

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

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

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

BOARD OF TRUSTEES

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

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

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

PRINCIPAL OFFICERS:	Chief executive	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 2023

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

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

Objectives and activities

Our values and vision

The charity's core values guide our work:

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

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

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

Our charitable objects for the public benefit

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

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

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

Our activities

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

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

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

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

Objectives and activities (continued)

Our activities (continued)

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

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

Achievement and performance

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

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

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

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

Provision of care and education services

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

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

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

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

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

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

Achievement and performance (continued)

Outreach services for children and families

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

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

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

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

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

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

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

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

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

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

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

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

Achievement and performance (continued)

Outreach services for children and families (continued)

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

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

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

Sector support, membership and policy development

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

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

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

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

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

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

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

Achievement and performance (continued)

Plans for the future

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

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

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

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

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

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

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

Structure, governance and management

Governing document and membership

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

Board of Trustees

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

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

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

Committees of the Board

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

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

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

Code of governance

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

Management

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

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

STRATEGIC REPORT

Key risks and uncertainties

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

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

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

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

Key risks and uncertainties (continued)

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

Financial review

Financial results

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

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

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

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

Financial health

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

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

Policies

Reserves policy

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

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

Policies (continued)

Reserves policy (continued)

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

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

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

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

Investment policy

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

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

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

Employment and remuneration policy

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

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

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

Policies (continued)

Employment and remuneration policy (continued)

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

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

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

Environmental policy

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

Subsidiary companies

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

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

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

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

Statement of Trustees' Responsibilities

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

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

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

Statement of Trustees' Responsibilities (continued)

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

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

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

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

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

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

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

Auditor

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

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



Sarah Presswood
Chair

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 10 and 11 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

on the related financial statement items.

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

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

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

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

Use of our report

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



Julia Poulter
Senior Statutory Auditor

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

London

22 November 2023

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

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

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

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

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

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

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

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



Sarah Presswood
Chair

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

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

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

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

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

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

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

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

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

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

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

(c) Recognition of income and expenditure

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

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

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

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

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

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

(d) Tangible fixed assets

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

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

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

(e) Investments

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

(f) Stocks

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

(g) Financial instruments

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

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

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

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

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

(h) Funds

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

(i) Cost allocation

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

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

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

(j) Pension costs

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

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

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

(l) Taxation

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

(m) Operating leases

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

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

2. INCOME FROM CHARITABLE ACTIVITIES

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

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

3. INCOME FROM TRADING SUBSIDIARIES

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

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

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

3.INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

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

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

4. ANALYSIS OF EXPENDITURE

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

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 2022 £'000
<i>Provision of care and education services</i>		<i>10,811</i>	<i>907</i>	<i>1,494</i>	<i>594</i>	13,806
<i>Outreach services for children and families</i>		<i>5,054</i>	<i>3,525</i>	<i>248</i>	<i>207</i>	9,034
<i>Sector support, membership and policy development</i>		<i>1,614</i>	<i>991</i>	<i>288</i>	<i>219</i>	3,112
TOTAL		17,479	5,423	2,030	1,020	25,952

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

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

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

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

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

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

6. ALLOCATION OF SUPPORT COSTS

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

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	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	

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

7. STAFF COSTS

Total staff costs comprised:

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

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

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

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

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

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

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

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

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

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

7. STAFF COSTS (CONTINUED)

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

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

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

8. NET (EXPENDITURE)/INCOME

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

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

9. TRUSTEES' REMUNERATION AND EXPENSES

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

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

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

10. TANGIBLE FIXED ASSETS

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

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

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

11. FIXED ASSET INVESTMENTS

Group and charity

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

The charity's investments are analysed as follows:

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

12. STOCK

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

13. DEBTORS – Due within one year

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

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

14. CREDITORS – Amounts falling due within one year

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

Total deferred income comprised:

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

Agency funds received and paid in the year were:

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

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

15. UNRESTRICTED FUNDS

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

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

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

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

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

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

16. RESTRICTED FUNDS

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

(a) Purpose of funds

The purpose of each individual fund is as follows:

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

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

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

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

18. OTHER FINANCIAL COMMITMENTS

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

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

19. CASH FLOW STATEMENT

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

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

(b) Analysis of cash and cash equivalents

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

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

20. PENSION OBLIGATIONS

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

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

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

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

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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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-23 (£'000s)	31-Mar-22 (£'000s)	31-Mar-21 (£'000s)
Present value of provision	38	59	262

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

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Year Ending 31 March 2023 (£'000s)	Year Ending 31 March 2022 (£'000s)
Provision at start of period	59	262
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(21)	(66)
Remeasurements - impact of any change in assumptions	(1)	(2)
Remeasurements - amendments to the contribution schedule	-	(136)
Provision at end of period	38	59

Income and expenditure impact

	Year Ending 31 March 2023 (£'000s)	Year Ending 31 March 2022 (£'000s)
Interest expense	1	1
Remeasurements – impact of any change in assumptions	(1)	(2)
Remeasurements – amendments to the contribution schedule	-	(136)
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

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

Assumptions

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52	2.35	0.66

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

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

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

21. RELATED PARTY TRANSACTIONS

The Pre-school Learning Alliance has entered into two related party transactions. During the year, the charity incurred total costs of £20,000 (2022: £18,000) from Room 111 for design of the charity's magazine, Under 5. The proprietor of Room 111 is a close family member of the charity's Chief Executive. The balance outstanding at the year-end was £4,000 (2022: £2,000). During the year the charity incurred total costs of £185,000 (2022: £185,000) from VL Design and Communication Ltd for production and design of early years publications, corporate materials and brand management. The Chief Executive is a director of VL Design and Communication Ltd. These arrangements were fully considered by the trustees who took steps to ensure that they provide best value for the charity. The total annual contract value with VL Design and Communication Ltd is agreed by the trustees and reviewed every four years. The Chief Executive receives no remuneration from the charity.

During the year an amount of £159,000 (2022: £144,000) was paid by Pre-school Learning Alliance Trading Ltd to the Pre-school Learning Alliance in respect of administrative costs incurred by the parent charity on behalf of the trading subsidiary. A Gift Aid payment of £637,000 (2022: £650,000) was also paid. At the year end, a balance of £64,000 was owed by the Pre-school Learning Alliance to Pre-school Learning Alliance Trading Ltd (2022: £87,000 owed by the Pre-school Learning Alliance).

During the year the charity received £33,000 (2022: £15,000) from MK Community Shop (Kingston) Ltd. The charity holds five shares in the company which is equivalent to 50% of the issued share capital. The charity's Director of Finance is one of four directors of the company and accordingly the company is not a subsidiary. The balance outstanding between entities was £nil (2022: £nil).

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

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
Income from:				
Donations		132	47	179
Investments		115	-	115
Charitable activities:	2			
Provision of care and education services		13,797	-	13,797
Outreach services for children and families		4,504	4,706	9,210
Sector support, membership and policy development		1,967	16	1,983
Other trading activities	3	1,062	-	1,062
Total Income		21,577	4,769	26,346
Expenditure on:				
Charitable activities:				
Provision of care and education services		13,806	-	13,806
Outreach services for children and families		4,377	4,657	9,034
Sector support, membership and policy development		3,053	59	3,112
Restructure costs				
Total Expenditure	4	21,236	4,716	25,952
Unrealised (loss)/gain on investments	11	334	-	334
Net (expenditure)/income		675	53	728
Actuarial gains on defined benefit pension schemes	20	203	-	203
Net movement in funds		878	53	931

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

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

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

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

	Balance at 1 April 2020 £'000	Funds spent £'000	Transfers between funds £'000	Balance at 31 March 2021 £'000
Nursery redecoration fund	50	(17)	30	63
Fixed asset reserve	977	(121)	154	1,010
	1,027	(138)	184	1,073

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

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

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

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2021 £'000</i>	<i>Income/ unrealised gain £'000</i>	<i>Expenditure £'000</i>	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 fund is set out in note 16.