,000).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

11. FIXED ASSET INVESTMENTS

Group and charity

Market value	2021	<i>2020</i>
	£'000	<i>£'000</i>
At 1 April 2020	2,852	<i>2,898</i>
Purchases	134	<i>-</i>
Gain/(loss) on revaluation	527	<i>(46)</i>
	<u>3,513</u>	<i><u>2,852</u></i>

The charity's investments are analysed as follows:

Unit trusts (Milton Keynes Fund, note 16)	26	<i>23</i>
COIF Charities Property Fund	601	<i>615</i>
COIF Charities Investment Fund	1,791	<i>1,377</i>
COIF Charities Global Equity Fund	1,087	<i>830</i>
Accumulation shares	8	<i>7</i>
	<u>3,513</u>	<i><u>2,852</u></i>

12. STOCK

	Group		Charity	
	2021	<i>2020</i>	2021	<i>2020</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Publications and resource centre goods	<u>260</u>	<i><u>349</u></i>	<u>259</u>	<i><u>348</u></i>

13. DEBTORS – Due within one year

	Group		Charity	
	2021	<i>2020</i>	2021	<i>2020</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	-	<i>106</i>	-	<i>106</i>
Other debtors	84	<i>230</i>	68	<i>217</i>
Prepayments	226	<i>217</i>	226	<i>217</i>
Accrued income	346	<i>520</i>	346	<i>520</i>
	<u>656</u>	<i><u>1,073</u></i>	<u>640</u>	<i><u>1,060</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2021	<i>2020</i>	2021	<i>2020</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade creditors	258	<i>380</i>	258	<i>380</i>
Amounts due to group undertakings	-	-	2	<i>13</i>
Taxation and social security	737	<i>489</i>	737	<i>489</i>
Deferred income	1,618	<i>1,784</i>	1,366	<i>1,467</i>
Accruals	1,361	<i>1,668</i>	1,361	<i>1,668</i>
Other creditors	117	<i>1,115</i>	123	<i>1,115</i>
	<u>4,091</u>	<i><u>5,436</u></i>	<u>3,847</u>	<i><u>5,132</u></i>

Total deferred income comprised:

	<i>1 April</i>	Released during the	Income deferred	31 March
	<i>2020</i>	year	<i>£'000</i>	2021
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	£'000
Subscriptions received in advance	<i>791</i>	(791)	648	648
Grants and service level agreements	<i>499</i>	(499)	687	687
Other sundry deferred income	<i>494</i>	(494)	283	283
	<i><u>1,784</u></i>	<i><u>(1,784)</u></i>	<u>1,618</u>	<u>1,618</u>

Membership subscriptions are recognised across the period in which membership services are provided. Where grants and service level agreements relate to service delivery in future periods, income is deferred to cover the period in which the service is to be delivered.

Agency funds received and paid in the year were:

	<i>1 April</i>	Received during the	Paid during the	31 March
	<i>2020</i>	year	year	2021
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	£'000
Payroll services to childcare providers	<i>79</i>	(2,359)	2,225	(55)
Other agency	<i>2</i>	(20)	15	(3)
	<i><u>81</u></i>	<i><u>(2,379)</u></i>	<u>2,240</u>	<u>(58)</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	19,682	-	-	19,682
Expenditure	(20,417)	(98)	-	(20,515)
Investment gains	524	-	-	524
Net expenditure before transfers	(211)	(98)	-	(309)
Gains on pension fund	-	-	48	48
Transfers between funds	(271)	271	-	-
Net (expenditure)/income for the year	(482)	173	48	(261)
Fund balances brought forward at 1 April 2020	5,236	854	(310)	5,780
Fund balances carried forward at 31 March 2021	4,754	1,027	(262)	5,519

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

	<i>Balance at 1 April 2020 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2021 £'000
Nursery redecoration fund	-	-	50	50
Fixed asset reserve	854	(98)	221	977
	854	(98)	271	1,027

Nursery redecoration fund – reserves set aside to cover the cost of redecorating nurseries and pre-schools owned by the Alliance.

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2020 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2021 £'000
Small Grants Big Difference	32	1	(33)	-
Community Fund	133	2,685	(2,678)	140
Building Better Opportunities	15	28	(43)	-
Luton Flying Start	187	226	(240)	173
Bedfordshire & Luton Community Foundation	-	80	(80)	-
Fonds Danone pour l'Ecosysteme	25	-	(25)	-
Other small grants and donations	284	145	(60)	369
Milton Keynes Fund	23	3	-	26
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	699	3,168	(3,159)	708

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) Small Grants Big Difference is a national appeal, the proceeds of which are distributed direct to early years settings to pay for enriched early years environments and experiences for children and their families. During the 2020-21 financial year this became the COVID Recovery Fund and grants were awarded to enable early years settings to open safely and in line with government guidelines after lockdown.
- (ii) Community Fund is the National Lottery Community Fund grant for the A Better Start programme which works with Southend Borough Council and partner organisations to help parents in Southend to give their children a better start in life. [Reference - ABS/1/10086648]
- (iii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iv) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (v) Building Better Opportunities Family Matters project in Walsall is funded by the European Social Fund and the Big Lottery and aims to improve employability in the local community by providing training and other support.
- (vi) Funding received from Fonds Danone pour l'Ecosysteme was provided for the development of the work of the Early Years Nutrition Partnership.
- (vii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (viii) Small grants and donations are given to service hubs to support early years settings and pay for specific projects.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2021 £'000	<i>Total 2020 £'000</i>
Tangible fixed assets	-	977	-	-	977	854
Investments	3,487	-	-	26	3,513	2,852
Current assets	5,358	50	-	682	6,090	8,519
Current liabilities	(4,091)	-	-	-	(4,091)	(5,436)
Pension liability	-	-	(262)	-	(262)	(310)
	<u>4,754</u>	<u>1,027</u>	<u>(262)</u>	<u>708</u>	<u>6,227</u>	<u>6,479</u>

18. OTHER FINANCIAL COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases:

Land and buildings	2021 £'000	<i>2020 £'000</i>
Expiry date:		
Within 1 year	617	592
Between 2 and 5 years	1,412	1,427
In more than 5 years	<u>59</u>	<u>86</u>
	<u>2,088</u>	<u>2,105</u>
Hire of plant and machinery:		
Expiry date:		
Within 1 year	12	22
Between 2 and 5 years	20	11
In more than 5 years	<u>-</u>	<u>-</u>
	<u>32</u>	<u>33</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

19. CASH FLOW STATEMENT

(a) Reconciliation of net expenditure to net cash flow from operating activities

	2021	<i>2020</i>
	£'000	<i>£'000</i>
Net expenditure for the reporting period	(300)	<i>(608)</i>
Adjustments for:		
Depreciation charges	98	<i>158</i>
(Gains)/losses on investments	(527)	<i>46</i>
Interest from investments	(105)	<i>(129)</i>
Decrease/(increase) in stocks	89	<i>(9)</i>
Decrease in debtors	417	<i>65</i>
(Decrease)/increase in creditors	(1,345)	<i>902</i>
Net cash used in operating activities	<u>(1,673)</u>	<i><u>425</u></i>

(b) Analysis of cash and cash equivalents

Cash in hand	13	<i>12</i>
Notice deposits (less than three months)	<u>5,161</u>	<i><u>7,085</u></i>
	<u>5,174</u>	<i><u>7,097</u></i>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

20. PENSION OBLIGATIONS

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
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From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Present value of provision	261,487	309,827	375,847

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	309,827	375,847
Unwinding of the discount factor (interest expense)	6,962	4,756
Deficit contribution paid	(64,244)	(62,373)
Remeasurements - impact of any change in assumptions	8,942	(8,403)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	261,487	309,827

Income and expenditure impact

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Interest expense	6,962	4,756
Remeasurements – impact of any change in assumptions	8,942	(8,403)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

Assumptions

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

For details of the charity's other pension obligations, see note 7 to the financial statements.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £16,000 (2020: £18,000) from Room 111 for design of the charity's magazine, Under 5. The director of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £2,000 (2020: £2,000). During the year the charity incurred total costs of £185,000 (2020: £180,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £168,000 (2020: £157,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £586,000 (2020: £718,000) was also paid. At the year end, a balance of £2,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2020: £13,000 owed by the Pre-school Learning Alliance).

During the year the charity received £14,000 (2020: £17,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of three directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2020: £nil).

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000
Income from:				
Donations		154	115	269
Investments		129	-	129
Charitable activities:	2			
Provision of childcare services		14,832	-	14,832
Outreach services for children and families		5,325	3,991	9,316
Sector support, membership and policy development		2,110	61	2,171
Other trading activities	3	<u>1,097</u>	<u>-</u>	<u>1,097</u>
Total Income		<u>23,647</u>	<u>4,167</u>	<u>27,814</u>
Expenditure on:				
Charitable activities:				
Provision of childcare services		15,698	-	15,698
Outreach services for children and families		5,223	4,266	9,489
Sector support, membership and policy development		3,063	126	3,189
Restructure costs		<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditure	4	<u>23,984</u>	<u>4,392</u>	<u>28,376</u>
Unrealised (loss)/gain on investments	11	<u>(46)</u>	<u>-</u>	<u>(46)</u>
Net (expenditure)/income		(383)	(225)	(608)
Actuarial gains on defined benefit pension schemes	20	66	-	66
Net movement in funds		<u>(317)</u>	<u>(225)</u>	<u>(542)</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	23,647	-	-	23,647
Expenditure	(23,826)	(158)	-	(23,984)
Investment losses	(46)	-	-	(46)
Net expenditure before transfers	(225)	(158)	-	(383)
Gains on pension fund	-	-	66	66
Transfers between funds	(269)	269	-	-
Net (expenditure)/income for the year	(494)	111	66	(317)
Fund balances brought forward at 1 April 2019	5,730	743	(376)	6,097
Fund balances carried forward at 31 March 2020	5,236	854	(310)	5,780

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

	<i>Balance at 1 April 2019 £'000</i>	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2020 £'000
Fixed asset reserve	743	(158)	269	854
	743	(158)	269	854

Fixed asset reserve – This represents the value of reserves attributable to tangible fixed assets and has been set up to assist in identifying those funds that are not free funds.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2019 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2020 £'000
Small Grants Big Difference	48	-	(16)	32
Community Fund	258	3,591	(3,716)	133
Building Better Opportunities	(12)	90	(63)	15
Luton Flying Start	155	250	(218)	187
Sussex and south coast training	120	-	(120)	-
Fonds Danone pour l'Ecosysteme	90	51	(116)	25
Other small grants and donations	242	185	(143)	284
Milton Keynes Fund	23	-	-	23
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	924	4,167	(4,392)	699

(a) Purpose of funds

The purpose of each fund is set out in note 16.