

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022**

**PRE-SCHOOL LEARNING ALLIANCE
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YEAR ENDED 31 MARCH 2022**

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**PRE-SCHOOL LEARNING ALLIANCE
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 MARCH 2022**

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

BOARD OF TRUSTEES

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

Keith Appleyard
Joanne Blank*
Christine Cheshire *
David Gilbert * (Vice Chair)
Lisa Maidment
Graham McMillan
Lorna Pendred **
Sarah Presswood **
Sophie Ross (Chair) * **
Raymond Smith
Claire Stebbings

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

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

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

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

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2022**

The trustees of the Pre-school Learning Alliance are pleased to present their Annual Report for the year ended 31 March 2022 prepared under the Charities Act 2011 and the Companies Act 2006 (the report comprises the Directors' Report and the Strategic Report under the 2006 Act); together with the audited financial statements for the year.

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

Objectives and activities

Our values and vision

The charity's core values guide our work:

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

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

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

Our charitable objects for the public benefit

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

The charity's activities further the public benefit by supporting the needs of children and families and promoting the importance of voluntary community involvement in early years education and care. The charity's beneficiaries are the children and families who access our services and those of our members. The charity supports central and local government initiatives and provides support to parents to engage in their children's learning at home, providing a range of benefits and services for families. The charity's training and learning programme is delivered online and in the workplace allowing students to earn and learn. As we emerge from the COVID-19 pandemic we have taken steps to ensure our services help address the learning and development impacts of the restrictions of the last two years.

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

Our activities

Our charitable purpose is to provide services which promote child development and support families, especially those in deprived areas. We do this by delivering early intervention and family services programmes, supporting, advising and representing our members and through high quality provision in our own nurseries and pre-schools.

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

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Objectives and activities (continued)

Our activities (continued)

Our vocational, literacy and other skill-based training courses provide opportunities for young people and adults to undertake or develop careers in early years and many wider roles.

The Alliance delivers affordable, flexible and high-quality early years provision through its portfolio of nurseries and pre-schools. These all operate around a core belief that parents are the first and foremost educators of their children. Our parent partnership work empowers parents and gives them a greater involvement in their children's care and education.

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

Achievement and performance

Two is too late! We spend billions on challenges in society from lack of school readiness to bullying to poor mental health to addictions and criminality; and further billions on conditions such as obesity, diabetes, and congenital heart disease. Yet, the building blocks for lifelong emotional and physical health are laid down in the period from conception to the age of two and we don't give this critical period the focus it deserves. Prevention isn't only kinder, but it's also much cheaper than cure – what happens to an infant in the 1,001 critical days is all about prevention, and a strong, supportive policy framework in this area can truly change our society for the better, while saving billions for taxpayers (Rt Hon Andrea Leadsom MP. The Best Start for Life (March 2021)

This foreword to Ms Leadsom's report to parliament, on behalf of the Secretary of State for Health and Social Care, outlines the moral and economic case for government to prioritise support for children in their earliest years. The Alliance endorses this view and focusses its strategic and operational objectives to support children and families during this critical period of a child's life.

We contribute to this vital agenda through the provision of care and education in predominantly disadvantaged areas, outreach support, often delivered in partnership with local authorities, consultation with our members, and lobbying of local and national policy makers. The charity's activities and achievements have been delivered despite continued sustainability concerns across the early years sector.

Provision of care and education services

The Alliance manages 64 registered early years settings, mostly in areas of economic and/or social disadvantage. We are currently providing 3,060 funded places for children at our settings, which amounts to 1.8 million hours of funded delivery out of a total of 2.8 million hours delivered. All settings are rated as good or outstanding by Ofsted, outperforming the sector average of 97%. The COVID-19 pandemic continued to disrupt nursery provision throughout most of the year.

We are proud of the commitment and dedication shown by our early years educators. They provided services for children as infection rates peaked and staff infection levels were high. Staff across our settings have focused on the personal, social and emotional development of children, knowing the impact that the pandemic has had on this cohort of children. Reviews left by parents during this time highlight how important it was for parents to see how happy and settled their children were and how much the support offered to parents was appreciated. For example:

"My daughter has been attending Seashells for a year now, and we have nothing but praise for the nursery and staff. My child is on the autism spectrum, and the level of support she receives is excellent. Staff are kind and knowledgeable, and I know she is in safe and caring hands."

"I am so happy we decided to send our little boy to Little Palms. He has additional needs and finds it so hard to adapt to change. Little Palms have been amazing on every level. The support that Little Palms provides me as a parent is amazing, I suffer myself from anxiety and I feel so comfortable talking to them about situations that may have happened without feeling judged at all."

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Provision of care and education services (continued)

95% of our settings are rated 9/10 or higher based on reviews by parents and carers on [daynurseries.co.uk](https://www.daynurseries.co.uk), the leading early years providers website.

All of our settings place a strong emphasis on engaging parents to support their children's learning and development. For example, Happitots and Arbury nurseries have successfully engaged parents and children in tree planting activities with the support of the Woodland Trust. These activities help parents to meet each other and develop their own friendship/support networks whilst also encouraging parents to try planting activities with their children at home. The manager at Puddlebrook has set up a weekly baby and toddler group for local parents which provides informal support for parents and acts as a feeder to formal pre-school provision.

Projects which link our settings to the community are becoming ever more essential as the cost of living crisis intensifies. Examples of support include the continued use of the Fair Share scheme to provide food and toiletries to families, children's clothes swaps and book and toy libraries.

Outreach services for children and families

Our staff have identified that many of the new services introduced during the pandemic will have lasting benefits for families beyond the period of lockdown restrictions, particularly for those with multiple challenges. Our Children's Centre staff and outreach workers now routinely blend in-person support with on-line provision, extending access to services and ensuring they meet families' needs and circumstances. The Alliance has seen demand for its support services increase as the pressure on families intensify.

This increase reflects the findings of the Nuffield Foundation, who in May 2022 reported that:

'Pressures on many parents of young children have been increasing over the last 20 years and have intensified during the pandemic. Some of these pressures are financial and will be increased further by the cost of living crisis, putting young children's well-being and development at risk. (Time for parents. Nuffield Foundation 2022 part of the Changing face of early childhood in Britain series)

12,826 early years support sessions were provided to families through our Best Start Early Years and Family Service in Lincolnshire. There was an increase in the number of families accessing outreach provision from 55.3% to 58.2% showing the need of services for families. Parents reported that:

"My son loves his sessions, smiling beginning to giggle, can tell he can recognise the songs in the sessions with his facial reactions, he also recognises other children and the centre lead [name withheld] is fab, she is so friendly and helpful with ideas.[She] keeps the sessions really engaging for the children."

"[The educator] has been a great help and I really like working with her. I feel able to be very, very honest about my whole situation. She has started working with me to help me bond with my child. We spend a lot more 'mummy and child time', playing and going to the park. He smiles a lot more. The support I have had from the [staff] has given me the confidence to book a train for myself and my child to go and visit my nanna."

The project's skills development officers supported 352 parents on a bespoke pathway in supporting parents with children age 0-5 years to access confidence building programmes, access training, receive support with CV writing and applying for job vacancies.

"I am not sure where I would be today if it wasn't for the advice and kindness that you showed me, you have never once judge me or made me feel less of a mum or a person. All you ladies really do not know the support you give to so many, even by being yourselves".

"I don't know how I would have coped at times without the support of the other parents and staff. [The Educator] has been incredible."

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Outreach services for children and families (continued)

Across the year the Alliance made on average 350 a month Keep In Touch contacts to parents. Communication was via phone calls, emails and texts, any route necessary to sustain engagement and ensure families were provided support and advice at the time they needed it outside of session provision.

Our A Better Start Southend (ABSS) programme, supported over 10 years by National Lottery Community Fund has seen a variety of impacts arising from the pandemic and cost of living crisis.

The ABSS programme reached a total of 1,953 beneficiaries, a 13% increase on the previous year. The 8.4% drop in new beneficiaries, experienced during the pandemic is now recovering, with a total of 1,040 new beneficiaries attending activities in 2021/22, an increase of 10.1% on the previous year.

The programme's *YourFamily* workers attend local food banks to offer support to families in urgent need, with concerns about finances frequently mentioned alongside specific child-focused topics. They co-facilitate a monthly project which provides clothes and other essentials for 0-4year olds, and attendance has increased significantly over the last two months.

"I feel more confident in myself and in my ability to parent my children well now and I believe a large part of this is because of the opportunities I've had through ABSS."

"I'm really grateful to ABSS for everything they've helped me and my family learn and achieve and I am so proud to have this in my community."

DfE support funded the First and Foremost programme's support for parents to engage in their children's learning and development. 62 parents attended Let's Learn Together@Home on-line courses of 5 weekly sessions and 296 attended one off sessions. Parents reported:

"Thank you for all the super great ideas and knowledge on the course. I'm currently training to be a childminder and it's been such a great way of extending my learning and has given me awesome ideas for activities I could do with the children."

The programme also continued to train and support early years educators to screen children for speech and language communication delay. 51 educators in total were training who went on to screen 374 children, of which 162 needed targeted support. This model of in-setting identification and meeting of needs is increasingly necessary as specialist referral services such as Speech and Language Therapists are evermore stretched.

"This has been an amazing opportunity to really define children's levels of need within communication and language, the programme is invaluable, we feel much more confident in using the tools, to make more accurate assessments, that are backed up with outcomes."

Sector support, membership and policy development

The Alliance is uniquely situated in the early years environment as a strategic partner with government, a nursery operator, training provider and membership organisation. We use this expertise, experience and reach to represent the early years sector to policy makers.

Our campaign and policy work has focused on using research-based activity to highlight the scale of the financial and practical challenges facing the early years sector. In December 2021, we published *Breaking Point*, reporting on the early years recruitment and retention crisis. More than eight in ten settings reported finding it difficult to recruit staff, over a third of respondents were actively considering leaving the sector, and one in six believed that staffing shortages are likely to force their setting to close permanently within a year.

Our 2022 Week of Play focused on 'Playing for the Planet' demonstrating how educators and families can teach sustainability to children through play. The programme, supported by a range of partners, including Lego and Froebel Trust, provided resources to 1,621 beneficiaries.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Achievement and performance (continued)

Sector support, membership and policy development (continued)

Too Little Too Late Launched in March 2022 to coincide with the publication of the government's SEND Green Paper, focused on the financial challenges faced by providers supporting children with special educational needs and disabilities (SEND). It found that 92% of providers have had to fund additional support for children with SEND out of their own pockets, with 53% saying they do so 'regularly', while 40% said they don't receive funding specifically to support SEND provision.

In June 2022, the Alliance launched the #WeAreEducators campaign: a positive, empowering campaign that aims to help those working in the early years highlight to parents, local communities and policymakers the unique importance of the early years, and the role that our workforce plays in shaping children's lives. 1,000 early years professionals signed up for the campaign in the first week and it has received support from the Duchess of Cambridge's Royal Foundation Centre for Early Childhood.

Comments from members and the wider sector in support of our campaigning activities include:

"Thank you to the Early Years Alliance for using your powerful voice to raise awareness of issues early years settings face in giving the right support to children with SEND at the right time,"

"Thank you for your ongoing voice of reason and endeavour to bring fairness for the early years sector".

We provide a range of services to support early years and family practitioners, ensuring that they are operating within statutory and regulatory frameworks. This includes free policy updates and information guides, a specialist early years information service, legal helpline, training, and tailored professional development support packages.

The Strong Early Years London programme commissioned by Mayor of London delivered business development advice and consultancy to 1,606 practitioners from 1,344 settings and childminder provisions across the capital. 93 % of those accessing support said they had learned something new and 90% said they would take actions as a result of the session. Independent feedback evaluation was positive:

"We accessed support about moving from an unincorporated charity. The information gained was clear and helped us to identify where to start and the process step by step, which means we will be able to do this by ourselves and save us money."

"It's definitely given us the tools to be able to get our finances in order and see where we are losing money."

The Alliance's work-based training provision offers tutor-support, blended, and on-line delivery. 130 learners undertook courses with the Alliance to gain full and relevant early years qualification. 56 apprentices were enrolled on Alliance training programmes of which 45 apprentices were employed in our nurseries in the year, following qualification programmes to further their careers. 15 apprentices successfully completed their learning programme at either level 2 or 3. Of these 9 completed the new Standards apprenticeship which includes End Point Assessment, requiring them to evidence how their new knowledge and skills will improve their practice. All have achieved distinction in their end point assessment. The Alliance supported the government's Kickstart initiative, offering 64 young people internships in our settings. On completion of their placements, 8 stayed with us to become apprentices. On-line training for early educators has developed dramatically through free to attend Connect sessions and more in-depth, paid for, Spotlights and Virtual Classrooms.

In total 180 sessions were delivered to 2,690 attendees. The most popular events were *Looking forward to the new EYFS*, *Let's Talk*, *The Learning Walk*, and *The Language of Feeling: how to support emotional literacy*

Our partnership with Educare made available, free of charge, online courses on a range of topics, including those designed to help managers and staff cope with the additional stresses of the pandemic. 49,441 practitioners accessed the training materials between April 2021 to March 2022, including 2,830 who accessed the wellbeing courses. The most popular courses were *Effective Safeguarding Practice*, *The Prevent Duty in the Early Years Environment* and *Getting to Grips with the EYFS*.

PRE-SCHOOL LEARNING ALLIANCE TRUSTEES' ANNUAL REPORT (CONTINUED) YEAR ENDED 31 MARCH 2022

Plans for the future

As part of our 2021-24 strategic plan commitment to support children and vulnerable families' engagement with effective learning and development in the home we will launch a Parental Engagement Project. Over three years it will develop and deliver resources and support direct to parents and develop practitioners' ability to engage positively with parents in settings. The project will set targets for practitioner and parental participation and evaluate its impact through the Alliance's outcome wheel self-assessment framework.

We will launch our first virtual reality training sessions, developed in collaboration with Metaverse limited. These allow practitioners to learn skills and knowledge on potential sensitive topics such as safeguarding, managing unwanted behaviour and child protection in safe, virtual environments. Training resources and materials will also be developed to help early years practitioners ensure their provision is inclusive and actively anti-racist.

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

These plans are all set in the context of our commitment to sustainability and environmental protection, revitalising the work paused during the pandemic. Greater attention will also be paid to securing racial and ethnic equality across our structures, activities and the wider sector.

Structure, governance and management

Governing document and membership

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

Board of Trustees

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

The Board of Trustees is made up of between eight and twelve Elected Trustees and up to four Appointed Trustees. Elected Trustees are elected by the members and their names are presented at the annual general meeting (AGM) of the charity. Appointed Trustees are selected by virtue of their background, knowledge and experience and bring skills that are complementary to those of the Elected Trustees. The period of office of the Board of Trustees is three years. New trustees are given an induction pack on election or appointment. This is followed by an induction and training programme based on a skills audit which is carried out every three years between the election and commencement of office.

Committees of the Board

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

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

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

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Code of governance

The trustees have reviewed the Charity Code of Governance (the Code) and mapped the charity's structures and processes against the seven principles. The trustees are satisfied that the governance framework already established and documented in the Articles of Association, bye laws, code of conduct and terms of reference are compliant with the Code. Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the Charity's continued improvement. The trustees recognise the importance of the Code and will introduce a programme of continuous review. The trustees have agreed a board diversity policy to guide the process of electing and appointing trustees.

Management

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

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

STRATEGIC REPORT

Key risks and uncertainties

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

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

The increasing cost of employing staff, at a time when income from funded places is failing to keep pace, is a risk both to the financial viability of the charity and to the strength of the early years sector. This comes at a time when morale in the sector is low following the pandemic and recruitment and retention of staff has become an increasing risk. The charity is reviewing and refreshing how it engages with and rewards staff in a number of ways to seek to mitigate this risk.

A growing area of risk is cybersecurity threats to early years settings. Internally, the charity has introduced new cyber-attack prevention measures and testing and has developed a cyber-attack response plan. We are working with the Department for Education to consider how the wider early years sector can be supported to counter this threat.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Financial review

Financial results

The consolidated Statement of Financial Activities for 2021-22 shows a net increase in funds of £931,000 in the year. The increase in funds is after unrealised investment gains of £334,000 and actuarial gains on the defined benefit pension scheme of £203,000.

Revenue for care and education places was £1.58 million more than the previous year as the sector started to recover from the period of pandemic closures. While the overall financial recovery was stronger than anticipated, in some areas, staffing shortages have limited the number of places in early years provision that we have been able to offer.

The grant income for the A Better Start programme in Southend increased by £1.7 million. Of this, £1 million represents a return to pre-pandemic face-to-face programme delivery. The remaining increase reflects growth of the programme with new projects. Overall, local government grant and contract funding has remained consistent. A new contract in Bradford has resulted in an increase of contract funding. Grant funding has decreased because we received some one-off grants and furlough support in 2020-21 to help the charity to manage the pandemic.

Unrestricted surplus, before unrealised investment gains, was £341,000 in the year. The 2020-21 financial year included an operational restructure and this has put the charity in a stronger financial position to face the current economic challenges.

In the year, restricted funds increased by £53,000. The charity used donated funds in line with the wishes of grant funders and donors to meet the needs of children and families and to support the early years sector and received new donations of £47,000.

Financial health

The 2021-22 accounts show the impact of measures that the charity took in the previous year to respond to the pandemic with a new structure that is able to operate in a difficult funding environment. The majority of the charity's early years settings are in areas of deprivation and rely on early years funding to cover the cost of places as there is little opportunity to raise additional funds through the provision of additional places or levying fees. During the pandemic, the charity demonstrated its ability to adapt and adopt new, remote delivery models. Face-to-face delivery is returning in most areas of family support but remote delivery of training for and engagement with the early years sector has resulted in new funding streams in 2021-22. As outlined in the reserves policy, the charity's general fund is 7% above target.

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

Policies

Reserves policy

The charity's unrestricted funds are held to secure the activities of the charity and can be applied in the event of a drop in funding or other financial contingency. The general fund represents the unrestricted funds arising from past operating results and totalled £5.4 million at 31 March 2022. The fixed asset designated fund contains the funds that are invested in tangible fixed assets which are held to support the continuation of charitable activities. The funds held at 31 March 2022 totalled £1 million. One other designated fund totalled £63,000. The negative designated pension reserve of £59,000 represents the shortfall in funding of The Pensions Trust Growth Plan as valued under FRS102 at 31 March 2022. The movements on unrestricted funds and details of designations made by the trustees are set out in note 15 to the financial statements.

Restricted funds are held by the charity when donors have stipulated how their donation can be spent. These funds cannot always be spent in the period in which they are donated and so the target is always to use restricted funds in a manner which meets the needs of the beneficiaries and the expectations of the donors.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Policies (continued)

Reserves policy (continued)

At 31 March 2022 restricted funds held totalled £761,000. The movements on restricted funds are set out in note 16.

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

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

The general reserves are currently £5,383,000 which is £364,000 above the target set by trustees of £5,019,000.

Investment policy

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

Funds that can be invested over a longer term are invested in Common Investment Funds which are managed by CCLA Fund Managers. The trustees selected CCLA as fund manager because of its Ethical and Responsible Investment policy which is in line with the charity's own investment policy. The charity has no limitations on its investment powers. The aim is to maximise yield while maintaining the capital fund. The portfolio is actively managed to ensure that there is a balanced approach across all asset classes. In 2021-22 76% was held in equities and 24% in property/infrastructure. Return on investment was 1.2% (2021: 1.1%). Interest rates on bank deposits in 2021-22 was 0.03%. Average income earned from Common Investment Funds is 2.9% (2021: 3.2%).

During the year, the investment portfolio made unrealised gains of £334,000 despite a fall in value in the fourth quarter of £179,000 as events in Ukraine became the dominant factor in market movement.

Employment and remuneration policy

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

Working within recognised good practice guidelines, the charity regularly reviews its level of investment in staff training and development to ensure that adequate and appropriate resources are in place. E-learning and the use of webinars complement other training and development policies and activities within the organisation. After a rigorous process of assessment reviewed by Investors in People (IiP), the Alliance has been awarded silver level We Invest in People accreditation and We Invest in Wellbeing accreditation. Achieving the IIP silver award recognises an empowered workforce, supportive management and an embedded commitment to developing individuals. The wellbeing award recognises the work undertaken by the Alliance to promote a culture of wellbeing.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Employment and remuneration policy (continued)

The charity appointed 64 nursery trainees through the Governments Kickstart Scheme. Following completion of the scheme several participants entered an apprenticeship programme with the Alliance to obtain their early years qualification. Some participants have been retained either as permanent staff member or on our flexible staff bank list.

1,050 staff are employed by the charity at its national and training centres, within community projects, in the charity's children's centres and nurseries and as tutors. Systems are in place to communicate information about the charity's activities to all employees on a regular basis, and to encourage employees to provide ideas and suggestions. The charity believes that a regular flow of information will enhance its effectiveness and productivity.

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

Environmental policy

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

Subsidiary companies

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

The objective of PLAT is to promote of the aims of the Early Years Alliance by obtaining sponsorship and other commercially derived funds. Income derived from the sale of insurance services to members is the most significant part of the company's financial activity. PLAT pays all of its taxable profits to the charity via Gift Aid. An operating profit of £650,000 (2021: £388,000) was made in the year. In 2020-21, there was a change to the way in which commission income is accounted for which resulted in a one-off reduction in the commission income in the subsidiary company's results.

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

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

Statement of Trustees' Responsibilities

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

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the group's net incoming/outgoing resources for that period.

**PRE-SCHOOL LEARNING ALLIANCE
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2022**

Statement of Trustees' Responsibilities (continued)

In preparing these financial statements, the trustees are required to:

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

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

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

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

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

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

Auditor

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

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 22 September 2022 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

Sophie Ross
Chair

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

Opinion

We have audited the financial statements of Pre-school Learning Alliance for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial

- statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we

considered in this context for the UK operations included General Data Protection Regulation (GDPR), employment legislation, Health and Safety legislation, Ofsted standards and the Financial Conduct Authority (FCA) regulations in relation to the insurance business.

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

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

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

Use of our report

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

Julia Poulter
Senior Statutory Auditor

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

London

29 September 2022

PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	<i>Total 2021 £'000</i>
Income from:					
Donations		132	47	179	253
Investments		115	-	115	105
Charitable activities:	2				
Provision of care and education services		13,797	-	13,797	12,217
Outreach services for children and families		4,504	4,706	9,210	7,427
Sector support, membership and policy development		1,967	16	1,983	2,094
Other trading activities	3	<u>1,062</u>	<u>-</u>	<u>1,062</u>	<u>751</u>
Total Income		<u>21,577</u>	<u>4,769</u>	<u>26,346</u>	<u>22,847</u>
Expenditure on:					
Charitable activities:					
Provision of care and education services		13,806	-	13,806	13,177
Outreach services for children and families		4,377	4,657	9,034	7,257
Sector support, membership and policy development		3,053	59	3,112	3,240
Total Expenditure	4	<u>21,236</u>	<u>4,716</u>	<u>25,952</u>	<u>23,674</u>
Unrealised gain on investments	11	<u>334</u>	<u>-</u>	<u>334</u>	<u>527</u>
Net income/(expenditure)		675	53	728	(300)
Actuarial gains on defined benefit pension schemes	20	203	-	203	48
Net movement in funds		<u>878</u>	<u>53</u>	<u>931</u>	<u>(252)</u>
Reconciliation of funds:					
Fund balances brought forward at 1 April 2021		<u>5,519</u>	<u>708</u>	<u>6,227</u>	<u>6,479</u>
Fund balances carried forward at 31 March 2022		<u>6,397</u>	<u>761</u>	<u>7,158</u>	<u>6,227</u>

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

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

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED AND CHARITY BALANCE SHEETS
31 MARCH 2022**

	Notes	Group		Charity	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10	1,010	977	1,010	977
Investments	11	4,457	3,513	4,457	3,513
		5,467	4,490	5,467	4,490
CURRENT ASSETS					
Stock	12	276	260	276	259
Debtors	13	545	656	534	640
Cash at bank and in hand		5,993	5,174	5,756	4,947
		6,814	6,090	6,566	5,846
CREDITORS – Amounts falling due within one year	14	(5,064)	(4,091)	(4,816)	(3,847)
NET CURRENT ASSETS		1,750	1,999	1,750	1,999
NET ASSETS – excluding pension liability		7,217	6,489	7,217	6,489
Defined benefit pension liability	20	(59)	(262)	(59)	(262)
TOTAL NET ASSETS		7,158	6,227	7,158	6,227
FUNDS OF THE CHARITY:					
Unrestricted funds:					
General fund		5,383	4,754	5,383	4,754
Pension reserve		(59)	(262)	(59)	(262)
Designated fund		1,073	1,027	1,073	1,027
	15	6,397	5,519	6,397	5,519
Restricted funds	16	761	708	761	708
TOTAL CHARITY FUNDS	17	7,158	6,227	7,158	6,227

The surplus for the parent undertaking alone amounted to £79,000 (2021: £688,000 deficit). Income for the parent undertaking alone amounted to £25,284,000 (2021: £22,096,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 22 September 2022 and signed on its behalf by

Sophie Ross
Chair

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

**PRE-SCHOOL LEARNING ALLIANCE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £'000	<i>2021</i> <i>£'000</i>
Net cash (used in)/from operating activities	19(a)	1,478	<i>(1,673)</i>
Cash flows from investing activities:			
Interest from investments		115	<i>105</i>
Purchase of equipment		(164)	<i>(221)</i>
Cash invested in year		(610)	<i>(134)</i>
		<hr/>	<hr/>
Net cash generated used in investing activities		(659)	<i>(250)</i>
Change in cash and cash equivalents in the reporting period		819	<i>(1,923)</i>
Cash and cash equivalents at the beginning of the reporting period		5,174	<i>7,097</i>
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	19(b)	<u>5,993</u>	<i><u>5,174</u></i>

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

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

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

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

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

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

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

(c) Recognition of income and expenditure

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

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

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

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

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

(d) Tangible fixed assets

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

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

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

(e) Investments

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

(f) Stocks

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

(g) Financial instruments

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

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

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

At the balance sheet date the charity held financial assets (cash and bank balances, trade debtors, other debtors and accrued income) at amortised cost of £6,438,000 (2021: £5,604,000), financial assets at fair value of £4,457,000 (2021 £3,513,000) and financial liabilities (trade creditors, other creditors, and accruals) at amortised cost of £2,533,000 (2021 £1,736,000).

(h) Funds

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

(i) Cost allocation

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

- (i) Training and policy development costs comprise staff costs, course costs and attributable overheads in line with the level of activity undertaken.
- (ii) Provision of care and education services costs comprise staff costs, premises costs, resources and attributable overheads in line with the level of activity undertaken.
- (iii) Outreach services comprise staff costs, resources and attributable overheads in line with the level of activity undertaken.
- (iv) Membership, sector support and campaigning include staff costs and resources plus conference costs, printing and distribution costs, helpline costs, public relations costs and attributable staff costs and overheads in line with the level of activity undertaken.
- (v) Governance costs are allocated in line with the level of activity undertaken.
- (vi) To the extent that VAT is irrecoverable the cost is included with the item of expense to which it relates.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

(j) Pension costs

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

Contributions are also made into defined benefit schemes for one member of staff employed under a contract with the London Borough of Lewisham in accordance with TUPE regulations. This scheme has been treated as multi-employer schemes for the purposes of FRS 102 as it is not possible to identify the charity's share of assets and liabilities. Therefore, the schemes have been accounted for as defined contribution schemes and contributions have been charged to the Statement of Financial Activities in the period to which they relate.

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

(l) Taxation

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

(m) Operating leases

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

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

2. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities is made up of:	2022		2021	
	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds
	£'000	£'000	£'000	£'000
Local government grants and contracts	3,262	-	3,281	-
Department for Education	281	-	472	-
DHSC Health and Wellbeing Fund	238	-	-	-
Big Lottery Fund	-	4,404	-	2,685
Other grant funding	-	318	122	360
Children's Centre funding	1,304	-	1,601	-
Nursery education and two-year-old funding	8,678	-	8,744	-
Fees for care and education	4,754	-	2,785	-
Training funding and fees	271	-	256	-
Services to early years providers	1,480	-	1,426	6
	20,268	4,722	18,687	3,051

The DHSC Health and Wellbeing Fund - Starting Well funds delivery of a perinatal pathway of targeted support for families, from diverse communities and areas of high deprivation in Luton.

3. INCOME FROM TRADING SUBSIDIARIES

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

PLAT obtains insurance commission, sponsorship and other financial support for the charity and gift aids all its taxable profits to the charity. A summary of its trading results is shown on page 25. At 31 March 2022, PLAT was owed £87,000 by the charity (2021 – the charity owed £2,000 to PLAT).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3.INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

Profit and loss account	Total 2022 £'000	Total 2021 £'000
Turnover	1,062	751
Cost of sales	<u>(253)</u>	<u>(195)</u>
Gross profit	809	556
Administrative expenses	<u>(159)</u>	<u>(168)</u>
Operating profit	650	388
Gift aid payment	<u>(650)</u>	<u>(388)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>

Balance sheet

Total assets	384	295
Total liabilities	<u>(334)</u>	<u>(295)</u>
	<u>50</u>	<u>50</u>

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

4. ANALYSIS OF EXPENDITURE

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

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

	Notes	Staff costs (note 7) £'000	Resources and service delivery £'000	Premises, depreciation and IT £'000	Other £'000	Total 2021 £'000
<i>Provision of care and education services</i>		<i>10,356</i>	<i>695</i>	<i>1,555</i>	<i>571</i>	<i>13,177</i>
<i>Outreach services for children and families</i>		<i>4,489</i>	<i>2,287</i>	<i>447</i>	<i>34</i>	<i>7,257</i>
<i>Sector support, membership and policy development</i>		<i>1,980</i>	<i>476</i>	<i>375</i>	<i>409</i>	<i>3,240</i>
TOTAL		16,825	3,458	2,377	1,014	23,674

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

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

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000
<i>Provision of care and education services</i>	11,647	-	1,530	13,177
<i>Outreach services for children and families</i>	5,788	-	1,469	7,257
<i>Sector support, membership and policy development</i>	1,554	33	1,653	3,240
	<u>18,989</u>	<u>33</u>	<u>4,652</u>	<u>23,674</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

6. ALLOCATION OF SUPPORT COSTS

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

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	Provision of care and education 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	

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

7. STAFF COSTS

Total staff costs comprised:

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Wages and salaries	15,483	<i>15,218</i>
Social security costs	1,082	<i>1,070</i>
Pension contributions	511	<i>453</i>
Agency staff	403	<i>84</i>
	<u>17,479</u>	<i><u>16,896</u></i>

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

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

	2022	<i>2021</i>
	Number	<i>Number</i>
Provision of care and education services	752	<i>762</i>
Outreach services for children and families	177	<i>173</i>
Membership, sector support and campaigning	113	<i>175</i>
Operational support	41	<i>40</i>
	<u>1,083</u>	<i><u>1,150</u></i>

The average number of staff calculated on a full-time equivalent basis was 633 (2021: 681).

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

	2022	<i>2021</i>
	Number	<i>Number</i>
£60,001 - £70,000	-	<i>1</i>
£70,001 - £80,000	4	<i>4</i>
£100,001 - £110,000 *	1	<i>1</i>

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

Pension contributions of £13,269 (2021: £13,269) were made by the charity in respect of the remaining four (2021: five) higher paid employees.

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

7. STAFF COSTS (CONTINUED)

The aggregate employee benefits, including National Insurance and pension contributions, made to eight key personnel (2021: seven) who were part of the Operational Management Group during the year was £612,000 (2021: £577,000). This figure includes one salary that has been accounted for as a donated service.

The total redundancy payments made in the year were £88,000 (2021: £244,000). Redundancy pay is accrued at the year end if redundancy consultations had begun before the year end. In 2022 £68,000 (2021: £216,000) was paid in the year and £20,000 (2021: £28,000) was accrued.

The charity participates in an insurance policy which protects the charity from loss arising from the neglect or default of its trustees and employees by indemnifying the charitable funds against the consequences of such neglect or default. The cost to the charity of this insurance for the year was £8,328 (2021 – £8,812).

8. NET (EXPENDITURE)/INCOME

The operating deficit of £827,000 is after charging:

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Operating lease expense	607	<i>629</i>
Depreciation	121	<i>98</i>
Statutory audit	32	<i>31</i>
Tax accounting	6	<i>3</i>

9. TRUSTEES' REMUNERATION AND EXPENSES

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

During the year, none (2021: 0) of the charity's trustees received reimbursement of travel and subsistence costs (2021: £nil).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

10. TANGIBLE FIXED ASSETS

Group and charity	Freehold land and buildings £'000	Leasehold building adaptations £'000	Equipment, vehicles & furniture £'000	CRM system £'000	Computer equipment £'000	Total £'000
Cost						
At 1 April 2021	419	1,768	518	471	509	3,685
Additions	-	-	1	75	88	164
Disposals	-	-	(52)	-	(233)	(285)
At 31 March 2022	419	1,768	467	546	364	3,564
Accumulated depreciation						
At 1 April 2021	111	1,628	499	-	470	2,708
Charge for the year	7	68	3	38	5	121
Disposals	-	-	(52)	-	(223)	(275)
At 31 March 2022	118	1,696	450	38	252	2,554
Net book value						
At 31 March 2022	301	72	17	508	112	1,010
<i>At 31 March 2021</i>	<i>308</i>	<i>140</i>	<i>19</i>	<i>471</i>	<i>39</i>	<i>977</i>

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

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

11. FIXED ASSET INVESTMENTS

Group and charity

	2022	<i>2021</i>
Market value	£'000	<i>£'000</i>
At 1 April 2021	3,513	<i>2,852</i>
Purchases	610	<i>134</i>
Gain/(loss) on revaluation	334	<i>527</i>
At 31 March 2022	<u>4,457</u>	<i><u>3,513</u></i>

The charity's investments are analysed as follows:

Unit trusts (Milton Keynes Fund, note 16)	26	<i>26</i>
COIF Charities Property Fund	690	<i>601</i>
COIF Charities Investment Fund	2,555	<i>1,791</i>
COIF Charities Global Equity Fund	1,178	<i>1,087</i>
Accumulation shares	8	<i>8</i>
	<u>4,457</u>	<i><u>3,513</u></i>

12. STOCK

	Group		Charity	
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Publications and resource centre goods	<u>276</u>	<i><u>260</u></i>	<u>275</u>	<i><u>259</u></i>

13. DEBTORS – Due within one year

	Group		Charity	
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	67	<i>-</i>	67	<i>-</i>
Other debtors	111	<i>84</i>	100	<i>68</i>
Prepayments	99	<i>226</i>	99	<i>226</i>
Accrued income	<u>268</u>	<i><u>346</u></i>	<u>268</u>	<i><u>346</u></i>
	<u>545</u>	<i><u>656</u></i>	<u>534</u>	<i><u>640</u></i>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

14. CREDITORS – Amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	570	258	570	258
Amounts due to group undertakings	-	-	87	2
Taxation and social security	494	737	494	737
Deferred income	2,037	1,618	1,702	1,366
Accruals	1,952	1,361	1,952	1,361
Other creditors	11	117	11	123
	<u>5,064</u>	<u>4,091</u>	<u>4,816</u>	<u>3,847</u>

Total deferred income comprised:

	1 April	Released	Income	31 March
	2021	during the	deferred	2022
	£'000	year	£'000	£'000
		£'000		
Subscriptions received in advance	648	(648)	735	735
Grants and service level agreements	687	(687)	923	923
Other sundry deferred income	283	(283)	379	379
	<u>1,618</u>	<u>(1,618)</u>	<u>2,037</u>	<u>2,037</u>

Agency funds received and paid in the year were:

	1 April	Received	Paid	31 March
	2021	during the	during the	2022
	£'000	year	year	£'000
		£'000	£'000	
Payroll services to early years providers	(55)	(2,213)	2,303	35
Other agency	(3)	(192)	199	4
	<u>(58)</u>	<u>(2,405)</u>	<u>2,502</u>	<u>39</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

15. UNRESTRICTED FUNDS

	General fund £'000	Designated funds £'000	Pension reserve £'000	Total unrestricted funds £'000
Income	21,577	-	-	21,577
Expenditure	(21,098)	(138)	-	(21,236)
Investment gains	334	-	-	334
Net expenditure before transfers	813	(138)	-	675
Gains on pension fund	-	-	203	203
Transfers between funds	(184)	184	-	-
Net (expenditure)/income for the year	629	46	203	878
Fund balances brought forward at 1 April 2021	4,754	1,027	(262)	5,519
Fund balances carried forward at 31 March 2022	5,383	1,073	(59)	6,397

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

	Balance at 1 April 2021 £'000	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2022 £'000
Nursery redecoration fund	50	(17)	30	63
Fixed asset reserve	977	(121)	154	1,010
	1,027	(138)	184	1,073

Nursery redecoration fund – reserves set aside to cover the cost of redecorating nurseries and pre-schools owned by the Alliance.

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

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

16. RESTRICTED FUNDS

	<i>Balance brought forward at 1 April 2021 £'000</i>	Income/ unrealised gain £'000	Expenditure £'000	Balance carried forward at 31 March 2022 £'000
A Better Start Southend	140	4,404	(4,317)	227
Community Connections North	-	39	(39)	-
Luton Flying Start	173	185	(225)	133
Luton Safe at Home	-	77	(77)	-
James Reckitt Foundation	14	20	-	34
Parental Engagement	274	28	(10)	292
Other funds to support early years	65	-	(32)	33
Milton Keynes Community Hub	16	16	(16)	16
Milton Keynes Endowment Fund	26	-	-	26
Total funds	708	4,769	(4,716)	761

(a) Purpose of funds

The purpose of each individual fund is as follows:

- (i) A Better Start Southend is funded by the National Lottery Community Fund. The A Better Start programme works with Southend Borough Council and partner organisations to help parents in Southend give their children a better start in life. [Reference - ABS/1/10086648]
- (ii) The Community Connections North programme is funded as part of Building Better Opportunities by the European Social Fund and the National Lottery Community Fund. Support is tailored specifically to individual needs, whatever and however complex they may be. Outcomes for individuals are to develop their confidence, gain experience and feel connected to their community, with the ultimate goal to help them find employment.
- (iii) Luton Flying Start is funded by Bedfordshire & Luton Community Foundation and aims to improve outcomes for children in Luton from pregnancy to 5th birthday as a foundation to a healthy future.
- (iv) Luton Safe at Home is funded by Bedfordshire & Luton Community Foundation. We work in partnership with Bedfordshire Fire and Rescue Service to ensure that children under five in Luton are safe from accidental injuries in the home, reducing the attendance at NHS A&E.
- (v) The James Reckitt Foundation provides funding to the Alliance to make a positive difference to families in the Hull area through family learning opportunities.
- (vi) The Parental Engagement project is funded by donations to provide resources and professional development for early years professionals and to promote the importance of parents' engagement in their child's learning.
- (vii) The Milton Keynes Community Hub is funded by the Milton Keynes Charity Shop (Kingston) Ltd and provides direct support services to the Milton Keynes Early Years Community. This includes: telephone support and advice, access to network events, training and workshops for PVI settings and families. Alliance representation on Milton Keynes Schools Forum means that early years matters locally that are of concern to PVI settings are raised.

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

- (viii) Milton Keynes Fund was donated by the Milton Keynes Community Trust Limited as an endowed fund to be retained and invested. Income is used to support programmes in the borough of Milton Keynes.
- (ix) Other funds to support early years pay for projects where the donor has specified the geographical location of the targeted support.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £'000	Designated funds £'000	Pension reserve £'000	Restricted Funds £'000	Total 2022 £'000	<i>Total 2021 £'000</i>
Tangible fixed assets	-	1,010	-	-	1,010	977
Investments	4,431	-	-	26	4,457	3,513
Current assets	6,016	63	-	735	6,814	6,090
Current liabilities	(5,064)	-	-	-	(5,064)	(4,091)
Pension liability	-	-	(59)	-	(59)	(262)
	<u>5,383</u>	<u>1,073</u>	<u>(59)</u>	<u>761</u>	<u>7,158</u>	<i><u>6,227</u></i>

18. OTHER FINANCIAL COMMITMENTS

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

Land and buildings	2022 £'000	2021 £'000
Expiry date:		
Within 1 year	600	617
Between 2 and 5 years	1,286	1,412
In more than 5 years	145	59
	<u>2,031</u>	<u>2,088</u>
Hire of plant and machinery:		
Expiry date:		
Within 1 year	7	12
Between 2 and 5 years	17	20
In more than 5 years	-	-
	<u>24</u>	<u>32</u>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19. CASH FLOW STATEMENT

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

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Net income/(expenditure) for the reporting period	728	<i>(300)</i>
Adjustments for:		
Depreciation charges	121	<i>98</i>
Gains on investments	(334)	<i>(527)</i>
Loss on disposal of tangible fixed assets	10	<i>-</i>
Interest from investments	(115)	<i>(105)</i>
(Increase)/decrease in stocks	(16)	<i>89</i>
Decrease in debtors	111	<i>417</i>
Increase/(decrease)/ in creditors	973	<i>(1,345)</i>
Net cash generated/(used) in operating activities	<u>1,478</u>	<i><u>(1,673)</u></i>

(b) Analysis of cash and cash equivalents

Cash in hand	14	<i>13</i>
Notice deposits (less than three months)	<u>5,978</u>	<i><u>5,161</u></i>
	<u>5,992</u>	<i><u>5,174</u></i>

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

20. PENSION OBLIGATIONS

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

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

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

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

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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

Present values of provision

	31-Mar-22 (£s)	31-Mar-21 (£s)	31-Mar-20 (£s)
Present value of provision	59,261	261,487	309,827

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	261,487	309,827
Unwinding of the discount factor (interest expense)	1,508	6,962
Deficit contribution paid	(66,171)	(64,244)
Remeasurements - impact of any change in assumptions	(1,362)	8,942
Remeasurements - amendments to the contribution schedule	(136,201)	-
Provision at end of period	59,261	261,487

Income and expenditure impact

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	1,508	6,962
Remeasurements – impact of any change in assumptions	(1,362)	8,942
Remeasurements – amendments to the contribution schedule	(136,201)	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

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

Assumptions

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

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

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

**PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £18,000 (2021: £16,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £2,000 (2021: £2,000). During the year the charity incurred total costs of £185,000 (2021: £185,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £144,000 (2021: £168,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £650,000 (2021: £586,000) was also paid. At the year end, a balance of £2,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2021: £2,000 owed by the Pre-school Learning Alliance).

During the year the charity received £15,000 (2021: £14,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2021: £nil).

PRE-SCHOOL LEARNING ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000
Income from:				
Donations		139	114	253
Investments		105	-	105
Charitable activities:	2			
Provision of care and education services		12,217	-	12,217
Outreach services for children and families		4,376	3,051	7,427
Sector support, membership and policy development		2,094	-	2,094
Other trading activities	3	<u>751</u>	<u>-</u>	<u>751</u>
Total Income		<u>19,682</u>	<u>3,165</u>	<u>22,847</u>
Expenditure on:				
Charitable activities:				
Provision of care and education services		13,177	-	13,177
Outreach services for children and families		4,157	3,100	7,257
Sector support, membership and policy development		3,181	59	3,240
Restructure costs				
Total Expenditure	4	<u>20,515</u>	<u>3,159</u>	<u>23,674</u>
Unrealised (loss)/gain on investments	11	<u>524</u>	<u>3</u>	<u>527</u>
Net (expenditure)/income		(309)	9	(300)
Actuarial gains on defined benefit pension schemes	20	48	-	48
Net movement in funds		<u>(261)</u>	<u>9</u>	<u>(252)</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	19,682	-	-	19,682
Expenditure	(20,417)	(98)	-	(20,515)
Investment losses	524	-	-	524
Net expenditure before transfers	(211)	(98)	-	(309)
Gains on pension fund	-	-	48	48
Transfers between funds	(271)	271	-	-
Net (expenditure)/income for the year	(482)	173	48	(261)
Fund balances brought forward at 1 April 2020	5,236	854	(310)	5,780
Fund balances carried forward at 31 March 2021	4,754	1,027	(262)	5,519

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

	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.

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25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2020 £'000</i>	<i>Income/ unrealised gain £'000</i>	<i>Expenditure £'000</i>	Balance carried forward at 31 March 2021 £'000
Small Grants Big Difference	32	1	(33)	-
Community Fund	133	2,685	(2,678)	140
Building Better Opportunities	15	28	(43)	-
Luton Flying Start	187	226	(240)	173
Bedfordshire & Luton Community Foundation	-	80	(80)	-
Fonds Danone pour l'Ecosysteme	25	-	(25)	-
Other small grants and donations	284	145	(60)	369
Milton Keynes Fund	23	3	-	26
Total funds	699	3,168	(3,159)	708

(a) Purpose of funds

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