

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

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

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

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

BOARD OF TRUSTEES

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

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

* member of the Nominations and Procedures Committee

** member of the Audit Committee

COMPANY SECRETARY: Katharine Heeps

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

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

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

REGISTERED OFFICE: 50 Featherstone Street
London, EC1Y 8RT

WEBSITE: www.eyalliance.org.uk

CHARITY NUMBER: 1096526

COMPANY NUMBER: 4539003

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

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

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

Objectives and activities

Our values and vision

The charity's core values guide our work:

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

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

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

Our charitable objects for the public benefit

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

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

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

Our activities

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

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

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

Objectives and activities (continued)

Our activities (continued)

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

Achievement and performance

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

Provision of care and education services

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

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

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

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

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

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

Achievement and performance (continued)

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

Outreach services for children and families

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

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

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

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

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

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

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

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

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

Achievement and performance (continued)

Outreach services for children and families (continued)

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

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

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

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

Sector support, membership and policy development

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

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

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

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

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

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

Achievement and performance (continued)

Sector support, membership and policy development (continued)

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

Plans for the future

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

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

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

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

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

Structure, governance and management

Governing document and membership

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

Board of Trustees

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

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

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

Structure, governance and management (continued)

Committees of the Board

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

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

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

Code of governance

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

Management

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

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

STRATEGIC REPORT

Key risks and uncertainties

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

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

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

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

Key risks and uncertainties (continued)

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

Financial review

Financial results

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

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

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

Financial health

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

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

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

Policies

Reserves policy

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

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

Policies (continued)

Reserves policy (continued)

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

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

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

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

Investment policy

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

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

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

Employment and remuneration policy

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

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

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

Policies (continued)

Employment and remuneration policy (continued)

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

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

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

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

Environmental policy

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

Subsidiary companies

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

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

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

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

Statement of Trustees' Responsibilities

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

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

Statement of Trustees' Responsibilities (continued)

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

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

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

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

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

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

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

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

Auditor

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

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

Sarah Presswood
Chair

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

on the related financial statement items.

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

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

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

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

Use of our report

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

Julia Poulter
Senior Statutory Auditor

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

London

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

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

All income and expenditure derive from continuing activities.

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

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

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

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

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

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

Sarah Presswood
Chair

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

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

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

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

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

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

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

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

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

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

(c) Recognition of income and expenditure

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

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

1. ACCOUNTING POLICIES (continued)

(c) Recognition of income and expenditure (continued)

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

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

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

(d) Tangible fixed assets

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

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

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

(e) Investments

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

(f) Stocks

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

(g) Financial instruments

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

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

1. ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

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

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

(h) Funds

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

(i) Cost allocation

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

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

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

(j) Pension costs

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

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

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

(l) Taxation

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

(m) Operating leases

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

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

2. INCOME FROM CHARITABLE ACTIVITIES

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

3. INCOME FROM TRADING SUBSIDIARIES

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

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

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

3.INCOME FROM TRADING SUBSIDIARIES (CONTINUED)

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

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

4. ANALYSIS OF EXPENDITURE

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

ANALYSIS OF EXPENDITURE – PRIOR YEAR COMPARATIVE

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

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

5. BREAKDOWN OF COST OF CHARITABLE ACTIVITY

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

BREAKDOWN OF COST OF CHARITABLE ACTIVITY – PRIOR YEAR COMPARATIVE

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

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

6. ALLOCATION OF SUPPORT COSTS

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

ALLOCATION OF SUPPORT COSTS – PRIOR YEAR COMPARATIVE

	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	

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

7. STAFF COSTS

Total staff costs comprised:

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

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

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

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

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

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

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

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

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

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

7. STAFF COSTS (CONTINUED)

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

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

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

8. NET (EXPENDITURE)/INCOME

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

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

9. TRUSTEES' REMUNERATION AND EXPENSES

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

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

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

10. TANGIBLE FIXED ASSETS

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

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

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

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

11. FIXED ASSET INVESTMENTS

Group and charity

	2024	2023
Market value	£'000	£'000
At 1 April 2023	4,205	4,457
Purchases	-	-
Sales	(21)	-
Gain/(loss) on revaluation	364	(252)
At 31 March 2024	<u>4,548</u>	<u>4,205</u>

The charity's investments are analysed as follows:

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

12. STOCK

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

13. DEBTORS – Due within one year

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

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

14. CREDITORS – Amounts falling due within one year

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

Total deferred income comprised:

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

Agency funds received and paid in the year were:

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

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

15. UNRESTRICTED FUNDS

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

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

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

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

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

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

16. RESTRICTED FUNDS

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

(a) Purpose of funds

The purpose of each individual fund is as follows:

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

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

16. RESTRICTED FUNDS (CONTINUED)

(a) Purpose of funds (continued)

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

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

18. OTHER FINANCIAL COMMITMENTS

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

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

19. CASH FLOW STATEMENT

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

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

(b) Analysis of cash and cash equivalents

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

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

20. PENSION OBLIGATIONS

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

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

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

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

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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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-24 (£'000s)	31-Mar-23 (£'000s)	31-Mar-22 (£'000s)
Present value of provision	18	38	59

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

20. PENSION OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

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

Income and expenditure impact

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

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

Assumptions

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

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

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

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

21. RELATED PARTY TRANSACTIONS

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

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

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

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

23. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR COMPARATIVES

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

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

24. UNRESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

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

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

	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 2024

25. RESTRICTED FUNDS - PRIOR YEAR COMPARATIVES

	<i>Balance brought forward at 1 April 2022 £'000</i>	<i>Income/ unrealised gain £'000</i>	<i>Expenditure £'000</i>	Balance carried forward at 31 March 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 fund is set out in note 16.