

**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)
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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)
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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		19,682	3,165	22,847	27,814
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	20,515	3,159	23,674	28,376
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		(261)	9	(252)	(542)
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		5,519	708	6,227	6,479

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	2020	2021	2020
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10	977	854	977	854
Investments	11	3,513	2,852	3,513	2,852
		4,490	3,706	4,490	3,706
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
		6,090	8,519	5,846	8,198
CREDITORS – Amounts falling due within one year	14	(4,091)	(5,436)	(3,847)	(5,132)
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)
TOTAL NET ASSETS		6,227	6,479	6,227	6,462
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	5,519	5,780	5,519	5,763
Restricted funds	16	708	699	708	699
TOTAL CHARITY FUNDS	17	6,227	6,479	6,227	6,462

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		(250)	(140)
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)	5,174	7,097

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	Restricted funds	Unrestricted funds	Restricted funds
	£'000	£'000	£'000	£'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

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	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

	Provision of childcare services £'000	Outreach services for children and families £'000	Sector support, membership and policy development £'000	Total 2020 £'000	Basis of allocation
Operational management	730	552	256	1,538	Level of activity
Finance and insurance	296	142	153	591	Level of activity
Governance	32	20	27	79	Level of activity
HR, training and recruitment	395	110	130	635	Level of activity
IT and premises	590	400	347	1,337	Level of activity
Irrecoverable VAT	224	126	99	449	Non-taxable income
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

	2021	<i>2020</i>
Market value	£'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>
At 31 March 2021	<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	<u>346</u>	<i><u>520</u></i>	<u>346</u>	<i><u>520</u></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	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	258	380	258	380
Amounts due to group undertakings	-	-	2	13
Taxation and social security	737	489	737	489
Deferred income	1,618	1,784	1,366	1,467
Accruals	1,361	1,668	1,361	1,668
Other creditors	117	1,115	123	1,115
	<u>4,091</u>	<u>5,436</u>	<u>3,847</u>	<u>5,132</u>

Total deferred income comprised:

	1 April	Released	Income	31 March
	2020	during the	deferred	2021
	£'000	year	£'000	£'000
		£'000		
Subscriptions received in advance	791	(791)	648	648
Grants and service level agreements	499	(499)	687	687
Other sundry deferred income	494	(494)	283	283
	<u>1,784</u>	<u>(1,784)</u>	<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:

	1 April	Received	Paid	31 March
	2020	during the	during the	2021
	£'000	year	year	£'000
		£'000	£'000	
Payroll services to childcare providers	79	(2,359)	2,225	(55)
Other agency	2	(20)	15	(3)
	<u>81</u>	<u>(2,379)</u>	<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:

	Balance at 1 April 2020 £'000	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.
- (vii) 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	2020 £'000
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	2020
	£'000	£'000
Net expenditure for the reporting period	(300)	(608)
Adjustments for:		
Depreciation charges	98	158
(Gains)/losses on investments	(527)	46
Interest from investments	(105)	(129)
Decrease/(increase) in stocks	89	(9)
Decrease in debtors	417	65
(Decrease)/increase in creditors	(1,345)	902
Net cash used in operating activities	<u>(1,673)</u>	<u>425</u>

(b) Analysis of cash and cash equivalents

Cash in hand	13	12
Notice deposits (less than three months)	<u>5,161</u>	<u>7,085</u>
	<u>5,174</u>	<u>7,097</u>

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)
From 1 April 2016 to 30 September 2028:	£54,560 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 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		<u>(383)</u>	<u>(225)</u>	<u>(608)</u>
Actuarial gains on defined benefit pension schemes	20	66	-	66
Net movement in funds		<u>(317)</u>	<u>(225)</u>	<u>(542)</u>

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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:

	Balance at 1 April 2019 £'000	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.

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25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2019 £'000</i>	<i>Income/ unrealised gain £'000</i>	<i>Expenditure £'000</i>	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
Total funds	924	4,167	(4,392)	699

(a) Purpose of funds

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